UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re:	**Chapter 11**
PATRIOT COAL CORPORATION, *et al.*,	**Case No. 12-51502-659**
Debtors.[1]	**(Jointly Administered)**

DISCLOSURE STATEMENT FOR DEBTORS' THIRD AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated: November 4, 2013

[1] 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.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE DEBTORS' JOINT PLAN OF REORGANIZATION (THE "**PLAN**") AND CERTAIN OTHER DOCUMENTS AND FINANCIAL INFORMATION. THE INFORMATION INCLUDED HEREIN IS FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND SHOULD NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW AND WHETHER TO VOTE ON THE PLAN. THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE. THE SUMMARIES OF THE FINANCIAL INFORMATION AND THE DOCUMENTS THAT ARE ATTACHED HERETO ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH INFORMATION AND DOCUMENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR SUCH OTHER PLAN-RELATED DOCUMENTS AND FINANCIAL INFORMATION, THE PLAN OR SUCH OTHER PLAN-RELATED DOCUMENTS AND FINANCIAL INFORMATION, AS THE CASE MAY BE, SHALL GOVERN FOR ALL PURPOSES.

THE STATEMENTS AND FINANCIAL INFORMATION CONTAINED HEREIN HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN SINCE THE DATE HEREOF. EACH HOLDER OF A CLAIM OR INTEREST ENTITLED TO VOTE ON THE PLAN SHOULD CAREFULLY REVIEW THE PLAN AND THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE CASTING A BALLOT. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ANY PERSONS DESIRING ANY SUCH ADVICE OR OTHER ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

ALTHOUGH THE DEBTORS HAVE ATTEMPTED TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT, EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED.

THE FINANCIAL PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED BY THE MANAGEMENT OF THE DEBTORS AND THEIR FINANCIAL ADVISORS. THESE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS THAT, ALTHOUGH CONSIDERED REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE FINANCIAL PROJECTIONS OR THE ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT

FROM THOSE ASSUMED AND/OR MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE FINANCIAL PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY HAVE BEEN AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN AN ACCEPTANCE OF THE PLAN OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN AND IN THE PLAN SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM OR INTEREST.

WITH RESPECT TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING, THREATENED OR POTENTIAL LITIGATION OR ACTIONS, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AND MAY NOT BE CONSTRUED BY ANY PARTY AS AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

THE SECURITIES DESCRIBED HEREIN WILL BE ISSUED WITHOUT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR ANY SIMILAR FEDERAL, STATE OR LOCAL LAW, IN RELIANCE ON THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE TO THE MAXIMUM EXTENT PERMITTED AND APPLICABLE AND TO THE EXTENT THAT SECTION 1145 IS EITHER NOT PERMITTED OR NOT APPLICABLE, THE EXEMPTION SET FORTH IN SECTION 4 OF THE SECURITIES ACT OR ANOTHER EXEMPTION THEREUNDER. IN ACCORDANCE WITH SECTION 1125(E) OF THE BANKRUPTCY CODE, A DEBTOR OR ANY OF ITS AGENTS THAT PARTICIPATES, IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, IN THE OFFER, ISSUANCE, SALE, OR PURCHASE OF A SECURITY, OFFERED OR SOLD UNDER THE PLAN, OF THE DEBTOR, OF AN AFFILIATE PARTICIPATING IN A JOINT PLAN WITH THE DEBTOR, OR OF A NEWLY ORGANIZED SUCCESSOR TO THE DEBTOR UNDER THE PLAN, IS NOT LIABLE, ON ACCOUNT OF SUCH PARTICIPATION, FOR VIOLATION OF ANY APPLICABLE LAW, RULE, OR REGULATION GOVERNING THE OFFER, ISSUANCE, SALE, OR PURCHASE OF SECURITIES.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

SEE ARTICLE 9 OF THIS DISCLOSURE STATEMENT, ENTITLED "CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING," FOR A DISCUSSION OF CERTAIN CONSIDERATIONS IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM TO ACCEPT THE PLAN.

CAPITALIZED TERMS USED BUT NOT OTHERWISE DEFINED HEREIN HAVE THE MEANINGS GIVEN TO SUCH TERMS IN THE PLAN; *PROVIDED, HOWEVER*, THAT ANY CAPITALIZED TERM USED HEREIN THAT IS NOT DEFINED HEREIN OR IN THE PLAN, BUT IS DEFINED IN THE BANKRUPTCY CODE OR THE BANKRUPTCY RULES, SHALL HAVE THE MEANING ASCRIBED TO SUCH TERM IN THE BANKRUPTCY CODE OR THE BANKRUPTCY RULES.

PRELIMINARY STATEMENT

On September 6, 2013, the Debtors filed the Joint Chapter 11 Plan of Reorganization (the "**Initial Plan**"). Following the filing of the Initial Plan, the Debtors continued to engage in discussions with potential investors regarding a potential transaction that would provide hundreds of millions of dollars of emergence financing for the Estates. The Debtors also continued their negotiations with the UMWA, Arch Coal, Inc. and Peabody Energy Corporation in an attempt to reach global settlements with these parties and resolve the risks and uncertainties created by the parties' ongoing litigation, provide necessary liquidity to the Debtors and provide funding to the Patriot Retirees VEBA.

As described herein, the results of these extensive efforts are, subject to Bankruptcy Court approval and the additional conditions in the Rights Offerings Term Sheet (as defined below) and the Backstop Rights Purchase Agreement, the Peabody Settlement and the Arch Settlement, respectively, (i) a commitment by certain funds and accounts managed and/or advised by Knighthead Capital Management, LLC (collectively, "**Knighthead**") to backstop two rights offerings on the terms set forth in the term sheet attached hereto as Appendix D (the "**Rights Offerings Term Sheet**"), and the Backstop Rights Purchase Agreement, attached hereto as Appendix G, (ii) a global settlement among the Debtors, Peabody, the UMWA and the UMWA Employees and the UMWA Retirees (each as defined in the Peabody Settlement) on the terms set forth in the Peabody Settlement, attached hereto as Appendix E, and (iii) a global settlement between the Debtors and Arch on the terms set forth in the Arch Settlement, attached hereto as Appendix F. The Rights Offerings will provide the Debtors with $250 million of capital, and the Peabody Settlement and Arch Settlement will together provide the Debtors with over $150 million in incremental liquidity and value. The Peabody Settlement also provides the Patriot Retirees VEBA with $310 million over the next four years. Moreover, the Rights Offerings and these settlements will facilitate the Debtors' satisfaction of certain conditions required by the Debtors' settlement of the Section 1113/1114 Motion with the UMWA that was approved by the Bankruptcy Court on August 22, 2013, and which is expected to provide the Debtors with labor stability and critically needed savings of approximately $130 million annually over the next four years. The foregoing transactions are the cornerstones of the Plan, which the Debtors believe provides substantially greater value to the Estates and a more expeditious emergence from chapter 11 than any other alternative. The Creditors' Committee and the UMWA have consented to the Rights Offerings Term Sheet and the Backstop Rights Purchase Agreement and agreed to support the consummation of the transactions contemplated thereby, including supporting confirmation of the plan of reorganization contemplated by the Rights Offerings Term Sheet and the Backstop Rights Purchase Agreement.

After filing the Initial Plan, the Debtors also continued to engage in active discussions with multiple parties on the potential terms of senior exit financing. After reviewing several proposals and negotiating with the parties, the Debtors selected (i) Barclays Bank PLC, Deutsche Bank AG New York Branch and Deutsche Bank Securities Inc. to structure, arrange and syndicate: (a) an exit senior secured term loan facility in an aggregate principal amount of $250,000,000 and (b) an exit senior secured asset-based revolving credit facility in an aggregate principal amount of $125,000,000; and (ii) Barclays Bank PLC to structure and arrange a letter of credit facility in an aggregate amount not to exceed $201,000,000. The Debtors will include

further detail on the terms of the Exit Credit Facilities in the Plan Supplement and will request approval of the Exit Facilities in connection with confirmation of the Plan.

This Disclosure Statement is being furnished by the Debtors as proponents of the Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, which is attached hereto as Appendix A, pursuant to section 1125 of the Bankruptcy Code and in connection with the solicitation of votes for the acceptance or rejection of the Plan. **WHILE THE DEBTORS ARE THE SOLE PROPONENTS OF THE PLAN, THE PLAN IS SUPPORTED BY THE CREDITORS' COMMITTEE, AND THE CREDITORS' COMMITTEE ENCOURAGES HOLDERS OF UNSECURED CLAIMS TO VOTE IN FAVOR OF THE PLAN.**

This Disclosure Statement describes certain aspects of the Plan, including an analysis of the treatment of holders of Claims against, and Interests in, the Debtors and the securities to be issued under the Plan, and also contains a discussion of the Debtors' history, businesses, properties and operations, projections for those operations and risk factors associated with the businesses and the Plan.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF THE STRUCTURE OF, CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS IN, AND IMPLEMENTATION OF, THE PLAN. IT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT AND TO THE SCHEDULES ATTACHED THERETO OR REFERRED TO THEREIN.

A. The Plan

The Plan provides for a reorganization of the Debtors and the resolution of all outstanding Claims against and Interests in the Debtors. The Plan contemplates two rights offerings to raise $250 million of capital through the issuance of (i) senior secured second lien notes and (ii) warrants exercisable for New Class A Common Stock. The Plan will provide each of the holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and Allowed General Unsecured Claims, in each case that is a Certified Eligible Holder, an opportunity to participate in the Rights Offerings.

In connection with the Rights Offerings, on October 9, 2013, the Debtors entered into the Rights Offerings Term Sheet, pursuant to which the Debtors and the Backstop Parties agreed to take all actions reasonably necessary to negotiate, document and consummate the transactions contemplated by the Rights Offerings Term Sheet, which include the Backstop Parties' commitment to purchase the Unsubscribed Rights in accordance with the Backstop Rights Purchase Agreement and the Rights Offerings Procedures, which are attached hereto as Appendix H. On November 4, 2013, the Debtors and Knighthead entered into, and the Creditors' Committee and the UMWA consented to, the Backstop Rights Purchase Agreement.

All holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and/or Allowed General Unsecured Claims will receive separate materials regarding the Rights Offerings, copies of which will be available on the Debtors' Case Information Website at *www.patriotcaseinfo.com*. These materials will include an Eligibility Certificate (as defined in

the Rights Offerings Procedures), which will request that you certify whether you are an Eligible Holder and return such executed Eligibility Certificate to the Subscription Agent by the Eligibility Certificate Deadline ((November 27, 2013 at 5:00 p.m. (prevailing Central Time)). **IF YOU ARE AN ELIGIBLE HOLDER AND YOU DO NOT PROPERLY COMPLETE THE ELIGIBILITY CERTIFICATE AND CAUSE ITS RETURN TO THE SUBSCRIPTION AGENT PRIOR TO THE ELIGIBILITY CERTIFICATE DEADLINE, YOU WILL NOT HAVE THE RIGHT TO PARTICIPATE IN THE RIGHTS OFFERINGS.**

Only Certified Eligible Holders may participate in the Rights Offerings. To participate in the Rights Offerings, a Rights Offerings Participant (as defined below) must submit a duly completed Subscription Form and the appropriate payment to the Subscription Agent on or before December 10, 2013 at 5:00 p.m. (prevailing Central Time). If a holder of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim (including a Transferee Eligible Holder) is an Eligible Holder and does not duly complete, execute and timely deliver an Eligibility Certificate certifying that it is an Eligible Holder on or before the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)), such holder cannot participate in the Rights Offerings. Instead, such holder will receive its Ratable Share of Convenience Class Consideration.

Prior to November 27, 2013 at 5:00 p.m. (prevailing Central Time), a holder of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim that is not an Eligible Holder may transfer its Allowed Claim to an Eligible Holder in accordance with the Rights Offerings Procedures. Any such transfer must be evidenced by a proper and timely Certification Period Transfer Notice (as defined in the Rights Offerings Procedures) submitted by the transferor so as to be received by the Subscription Agent no later than November 27, 2013 at 5:00 p.m. (prevailing Central Time).

For further information regarding the Rights Offerings and the Rights Offerings Procedures, please refer to Article 8 below and Article 5.7 of the Plan.

The Debtors have proposed a Plan that they believe will treat Creditors in an economic and fair manner. As discussed further in Section 5.2, in developing the Plan, the Debtors, in consultation with the Creditors' Committee, considered various issues relating to how the distributable value should be allocated amongst the creditors of the various Debtors, including, without limitation, (a) whether the elements necessary to obtain an order of substantive consolidation are satisfied in these Chapter 11 Cases; (b) the value of the Estates on a consolidated and a non-consolidated basis, and the proper method of determining such value; (c) the projected recoveries of Creditors on a consolidated basis with and without implementation of substantive consolidation, in whole or in part; (d) whether and how to attribute the value of the UMWA Settlement to specific Debtors; and (e) the nature and treatment of Intercompany Claims. The Debtors and the Creditors' Committee believe that the Plan strikes a balance between these competing interests.

Based upon the Debtors' analyses and discussions with the Creditors' Committee, the Plan provides that:

- Intercompany Claims and Interests in Subsidiary Debtors will not receive any distribution under the Plan;

- holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 2 Debtors should be entitled to a recovery enhancement of 2 times the recoveries of holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 1 Debtors; and

- holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 3 Debtors should be entitled to a recovery enhancement of 3 times the recoveries of holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 1 Debtors.

The Debtors and the Creditors' Committee believe that these distribution allocations strike a fair and equitable balance among the various considerations described above.

B. Treatment of Claims and Interests Under the Plan

1. Treatment of DIP Facility Claims

Pursuant to the DIP Order, all DIP Facility Claims constitute Allowed Claims. Except to the extent that a holder of a DIP Facility Claim agrees in its sole discretion to less favorable treatment, on or before the Effective Date, each DIP Agent, for the benefit of the applicable DIP Lenders, L/C Issuers and itself, shall be paid in Cash 100% of the then-outstanding amount, if any, of the DIP Facility Claims relating to the applicable DIP Facility (or, in the case of any Outstanding L/C, Paid in Full), other than Contingent DIP Obligations. Contemporaneously with all amounts owing in respect of principal included in the DIP Facility Claims (other than Contingent DIP Obligations), interest accrued thereon to the date of payment and fees, expenses and non-contingent indemnification obligations as required by the DIP Facilities and arising prior to the Effective Date being paid in full in Cash (or, in the case of any Outstanding L/C, Paid in Full), (i) the commitments under the DIP Facilities shall automatically terminate, (ii) except with respect to Contingent DIP Obligations (which shall survive the Effective Date and shall continue to be governed by the DIP Facilities and DIP Order as provided below), the DIP Facilities and the "Loan Documents" referred to therein shall be deemed canceled, (iii) all Liens on property of the Debtors and the Reorganized Debtors arising out of or related to the DIP Facilities shall automatically terminate, and all Collateral subject to such Liens shall be automatically released, in each case without further action by the DIP Agents or the DIP Lenders and (iv) all guarantees of the Debtors and Reorganized Debtors arising out of or related to the DIP Facility Claims (other than with respect to Contingent DIP Obligations) shall be automatically discharged and released, in each case without further action by the DIP Agents or the DIP Lenders. The DIP Agents and the DIP Lenders shall take all actions to effectuate and confirm such termination, release and discharge as reasonably requested by the Debtors or the Reorganized Debtors.

Notwithstanding anything to the contrary in the Plan or the Confirmation Order, (a) the Contingent DIP Obligations will survive the Effective Date and shall not be discharged or released pursuant to the Plan or the Confirmation Order and (b) the DIP Facilities and the Loan Documents referred to therein (other than the Collateral Documents (as defined in the First Out DIP Facility and the Second Out DIP Facility, respectively)) shall continue in full force and effect with respect to any obligations thereunder governing (i) the Contingent DIP Obligations and (ii) the relationships among the DIP Agents, the L/C Issuers and the DIP Lenders, as applicable, including, but not limited to, those provisions relating to the rights of the DIP Agents and the L/C Issuers to expense reimbursement, indemnification and other similar amounts (either from the Debtors or the DIP Lenders) and any provisions that may survive termination or maturity of the DIP Facilities in accordance with the terms thereof.

After the Effective Date, the Reorganized Debtors shall continue to reimburse the DIP Agents for the reasonable fees and expenses (including reasonable and documented legal fees and expenses) incurred by the DIP Agents in accordance with the DIP Documents and the DIP Order.

2. Treatment of Administrative Claims

An Administrative Claim is a Claim for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code. For purposes of the Plan, Administrative Claims include, but are not limited to, Other Administrative Claims, Backstop Fees, the Breakup Fee, if any, the Backstop Expense Reimbursement, and Professional Fee Claims. Administrative Claims also include Claims pursuant to section 503(b)(9) of the Bankruptcy Code. Section 503(b)(9) of the Bankruptcy Code grants administrative priority for the value of goods received by the Debtors within twenty days before the commencement of the case in which the goods have been sold to the Debtors in the ordinary course of the Debtors' business.

a. Other Administrative Claims

Except to the extent that the applicable Creditor agrees with the Reorganized Debtors to less favorable treatment, each holder of an Allowed Other Administrative Claim against any of the Debtors shall be paid the full unpaid amount of such Allowed Other Administrative Claim in Cash (i) on or as soon as reasonably practicable after the Effective Date (for Claims Allowed as of the Effective Date), (ii) on or as soon as practicable after the date such Claims are Allowed (or upon such other terms as may be agreed upon by such holder and the applicable Reorganized Debtor) or (iii) as otherwise ordered by the Bankruptcy Court.

Allowed Other Administrative Claims regarding assumed agreements, liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases and non-ordinary course liabilities approved by the Bankruptcy Court shall be paid in full and performed by the Reorganized Debtors in the ordinary course of business (or as otherwise approved by the Bankruptcy Court) in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions.

b. Professional Fee Claims

Each holder of a Professional Fee Claim shall be paid in full in Cash pursuant to Section 7.1 of the Plan.

3. Treatment of Priority Tax Claims

A Priority Tax Claim is a Claim (whether secured or unsecured) of a governmental unit entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code or specified under section 502(i) of the Bankruptcy Code. Except to the extent that the applicable Creditor has been paid by the Debtors before the Effective Date, or the applicable Reorganized Debtor and such Creditor agree to less favorable treatment, each holder of an Allowed Priority Tax Claim against any of the Debtors shall receive, at the sole option of the Reorganized Debtors, (a) payment in full in Cash made on or as soon as reasonably practicable after the later of the Effective Date and the first Distribution Date occurring at least 20 calendar days after the date such Claim is Allowed, (b) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code or (c) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.

The Reorganized Debtors shall have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

4. Classification and Treatment of Other Claims and Interests

The Plan divides all other Claims against, and all Interests in, the Debtors into various Classes. The following summarizes the classification of Claims and Interests under the Plan, the treatment of each Class, the projected recovery under the Plan, if any, for each Class and whether or not each Class is entitled to vote. Note that the classifications and distributions set forth in the table remain subject to change, as further described in Article 3 of the Plan.

Summary of Classification and Treatment of
Claims and Interests in the Debtors

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND ARE THEREFORE SUBJECT TO CHANGE.

The information in the table below is provided in summary form for illustrative purposes only and is subject to material change based on certain contingencies, including related to the claims reconciliation process. Actual recoveries may widely vary within these ranges, and any changes to any of the assumptions underlying these amounts could result in material adjustments to recovery estimates provided herein and/or the actual distribution received by Creditors. The projected recoveries are based on information available to the Debtors as of the date hereof and reflects the Debtors' views as of the date hereof only. In addition to the cautionary notes contained elsewhere in the Disclosure Statement, it is underscored that the Debtors make no

representation as to the accuracy of these recovery estimates. The Debtors expressly disclaim any obligation to update any estimates or assumptions after the date hereof on any basis (including new or different information received and/or errors discovered).

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan[2]	Estimated Allowed Claims[3]
1A-101A	Other Priority Claims	Payment in full in Cash; or other treatment that will render the Claim Unimpaired.	100%	$0 – $0.228 million
1B-101B	Other Secured Claims	Payment in full in Cash; Reinstatement of the legal, equitable and contractual rights of the holder of such Claim; payment of the proceeds of the sale or disposition of the Collateral securing such Claim, in each case, to the extent of the value of the holder's secured interest in such Collateral; return of Collateral securing such Claim; or other treatment that will render the Claim Unimpaired.	100%	$1.1 million – $1.5 million

[2] The ranges of recoveries for Certified Eligible Holders listed herein is based on the Debtors' estimates of such holder's recovery based on certain assumptions, including (x) the number of holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and Allowed General Unsecured Claims that will certify that they are Eligible Holders pursuant to the Rights Offerings Procedures and (y) an assumed value of the Rights ranging from $0 to $50 million. The ranges of recoveries for holders of Allowed Claims receiving Convenience Class Consideration listed herein are based on the Debtors' estimates of such holder's recovery based on certain assumptions, including (x) the number of holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and Allowed General Unsecured Claims that are Eligible Holders and (y) the Debtors' best estimate of the total amount of claims that will ultimately be Allowed. Based on the foregoing, the Debtors have included herein their best estimates of recoveries for holders of Allowed Claims that are receiving Convenience Class Consideration.

[3] Estimated aggregate amount of claims that are projected to be Allowed under the Plan.

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan[2]	Estimated Allowed Claims[3]
1C; 2C-100C	Senior Notes Parent Claims; Senior Notes Guarantee Claims	Subject to Section 3.2(c) of the Plan, each holder of an Allowed Senior Notes Parent Claim[4] shall be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the Senior Notes Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the Senior Notes Stock Allocation, or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the Senior Notes Class Cash Consideration.	Certified Eligible Holder: 0% to 11.71% Senior Notes Class Cash Consideration: 2.60 % to 10% (best estimate: 10%)	$25 billion[5]
1D	Convertible Notes Claims	Subject to Section 3.2(d) of the Plan, each holder of an Allowed Convertible Notes Claim shall be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the GUC Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the GUC Stock Allocation, or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the Convenience Class Consideration.	Certified Eligible Holder: 0% to 1.93% Convenience Class Consideration: 0.38% to 2.12% (best estimate: 0.57%)	$200 million

[4] The amount of the distribution on account of Senior Notes Parent Claims has been determined by giving effect to the guarantees by the Subsidiary Debtors of the Senior Notes.

[5] This amount includes the Senior Notes Parent Claims against Patriot Coal in the amount of $250 million and the Senior Notes Guarantee Claims against 99 Subsidiary Debtors in the amount of $24.75 billion.

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan[2]	Estimated Allowed Claims[3]
1E; 2D-101D	General Unsecured Claims	Subject to Section 3.2(e) of the Plan, each holder of an Allowed General Unsecured Claim shall be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the GUC Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the GUC Stock Allocation, or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the Convenience Class Consideration.	Group 1 Debtor: Certified Eligible Holder: 0% to 1.93% Convenience Class Consideration: 0.38% to 2.12% (best estimate: 0.57%) Group 2 Debtor: Certified Eligible Holder: 0% to 3.87% Convenience Class Consideration: 0.76% to 4.25% (best estimate: 1.15%) Group 3 Debtor: Certified Eligible Holder: 0% to 5.80% Convenience Class Consideration: 1.14% to 6.37% (best estimate: 1.72%)	$312 million – $558 million (includes Classes 1F, 2E-101E – Convenience Class Claims)
1F; 2E-101E	Convenience Class Claims	Subject to Section 3.2(f) of the Plan, each holder of a Convenience Class Claim shall be entitled to its Ratable Share of the Convenience Class Consideration.	Group 1 Debtor: 0.38% to 2.12% (best estimate: 0.57%) Group 2 Debtor: 0.76% to 4.25% (best estimate: 1.15%) Group 3 Debtor: 0.45% to 6.37% (best estimate: 1.72%)	$312 million – $558 million (includes Classes 1E, 2D-101D – General Unsecured Claims)
1G; 2F-101F	Section 510(b) Claims	No distribution.	0%	$0
1H	Interests in Patriot Coal	No distribution.	0%	N/A

C. Recommendation

After review of their current business operations, their prospects as ongoing business enterprises and the estimated recoveries of Creditors in various liquidation scenarios, the Debtors have concluded that the recovery of holders of Allowed Claims will be maximized by the Debtors' continued operation as a going concern. The Debtors believe that their businesses and assets have significant value that would not be realized in a liquidation scenario, either in whole or in substantial part, and that the value of the Estates is considerably greater as a going concern than if they were liquidated. *See* Article 6 herein, "Statutory Requirements for Confirmation of the Plan."

At this time, the Debtors believe that the Plan provides the best recoveries possible for the Debtors' Creditors and strongly recommend that, if you are entitled to vote, you vote to accept the Plan. The Debtors also believe that any alternative to Confirmation of the Plan, such as liquidation, partial sale of assets or any attempt by another party in interest to file a plan, would result in lower recoveries for stakeholders, as well as significant delays, potential litigation and costs.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR THE HOLDERS OF CLAIMS AGAINST EACH OF THE DEBTORS AND THUS RECOMMEND THAT, TO THE EXTENT APPLICABLE, YOU VOTE TO ACCEPT THE PLAN.

PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Notice to Holders of Claims

This Disclosure Statement is being transmitted to certain Creditors for the purpose of soliciting votes on the Plan and to others for informational purposes. The purpose of this Disclosure Statement is to provide adequate information to enable holders of Claims that are entitled to vote on the Plan to make a reasonably informed decision with respect to the Plan prior to exercising their right to vote to accept or reject the Plan.

By the Approval Order entered on November [•], 2013, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient and adequate detail to enable holders of Claims that are entitled to vote on the Plan to make informed judgments with respect to acceptance or rejection of the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

ALL HOLDERS OF CLAIMS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT, ITS APPENDICES AND THE PLAN SUPPLEMENT FILED PRIOR TO THE VOTING DEADLINE CAREFULLY AND IN THEIR ENTIRETY BEFORE, IF APPLICABLE, DECIDING TO VOTE EITHER TO ACCEPT OR TO REJECT THE PLAN.

This Disclosure Statement contains important information about the Plan, considerations pertinent to acceptance or rejection of the Plan and developments concerning the Chapter 11 Cases.

THIS DISCLOSURE STATEMENT, THE OTHER MATERIALS INCLUDED IN THE SOLICITATION PACKAGE AND THE PLAN SUPPLEMENT ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. This Disclosure Statement contains projections of future performance as set forth in Appendix C attached hereto. Other events may occur subsequent to the date hereof that may have a material impact on the information contained in this Disclosure Statement. Except as expressly stated, neither the Debtors nor the Reorganized Debtors intend to update the Disclosure Statement, including, without limitation, the Financial Projections. Thus, neither the Disclosure Statement nor the Financial Projections will reflect the impact of any subsequent events, including any not already accounted for in the assumptions underlying the Financial Projections. Further, the Debtors do not anticipate that any updates, amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences. Accordingly, the delivery of this Disclosure Statement does not imply that the information herein is correct or complete as of any time subsequent to the date hereof.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

B. Who Is Entitled to Vote on the Plan?

In general, a holder of a Claim or Interest may vote to accept or reject a plan of reorganization if (i) no party in interest has objected to such Claim or Interest (or the Claim or Interest has been Allowed subsequent to any objection or estimated for voting purposes), (ii) the Claim or Interest is Impaired by the plan and (iii) the holder of such Claim or Interest will receive or retain property under the plan on account of such Claim or Interest.

The holders of Claims in the following Classes are entitled to vote on the Plan:

- Class 1C (Senior Notes Parent Claims)
- Class 1D (Convertible Notes Claims)
- Class 1E (General Unsecured Claims)
- Class 1F (Convenience Class Claims)
- Classes 2C-100C (Senior Notes Guarantee Claims)

- Classes 2D-101D (General Unsecured Claims)
- Classes 2E-101E (Convenience Class Claims)

In general, if a Claim or Interest is Unimpaired under a plan, section 1126(f) of the Bankruptcy Code deems the holder of such Claim or Interest to have accepted the plan and thus the holders of Claims in such Unimpaired Classes are not entitled to vote on the plan. Because the following Classes are Unimpaired under the Plan, the holders of Claims in these Classes are not entitled to vote:

- Class 1A (Other Priority Claims)
- Class 1B (Other Secured Claims)
- Classes 2A-101A (Other Priority Claims)
- Classes 2B-101B (Other Secured Claims)

In general, if the holder of an Impaired Claim or Impaired Interest will not receive any distribution or retain any property under a plan in respect of such Claim or Interest, section 1126(g) of the Bankruptcy Code deems the holder of such Claim or Interest to have rejected the plan, and thus the holders of Claims in such Classes are not entitled to vote on the plan. The holders of Claims and Interests in the following Classes are conclusively presumed to have rejected the Plan and are therefore not entitled to vote:

- Class 1G (Section 510(b) Claims)
- Class 1H (Interests in Patriot Coal)
- Classes 2F-101F (Section 510(b) Claims)
- Classes 2G-101G (Interests in Subsidiary Debtors)

C. General Voting Procedures and the Voting Deadline

On November [•], 2013, the Bankruptcy Court entered the Approval Order, which, among other things, approved this Disclosure Statement, set voting procedures and scheduled the hearing on Confirmation of the Plan. A copy of the Confirmation Hearing Notice is enclosed with this Disclosure Statement. The Confirmation Hearing Notice sets forth in detail, among other things, the voting deadlines and objection deadlines with respect to the Plan. The Confirmation Hearing Notice and the instructions attached to the Ballot(s) should be read in connection with this Section C.

If you are entitled to vote, after carefully reviewing the Plan, this Disclosure Statement and the detailed instructions accompanying your Ballot(s), please indicate your acceptance or rejection of the Plan by checking the appropriate box on the enclosed Ballot(s). Please complete and sign your original Ballot(s) (copies with non-original signatures will not be accepted) and return it/them in the envelope provided. You must provide all of the information requested by the appropriate Ballot(s). Failure to do so may result in disqualification of your vote on such Ballot(s). Holders of Claims or Interests who fail to vote are not counted as either accepting or rejecting the Plan.

Each Ballot has been coded to reflect the Class of Claims that it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot(s) sent to you with this Disclosure Statement.

The Debtors have retained GCG, Inc. as their Solicitation Agent to assist with the voting process. If you have any questions concerning the procedure for voting your Claim, the packet of materials that you have received or the amount of your Claim, or if you wish to obtain (at no charge) a printed copy of the Plan, this Disclosure Statement or any appendices or exhibits to such documents, please contact GCG, Inc. at (877) 600-6531 or, for international callers, (336) 542-5677. Such materials will also be available, free of charge, on the Debtors' Case Information website (located at http://www.PatriotCaseInfo.com).

IN THE CASE OF ALL VOTERS OTHER THAN BENEFICIAL HOLDERS, IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND ACTUALLY RECEIVED NO LATER THAN DECEMBER [10], 2013 AT [4:00 P.M.] (PREVAILING CENTRAL TIME) (THE "**VOTING DEADLINE**") BY THE SOLICITATION AGENT, AS FOLLOWS:

If by U.S. mail:

Patriot Coal Corporation, *et al*.
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798

If by courier / hand delivery:

Patriot Coal Corporation, *et al*.
c/o GCG, Inc.
5151 Blazer Parkway, Suite A
Dublin, Ohio 43017

BALLOTS RECEIVED AFTER THE VOTING DEADLINE MAY NOT BE COUNTED. BALLOTS SHOULD NOT BE DELIVERED DIRECTLY TO THE DEBTORS, THE BANKRUPTCY COURT, THE CREDITORS' COMMITTEE, COUNSEL TO THE DEBTORS OR THE CREDITORS' COMMITTEE OR ANYONE OTHER THAN GCG, INC.

IN THE CASE OF BENEFICIAL HOLDERS, IF YOU RECEIVED A RETURN ENVELOPE ADDRESSED TO YOUR NOMINEE, PLEASE RETURN YOUR BENEFICIAL BALLOT TO YOUR NOMINEE SO THAT IT WILL BE RECEIVED BY THE NOMINEE IN SUFFICIENT TIME SO AS TO ENABLE THE NOMINEE TO PROCESS THE BENEFICIAL BALLOT, INCORPORATE THE RESULTS IN A MASTER BALLOT AND RETURN SAME TO GCG, INC. BY THE VOTING DEADLINE.

D. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3017(c), the Bankruptcy Court has scheduled the Confirmation Hearing for December [17], 2013, at [9:00] a.m. (prevailing Central Time) before the Honorable Chief Judge Kathy Surratt-States, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Eastern District of

Missouri, 111 S. 10th Street, Courtroom 7 North, St. Louis, Missouri 63102. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court (i) prior to the Confirmation Hearing by posting notice of same on the docket for the Chapter 11 Cases and (ii) at the Confirmation Hearing without further notice except for a notice filed on the Bankruptcy Court's docket and/or an announcement of the adjournment date made at the Confirmation Hearing or at any subsequently adjourned Confirmation Hearing.

The Bankruptcy Court has directed that objections to Confirmation and proposed modifications to the Plan, if any, must (i) be in writing, (ii) conform to the Bankruptcy Rules, (iii) state the name and address of the objecting party and the amount and nature of the Claim or Interest of such party, (iv) state with particularity the basis and nature of any objection to the Plan and (v) be filed, together with proof of service, with the Bankruptcy Court in accordance with the Case Management Order and served so as to be actually RECEIVED on or before [4:00] p.m. (prevailing Central Time) on December [10], 2013 by:

1. the United States Bankruptcy Court for the Eastern District of Missouri, 111 S. 10th Street, Courtroom 7 North, St. Louis, Missouri 63102, Attn: The Honorable Chief Judge Kathy Surratt-States;

2. the Debtors, Patriot Coal Corporation, 12312 Olive Boulevard, Suite 400, St. Louis, Missouri 63141, Attn: Joseph W. Bean and Jacquelyn A. Jones;

3. counsel to the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Brian M. Resnick;

4. conflicts counsel to the Debtors, Curtis, Mallet-Prevost, Colt & Mosle LLP, 101 Park Avenue, New York, New York 10178, Attn: Steven J. Reisman and Michael A. Cohen;

5. local counsel to the Debtors, Bryan Cave LLP, One Metropolitan Square, 211 N. Broadway, Suite 3600, St. Louis, Missouri 63102, Attn: Lloyd A. Palans and Brian C. Walsh;

6. the Office of the United States Trustee, 111 S. 10th Street, Suite 6.353, St. Louis, Missouri 63102, Attn: Leonora S. Long and Paul A. Randolph;

7. counsel to the Creditors' Committee, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Thomas Moers Mayer, Adam C. Rogoff, P. Bradley O'Neil and Gregory G. Plotko;

8. local counsel to the Creditors' Committee, Carmody MacDonald P.C., 120 South Central Avenue, St. Louis, Missouri 63105-1705, Attn: Gregory D. Willard and Angela L. Schisler;

9. counsel to the First Out DIP Agent, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Marcia Goldstein and Joseph Smolinsky;

10. counsel to the Second Out DIP Agent, Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, Attn: Margot B. Schonholtz and Ana Alfonso; and

11. counsel to the Backstop Parties, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Stephen E. Hessler.

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ARTICLE 1
INTRODUCTION

Patriot Coal Corporation ("**Patriot Coal**"), a Delaware corporation, and its subsidiaries that are debtors and debtors in possession (collectively, the "**Debtors**" and, together with their non-debtor subsidiaries, "**Patriot**" or the "**Company**"), submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code for use in the solicitation of votes on the Plan, which is attached as Appendix A hereto.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition history, significant events that have occurred during the Debtors' jointly administered cases under chapter 11 of the Bankruptcy Code (the "**Chapter 11 Cases**") and the reorganization and anticipated post-reorganization operations and financing of the Reorganized Debtors. This Disclosure Statement also describes the terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of Confirmation of the Plan, certain risk factors associated with the securities to be issued under the Plan and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the Confirmation process and the voting procedures that holders of Claims eligible to vote must follow for their votes to be counted.

FOR A SUMMARY OF THE PLAN, PLEASE SEE ARTICLE 5 HEREOF. FOR A DISCUSSION OF CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING, PLEASE SEE ARTICLE 9 HEREOF.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATED TO THE PLAN, CERTAIN EVENTS IN THE CHAPTER 11 CASES AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT SUCH SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION, NOR WILL IT BE UPDATED TO REFLECT ANY SUBSEQUENT EVENTS.

ARTICLE 2
DESCRIPTION AND HISTORY OF BUSINESS

Section 2.1 Introduction

Patriot is a producer and marketer of coal in the United States, with operations and coal reserves in the Appalachia (Northern and Central) and Illinois Basin coal regions. Patriot's principal business is the mining, preparation and sale of metallurgical coal and thermal coal. Patriot supplies different qualities of coal to a diverse base of domestic and international customers. Metallurgical coal products are sold primarily to steel mills and independent coke producers, where they are blended with other coals in a chemical process that produces coke for the manufacture of steel. Various thermal coal products are sold primarily to electricity generators with the appropriate boiler, emission control and transportation equipment to produce either electricity or steam, or both.

Prior to October 31, 2007, Patriot Coal and a number of its subsidiaries were wholly owned subsidiaries of Peabody Energy Corporation ("**Peabody**"). Effective October 31, 2007, Patriot Coal was spun off from Peabody through a dividend of all outstanding shares of Patriot Coal (the "**Spin-Off**"). As a result of the Spin-Off, Patriot Coal became a separate, public company, listed on the New York Stock Exchange.

On July 23, 2008, Patriot Coal acquired Magnum Coal Company LLC ("**Magnum**") from affiliates of ArcLight Capital Partners, LLC. At the time of its acquisition by Patriot Coal, Magnum (which had on its balance sheet substantial assets and liabilities previously acquired from Arch Coal, Inc. ("**Arch**")) was one of the largest coal producers in Appalachia, controlling more than 600 million tons of proven and probable coal reserves.

a. Operations Overview

The Debtors conduct mining operations at eleven active mining complexes consisting of seventeen surface and underground mines in the Appalachia and Illinois Basin coal regions. The Debtors' operations include company-operated mines, one contractor-operated mine and coal preparation facilities. Through these active and certain idled operations, as well as positions in undeveloped coal reserves, the Debtors control approximately 1.8 billion tons of proven and probable coal reserves. The Debtors' mining methods are diverse and include surface, underground continuous mining and underground longwall production.

The Debtors ship coal to domestic and international electricity generators, industrial users, steel mills and independent coke producers, as well as to brokers that ultimately sell the coal to these same types of customers. Coal is shipped via various company-owned and third-party loading facilities, multiple rail and river transportation routes and ocean-going vessels. In 2012, the Debtors sold a total of 24.9 million tons of coal, selling 75% of this coal to domestic and global electricity generators and industrial customers and the remaining 25% to domestic and global steel and coke producers. In 2012, 45% of the total sales volume was composed of export sales. In the first six months of 2013, the Debtors sold 11.2 million tons of coal, with 51% of total volume in export sales.

Approximately 65% of the Debtors' 2012 coal sales were under long-term (terms longer than one year) coal supply agreements that specify the coal sources, quality and technical specifications, shipping arrangements, pricing, force majeure and other provisions unique to agreements reached with each purchaser. Many of these agreements contain provisions that may result in price adjustments, including price re-opener provisions that allow either party to commence price renegotiation at various periods and provisions that adjust the base price for the cost impact at the source mine of certain events such as changes in laws and regulations governing the production of coal. Coal products sold outside of these term agreements are subject to current market pricing that can be significantly more volatile than the pricing structure negotiated through term supply agreements.

Section 2.2 Management and Employee Matters

a. Management

The Debtors' current management team is composed of highly capable professionals with substantial industry experience. Information regarding Patriot Coal's executive officers is as follows:

Name	Position
Bennett K. Hatfield	President, Chief Executive Officer & Director
Michael D. Day	Executive Vice President - Operations
John E. Lushefski	Senior Vice President & Chief Financial Officer
Charles A. Ebetino, Jr.	Senior Vice President - Global Strategy & Corporate Development
Robert W. Bennett	Senior Vice President & Chief Marketing Officer
Joseph W. Bean	Senior Vice President - Law & Administration & General Counsel

Bennett K. Hatfield. Bennett K. Hatfield, age 56, serves as President, Chief Executive Officer and as a Director. Mr. Hatfield was named President in May 2012 and Chief Executive Officer and Director in October 2012. He previously served as Patriot Coal's Chief Operating Officer since he joined Patriot Coal in September 2011. Mr. Hatfield has held a number of executive operating and commercial positions during a 30-plus-year career in the coal industry. Prior to joining Patriot Coal, Mr. Hatfield served as President, Chief Executive Officer and Director of International Coal Group, Inc., from March 2005 until the company was sold in June 2011. Mr. Hatfield previously served as President, Eastern Operations of Arch, from March 2003 until March 2005, and Executive Vice President and Chief Commercial Officer of Coastal Coal Company from December 2001 through February 2003. Mr. Hatfield joined Massey

Energy Company in 1979, where he served in a number of management roles, most recently as Executive Vice President and Chief Operating Officer from June 1998 through December 2001. Mr. Hatfield is a board member of the West Virginia Coal Association and the National Mining Association (the "**NMA**"). Mr. Hatfield is a Licensed Professional Engineer with a Bachelor of Science degree in Mining Engineering from Virginia Polytechnic Institute and State University.

Michael D. Day. Michael D. Day, age 43, serves as Executive Vice President – Operations. He was appointed to this position effective February 1, 2013. Mr. Day most recently served as Patriot Coal's Senior Vice President – Engineering and W.V. Central Region & Kentucky Operations from August 2011 through January 2013. Mr. Day joined Patriot Coal in August 2008 and held the positions of Vice President – Operations from August 2009 through August 2011 and Vice President – Surface Operations from August 2008 through August 2009. Prior to joining Patriot Coal, Mr. Day served in a variety of management positions from 1992 through 2008 at Magnum, Arch and James River Coal Company. Mr. Day is an executive board member of the Kentucky Coal Association and the University of Kentucky Mining Engineering Foundation. Mr. Day holds a Bachelor of Science degree in Mining Engineering from the University of Kentucky and is a Registered Professional Engineer.

John E. Lushefski. John E. Lushefski, age 57, serves as Senior Vice President and Chief Financial Officer. He previously served on Patriot Coal's Board of Directors from October 2007 until September 2012, at which time he resigned from the Board of Directors and was named to his current position. From 2005 until September 2012, Mr. Lushefski was a senior consultant providing strategic, business development and financial advice to public and private companies. He has substantial coal industry experience and a global background in treasury, tax, accounting, strategic planning, information technology, human resources, investor relations and business development. From 1996 until December 2004, he served as Chief Financial Officer of Millennium Chemicals Inc., a NYSE-listed international chemicals manufacturer that was spun off from Hanson PLC. He also served as Senior Vice President and Chief Financial Officer of Hanson Industries Inc. from 1995 to 1996, and as Vice President and Chief Financial Officer of Peabody Holding Company, Inc. from 1991 to 1995. Prior to joining Hanson in 1985, he was an Audit Manager with Price Waterhouse LLP. Mr. Lushefski is a certified public accountant and holds a Bachelor of Science degree in Business Management and Accounting from Pennsylvania State University.

Charles A. Ebetino, Jr. Charles A. Ebetino, Jr., age 60, serves as Senior Vice President – Global Strategy and Corporate Development. From August 2010 through September 2011, Mr. Ebetino served as Senior Vice President and Chief Operating Officer. From the time of the Spin-Off through August 2010, Mr. Ebetino served as Senior Vice President – Corporate Development for Patriot Coal. Prior to the Spin-Off, Mr. Ebetino was Senior Vice President – Business and Resource Development for Peabody since May 2006. Mr. Ebetino also served as Senior Vice President – Market Development for Peabody's sales and marketing subsidiary from 2003 to 2006 and was directly responsible for COALTRADE, LLC. He joined Peabody in 2003 after more than 25 years with American Electric Power Company, Inc. ("**AEP**") where he served in a number of management roles in the fuel procurement and supply group, including Senior Vice President of Fuel Supply and President and Chief Operating Officer of AEP's coal mining

and coal-related subsidiaries from 1993 until 2002. Mr. Ebetino is a past board member of NMA, former Chairman of the NMA Environmental Committee, a former Chairman and Vice Chairman of the Edison Electric Institute's Power Generation Subject Area Committee, a former Vice Chairman of the Inland Waterway Users Board and a past board member and President of the Western Coal Transportation Association. Mr. Ebetino has a Bachelor of Science degree in Civil Engineering from Rensselaer Polytechnic Institute. He also attended the New York University School of Business for graduate study in finance.

Robert W. Bennett. Robert W. Bennett, age 50, serves as Senior Vice President and Chief Marketing Officer. Mr. Bennett has over 24 years of experience in the coal sales, marketing and trading arena. From the time of the Magnum acquisition through March 2009, Mr. Bennett served as Patriot Coal's Senior Vice President of Sales and Trading and was responsible for Patriot Coal's thermal coal sales. Prior to the Magnum acquisition, Mr. Bennett served as Senior Vice President – Sales and Trading of Magnum and President of Magnum Coal Sales, LLC, positions he held from 2006 to 2008. During 2005 and 2006, Mr. Bennett served as Vice President – Appalachia Sales for Peabody's sales and marketing subsidiary, COALSALES, LLC. Mr. Bennett served as Vice President – Brokerage and Agency Sales for Peabody's coal trading subsidiary, COALTRADE, LLC from 1997 to 2005, where he was responsible for all coal brokerage and agency relationships in the eastern United States ("**U.S.**"). Prior to 1997, Mr. Bennett held various leadership positions with AGIP Coal Sales and Neweagle Corporation. Mr. Bennett holds a Bachelor of Arts degree in Finance from Marshall University.

Joseph W. Bean. Joseph W. Bean, age 51, serves as Senior Vice President – Law & Administration and General Counsel. From the time of the Spin-Off until February 2009, Mr. Bean served as Senior Vice President, General Counsel and Corporate Secretary for Patriot Coal. Prior to the Spin-Off, Mr. Bean served as Peabody's Vice President and Associate General Counsel and Assistant Secretary from 2005 to 2007 and as Senior Counsel from 2001 to 2005. During his tenure at Peabody, he directed the company's legal and compliance activities related to mergers and acquisitions, corporate governance, corporate finance and securities matters. Mr. Bean has more than 25 years of corporate law experience, including over 20 years as in-house legal counsel. He was counsel and assistant corporate secretary for The Quaker Oats Company prior to its acquisition by PepsiCo in 2001 and assistant general counsel for Pet Incorporated prior to its 1995 acquisition by Pillsbury. He also served as a corporate law associate with the law firms of Mayer, Brown & Platt in Chicago and Thompson & Mitchell in St. Louis. Mr. Bean holds a Bachelor of Arts degree from the University of Illinois and a Juris Doctorate from Northwestern University School of Law.

b. Employees

Collectively, the Debtors employ approximately 4,000 people in active status,[6] working in both full- and part-time positions. These employees include miners, engineers, truck drivers,

[6] In addition, the Debtors are currently providing benefits to approximately 220 current and former employees who are not actively working as a result of workers' compensation, lay-off, short- or long-term disability, military leave or some other form of personal leave. While such employees are not receiving wages, some receive (…continued)

mechanics, electricians, administrative support staff, managers, directors and executives. As of September 30, 2013, approximately 42% of these employees are unionized and represented by the United Mine Workers of America (the "**UMWA**").

Section 2.3 Prepetition Capital Structure

a. Patriot Coal Stock

As of July 9, 2012 (the "**Petition Date**"), Patriot Coal had 300 million authorized shares of common stock, $0.01 par value, of which 92,378,514 shares were outstanding as of June 30, 2013, with approximately 800 registered shareholders of record. Patriot Coal was also authorized to issue 10,000,000 shares of preferred stock, $0.01 par value, which included 1,000,000 shares of Series A Junior Participating Preferred Stock. No preferred stock was issued from either of these classes of stock.

b. Options and Other Securities with Values Keyed to Common Stock

As of the Petition Date, Patriot Coal had 1,564,715 outstanding non-qualified stock options. There were also 571,999 time-based restricted stock units and 534,865 performance-based restricted stock units issued and outstanding with certain Patriot Coal executives and 152,684 deferred stock units issued and outstanding with certain directors of Patriot Coal.

c. Prepetition Debt

Patriot Coal, as borrower, and substantially all of the other Debtors, as guarantors, were parties to that certain $427.5 million Amended and Restated Credit Agreement, dated as of May 5, 2010 (the "**Prepetition Credit Agreement**") by and among such Debtors, Bank of America, N.A., as administrative agent, and the lenders party thereto. The Prepetition Credit Agreement provided for the issuance of letters of credit and direct borrowings. As of the Petition Date, $300.8 million in letters of credit and $25 million in direct borrowings were outstanding under the Prepetition Credit Agreement.

Obligations arising under the Prepetition Credit Agreement were guaranteed by substantially all of the Subsidiary Debtors and were secured by first priority liens on substantially all of the Debtors' assets, including, but not limited to, certain of the Debtors' mines, a substantial portion of the Debtors' coal reserves and related equipment and fixtures, and a second priority lien on account receivables.

Patriot Coal was also party to a $125 million accounts receivable securitization program, which provided for the issuance of letters of credit and direct borrowings. As of the Petition

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(continued…)

other benefits, including, but not limited to, disability payments from health and welfare benefit plans, workers' compensation benefits from state-mandated programs, severance benefits, continuation of medical benefits and/or certain life insurance benefits, depending on the type of leave and/or years of service.

Date, $51.8 million in letters of credit were issued and outstanding under this securitization facility. No cash borrowings were outstanding.

Patriot Coal issued two series of unsecured notes: (a) $250 million in 8.25% Senior Notes due 2018, which are guaranteed by substantially all of the Subsidiary Debtors and (b) $200 million in 3.25% Convertible Notes due 2013.

In 2005, a subsidiary of Patriot Coal issued unsecured promissory notes in conjunction with an exchange transaction involving the acquisition of Illinois Basin coal reserves. The promissory notes and related interest are payable in annual installments of $1.7 million and mature in January 2017. As of the Petition Date, approximately $7 million was outstanding under the promissory notes.

ARTICLE 3
EVENTS LEADING UP TO THE CHAPTER 11 CASES

Section 3.1 Industry Background

In recent years, the demand for coal has decreased, in large part because alternative sources of energy have become increasingly attractive to electricity generators in light of declining natural gas prices and more burdensome environmental and other governmental regulations on the production and utilization of coal. As the domestic electricity markets have increasingly turned to natural gas and with the softening of the global steel markets, there has been reduced demand for both thermal and metallurgical coal.

Over the last several years, coal's share of the U.S. energy market and prices for thermal coal have both markedly declined. Coal's share of total electricity generation, for example, declined from 45% in the first quarter of 2011 to 36% in the first quarter of 2012. Vast resources of natural gas have been unlocked through the discovery of shale deposits and technological advancements in drilling, causing the price of natural gas in the United States to fall. In 2012, the price of natural gas fell to a ten-year low. Moreover, the mild winter in 2012 resulted in lower coal burn for electricity generation. Heating degree days were 21% below normal in the first quarter of 2012. These factors, in turn, caused coal inventories at U.S. electricity producers to expand to over 200 million tons at the end of March 2012. Rail car loadings for the first quarter of 2012 were consequently down 10% year-over-year, with the lowest loadings since the beginning of 1994. As a result, the coal industry as a whole has been forced to reduce production, idle mines and lay off workers.

Metallurgical coal (which varies from thermal coal based primarily on its chemical composition) is suitable for carbonization to make coke for use in manufacturing steel. The demand for metallurgical coal is dependent on the strength of the global economy, and in particular, on steel production in countries such as China and India, as well as Europe, Brazil and the United States. In response to the global economic downturn and distressed international financial markets, the demand and price for metallurgical coal have declined.

Section 3.2 Events Leading Up to the Chapter 11 Cases

a. Declining Demand for Coal

Because the Debtors sell substantial quantities of coal products to domestic and international electricity generators and steel producers, the Debtors' business and results of operations are linked closely to global demand for coal-fueled electricity and steel production. Declining demand for coal-fueled electricity and a decrease in steel production have had a material impact on the Debtors' businesses. During the first half of 2012, Patriot was approached by certain customers seeking to cancel or delay shipments of coal contracted for delivery under their coal supply agreements. In addition, two Patriot customers, Bridgehouse Commodities Trading Limited ("**Bridgehouse**") and Keystone Industries LLC ("**Keystone**"), defaulted on their contractual obligations to purchase hundreds of thousands of tons of coal from Patriot. On April 3, 2012 and June 1, 2012, Patriot filed actions for damages against Bridgehouse and Keystone, respectively, resulting from these breaches of contract.

In light of the decreased demand for both thermal and metallurgical coal, it became uneconomical to operate certain of the Debtors' mining complexes, and the Debtors took steps to reduce coal production to match expected sales volumes. In January 2012, the Debtors announced the idling of four metallurgical coal mines and production curtailment at one additional metallurgical coal mine. In February and April 2012, the Debtors announced the closure of additional mines due to reduced thermal coal demand. With the idling of operations during 2012, approximately 1,000 employee and contractor positions were eliminated. From the beginning of 2012 to the Petition Date, the Debtors decreased their annual thermal coal production by just under five million tons compared to 2011.

b. United States Federal and State-Level Governmental Regulations and Costs of Compliance

The regulatory environment in which the Debtors operate, with respect to both the production and utilization of coal, also contributed to the Debtors' financial situation. Specifically, the regulation of electricity generators made it increasingly difficult for companies to use coal as an energy source. At the same time, the Debtors faced dramatically increasing costs to comply with environmental laws and other governmental regulations. The Debtors also suffered from unsustainable labor-related legacy liabilities.

1. *Regulation of Power Plants*

As the regulation of greenhouse gases and other air emissions imposed on power plants became more rigorous, electricity generators faced increasing difficulties in obtaining permits to build and operate coal-fueled power plants and higher costs to comply with the permits received at such facilities. Over the past several years, the United States Environmental Protection Agency (the "**EPA**") has promulgated rules that curtail air emissions of various pollutants from coal-fired power plants. The effect of these rules is to require the installation of costly compliance equipment by both existing and future power plants that utilize coal. In addition, the EPA has proposed performance standards for certain new power plants that would significantly

restrict the permissible emissions of carbon dioxide, a by-product of burning coal, and in doing so, severely limit the future development of coal-fueled electricity generated assets.

In addition, electricity generators have recently been incentivized to use alternative energy sources. Many states have implemented renewable portfolio standards, which generally mandate that a specified percentage of electricity sales in the state be attributable to renewable energy sources. Congress has considered imposing a similar federal mandate. Governmental agencies have also been providing grants and other financial incentives to entities that are developing or selling alternative energy sources with lower greenhouse gas emissions. The combination of these incentives and the cost of complying with regulations has caused electricity generators to close existing coal-fueled facilities, reduce construction of new facilities or change the type of fuel used at existing power plants from coal to alternative fuels like natural gas.

2. *Regulation of Coal Mining*

Federal and state regulatory authorities impose obligations on the coal mining industry in a wide array of areas, including, but not limited to, employee health and safety, permitting and licensing requirements, environmental protection, the reclamation and restoration of mining properties after mining has been completed, surface subsidence from underground mining and the effect of mining on surface and ground water quality and availability.

Over the past several years, the Debtors have incurred hundreds of millions of dollars of costs to comply with new regulations, new interpretations of existing laws and regulations, and court orders resulting from citizen lawsuits brought by non-governmental organizations. These compliance costs added additional stress to the Debtors' financial condition.

Regulatory agencies and non-governmental organizations have been increasingly focused on the effects of surface mining on the environment, particularly as it relates to water quality, which has resulted in more rigorous permitting requirements and enforcement efforts. Among other things, the Debtors were ordered to install water treatment facilities at two of their mining complexes, with estimated construction and installation costs of approximately $80 million in the aggregate, and agreed to settle a lawsuit brought by non-governmental organizations under which the Debtors will install additional water treatment systems during the next five years. Further, in July 2011, the EPA issued guidance under the Clean Water Act with respect to "conductivity levels" (which reflect levels of salt, sulfides and other chemical constituents present in the water). Though the conductivity guidance was struck down by the United States District Court for the District of Columbia, the EPA has appealed to reinstate the guidance. Further, more generally, the focus on conductivity and related constituents, including the permitting agencies' attempts to respond to the EPA's guidance, resulted in additional difficulty in obtaining necessary permits and the imposition of more stringent requirements in the permits that were issued, which further increased the burden on the Debtors.

c. Labor Contracts and Legacy Labor Liabilities

As of the Petition Date, the Debtors had substantial and unsustainable legacy costs, primarily in the form of healthcare benefits and pension obligations. Among other things, as a

result of the Spin-Off and the acquisition of Magnum, the Debtors became responsible for certain liabilities relating to former employees and retirees of certain Peabody subsidiaries (that are now Patriot subsidiaries), Magnum and Arch, who had retired prior to the formation of Patriot. As of March 14, 2013, certain of the Debtors employed 1,650 UMWA-represented employees and provided retiree benefits to five times as many UMWA-represented retirees and dependents. Especially in an era of declining demand and price for coal, there was a mismatch between the cost of the Debtors' legacy obligations and their ongoing ability to generate revenue.

Certain of the Debtors were signatories to collective bargaining agreements with the UMWA that mirror the terms of the National Bituminous Coal Wage Agreement of 2011 (the "**NBCWA**" or "**2011 NBCWA**"). Since 1950, the NBCWA has been negotiated by the UMWA and the Bituminous Coal Operators' Association (the "**BCOA**"). Although the Debtors' unionized subsidiaries were not members of the BCOA, the UMWA has historically demanded that all unionized coal companies sign a "Me-Too" agreement that binds these companies to the terms of the existing NBCWA. Two of the Debtors were also signatories to collective bargaining agreements with the UMWA that differ in important respects from the 2011 NBCWA. Through these signatory companies, the Debtors became one of the largest employers of UMWA miners in the United States. As of the Petition Date, while less than 11.4% of miners employed in the U.S. coal industry were represented by the UMWA, more than 42% of the Debtors' employees were represented by the UMWA.

The NBCWA in force as of the Petition Date contained many provisions that restricted the ability of signatory employers to deploy labor and operate their mines in a flexible and cost-effective manner, which put signatory companies, such as certain of the Debtors, at a cost disadvantage as compared to their non-union competitors. Over the years, a costly package of pension, healthcare and other benefits for active and retired miners evolved under successive NBCWAs, including funding benefits for thousands of retired mineworkers whose employers are no longer in business. There is, for example, one working miner for every ten pensioners who receive benefits from the 1974 Pension Plan (as defined below). As of the Petition Date, the Debtors contributed approximately $12,500 per year to the 1974 Pension Plan for each of their active unionized employees. The 2011 NBCWA also required employers to sponsor a healthcare plan that effectively provides 100% first dollar coverage for active and retired employees. In 2011, the Debtors paid $48,185 per active represented employee to provide these healthcare benefits. As of the Petition Date, these liabilities were estimated to exceed $1.3 billion in the aggregate.

Pursuant to the NBCWA and a similar UMWA collective bargaining agreement, certain of the Debtors were required to make significant pension contributions to a multi-employer pension fund under the UMWA 1974 Pension Plan and Trust (the "**1974 Pension Plan**"). In 2007, the contribution rate to the 1974 Pension Plan was $2.00 per hour worked by each active represented employee. As of the Petition Date, it was $5.50 per hour. On May 25, 2012, the UMWA and the BCOA sent a notice to all employers advising that under the Pension Protection Act, contributions to the 1974 Pension Plan would increase to a minimum of $12.50 in 2017, and to a minimum of $21.50 by 2020. In 2012, the Debtors' contribution to the 1974 Pension Plan was approximately $21 million. In addition, the NBCWA also required the Debtors to contribute

$1.50 per hour worked to the 2012 Retiree Bonus Account Trust. The Debtors were also required under the 2011 NBCWA to contribute $1.10 per hour worked to the UMWA 1993 Benefit Plan through 2016, which provides health benefits to UMWA retirees whose last employer is no longer in business.

The Debtors are further obligated by statute to provide benefits to certain retirees who retired before October 1, 1994 under the Coal Industry Retiree Health Benefit Act of 1992, 26 U.S.C. § 9701 *et seq.* (the "**Coal Act**"). The Debtors comply with their Coal Act obligations through the payment of monthly premiums to two statutory trusts (the UMWA Combined Benefit Fund and the UMWA 1992 Benefit Plan) and administration of an individual employer health plan. The Debtors' Coal Act liabilities relate to approximately 2,300 beneficiaries. In 2012, the Debtors paid approximately $14 million with respect to these beneficiaries and, as of December 31, 2012, the Debtors estimate the present value of their Coal Act liabilities to be approximately $134.7 million.

In connection with the Spin-Off, a subsidiary of Peabody assumed and agreed to pay certain of Patriot's pre-Spin-Off obligations associated with the Coal Act, the NBCWA and certain salaried employee retiree healthcare benefits. As of December 31, 2012, these liabilities had a present value of $637.6 million. Even though a Peabody subsidiary is obligated to pay for these obligations, Patriot has historically administered these benefits. The Debtors are required to post approximately $52 million in letters of credit to secure these and similar obligations, with the cost of $42 million of these letters of credit relating to Coal Act liabilities being reimbursed by Peabody. The United States Bankruptcy Appellate Panel for the Eighth Circuit recently issued a ruling reversing the Bankruptcy Court's ruling that the 1113/1114 Decision affected the Peabody subsidiary's obligations with respect to certain of these retiree healthcare benefits associated with the NBCWA. On September 13, 2013, Peabody appealed this decision to the United States Court of Appeals for the Eighth Circuit. As discussed below, the Peabody Settlement, once effective, would resolve this pending litigation.

The Debtors are also subject to the Federal Coal Mine Health and Safety Act of 1969 (the "**Black Lung Act**") and other workers' compensation laws in the states in which they operate. Under the Black Lung Act, the Debtors are required to provide benefits to their current and former coal miners (and certain of their qualified dependents) suffering from coal workers' pneumoconiosis, an occupational disease often referred to as black lung disease. In 2011, the Debtors obtained from the United States Department of Labor the right to self-insure their Black Lung Act liabilities and, as a result, were required to post collateral to secure these obligations. In the first quarter of 2011, the Debtors provided the Department of Labor with $15 million in treasury bills as collateral. The Debtors estimate that, as of December 31, 2012, their Black Lung Act liabilities totaled approximately $204.6 million. Separately, the Debtors have posted approximately $132.6 million in letters of credit and/or bonds to secure their liabilities with respect to state traumatic and workers' compensation. The Debtors estimate that, as of December 31, 2012, other workers' compensation liabilities totaled approximately $74.5 million.

Section 3.3 Prepetition Restructuring Initiatives

a. Management Initiatives

The Company took various actions in response to the challenges described above. During the first six months of 2012, the Company reduced its thermal coal production by just under five million tons, delayed expansion of its program to increase the production of higher-margin metallurgical coal, decreased capital spending by $144 million for the full year 2012 and by over $620 million during the course of the Debtors' five-year plan covering 2013-2016, implemented major cost reduction initiatives and worked with its customers to better meet their changing requirements. Commencing in 2012, Patriot also reduced its workforce by about 1,000 employees and contractors, and lowered its cost of production by assuming full operation of several mines and facilities formerly operated by contractors.

b. Out of Court Financing

Prior to the Petition Date, the Debtors, with the assistance of Blackstone Advisory Partners L.P. ("**Blackstone**"), also explored various options to refinance their existing secured indebtedness and obtain incremental liquidity. As it became clear that the Debtors would likely need to restructure in chapter 11, the Debtors and Blackstone initiated a search for debtor in possession financing ("**DIP Financing**"). The Debtors and Blackstone approached a number of parties to arrange potential DIP Financing, including Bank of America, Citibank, N.A., and Barclays Bank PLC. Ultimately, the Debtors secured commitments for DIP Financing as arranged by these three parties, all as further described below.

ARTICLE 4
THE CHAPTER 11 CASES AND CERTAIN SIGNIFICANT EVENTS AND INITIATIVES

On July 9, 2012, each of the Debtors (other than Brody Mining, LLC and Patriot Ventures LLC) (collectively, the "**Initial Debtors**") commenced with the United States Bankruptcy Court for the Southern District of New York (the "**SDNY Bankruptcy Court**") a voluntary case under chapter 11 of the Bankruptcy Code. On December 19, 2012, the SDNY Bankruptcy Court entered an order transferring the Chapter 11 Cases to the United States Bankruptcy Court for the Eastern District of Missouri (the "**Bankruptcy Court**") [ECF No. 1789]. On September 23, 2013 (the "**Second Petition Date**"), Brody Mining, LLC and Patriot Ventures LLC (collectively, the "**Additional Debtors**") each commenced with the Bankruptcy Court a voluntary case under chapter 11 of the Bankruptcy Code, and on September 27, 2013, the Bankruptcy Court ordered consolidation of the Initial Debtors' cases and the Additional Debtors' cases for procedural purposes only. The Initial Debtors and the Additional Debtors have continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code since the Petition Date and the Second Petition Date, respectively. The following is a general summary of the Chapter 11 Cases including, without limitation, a discussion of the Debtors' restructuring and business initiatives since the Petition Date.

Section 4.1 Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor can reorganize its business for the benefit of itself, its creditors and its interest holders. Chapter 11 also promotes equality of treatment for similarly situated creditors and similarly situated interest holders.

The commencement of a chapter 11 case creates an estate that is composed of all of the legal and equitable interests of the debtor as of that date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Section 4.2 Certain Significant Events and Initiatives During the Chapter 11 Cases

a. DIP Facilities

On the Petition Date, the Debtors sought Bankruptcy Court authorization to, among other things: (i) consummate the proposed DIP Financing, enter into the $802 million DIP Facilities, and pay all fees related thereto; (ii) grant security interests, liens, superpriority claims (including a superpriority administrative claim) to the DIP Lenders to secure all obligations owed thereunder in accordance with the provisions of the DIP Order and related Security Agreement (as defined in the DIP Order); (iii) provide adequate protection to the Prepetition Credit Agreement Lenders; and (iv) utilize cash collateral.

The $802 million DIP Facilities are composed of two credit facilities: (x) a new money First Out DIP Facility, consisting of a $125 million asset-based revolving credit loan and a $375 million term loan, with Citibank, N.A. acting as First Out DIP Agent; and (y) a roll up of $302 million of outstanding letter of credit obligations under the Prepetition Credit Agreement, with Bank of America, N.A. acting as Second Out DIP Agent.

The Bankruptcy Court approved the DIP Motion, on an interim basis, on July 11, 2012 and, on a final basis, on August 3, 2012. The proceeds of the First Out DIP Facility were utilized to, among other things, provide liquidity and working capital to the Debtors during the transition of their business to chapter 11 and pay down the $25 million outstanding as of the Petition Date as direct borrowings under the Prepetition Credit Agreement.

On August 7, 2013, the Debtors entered into an amendment to the First Out DIP Facility (the "**DIP Amendment**"), which became effective on August 21, 2013 upon entry of the order by the Bankruptcy Court approving the same. The DIP Amendment had the effect of lowering the minimum consolidated EBIDTA financial covenant thresholds for periods following June 30, 2013, allowing liens on ordinary course insurance pledges and deposits, and obligating the Debtors to obtain a commitment to finance a plan of reorganization by no later than October 31, 2013. Pursuant to the terms of the Security Agreement, certain of the terms of the DIP Amendment were incorporated by reference into the Second Out DIP Facility. On October 29, 2013, the Debtors entered into another amendment to the First Out DIP Facility, which had the

effect of removing from the First Out DIP Facility the Debtors' obligation to obtain a commitment to finance a plan of reorganization by October 31, 2013.

The DIP Facilities were set to mature on October 4, 2013. However, by filing the Initial Plan and satisfying certain other applicable conditions, on September 11, 2013, the Debtors secured an extension of the maturity date through December 31, 2013, which enables them, subject to their continued compliance with the provisions of the DIP Order and DIP Documents, to continue accessing the liquidity necessary to consummate the Plan on the timeline currently proposed.

Since entry of the DIP Order, the Debtors have consulted with the DIP Agents, when required under the DIP Facilities and as otherwise appropriate, concerning the status of the Chapter 11 Cases. The Debtors have kept the DIP Agents informed of, and have conferred with the DIP Agents on, matters affecting the DIP Facilities and the Debtors' proposed reorganization.

b. Automatic Stay

The filing of the Debtors' bankruptcy petitions on the Petition Date and the Second Petition Date, as applicable, triggered the immediate imposition of the automatic stay under section 362 of the Bankruptcy Code, which, with limited exceptions, enjoined all collection efforts and actions by Creditors, the enforcement of Liens against property of the Debtors and both the commencement and the continuation of prepetition litigation against the Debtors. With certain limited exceptions and/or modification as permitted by order of the Bankruptcy Court, the automatic stay remains in effect until the Effective Date of the Plan.

c. Description of Certain Significant First Day Motions and Orders

On or about the Petition Date, the Debtors filed numerous "first day" motions seeking various relief intended to ensure a seamless transition of the Debtors' business operations into chapter 11 and facilitate an efficient administration of the Chapter 11 Cases. The relief requested in these motions, among other things, allowed the Debtors to continue certain normal business activities that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code may have required prior court approval. Substantially all of the relief requested in the Debtors' "first day" motions was granted by the SDNY Bankruptcy Court. On September 26, 2013, the Bankruptcy Court entered an order making certain of the "first day" orders, among other pleadings, applicable to the Additional Debtors on an interim basis.[7] These motions and orders are available for review at the Debtors' Case Information Website (located at http://www.PatriotCaseInfo.com).

[7] A hearing on entry of this relief on a final basis, to the extent necessary, is scheduled for October 22, 2013.

The orders entered pursuant to the Debtors' "first day" motions authorized the Debtors to, among other things:

- establish certain notice, case management and administrative procedures;[8]
- continue paying prepetition employee wages and certain associated benefits, provided that the Debtors would not pay any individual an aggregate prepetition amount in excess of $11,725, maintain employee benefits programs and allow employees to proceed with outstanding workers' compensation claims;
- continue using the Debtors' existing cash management system, bank accounts, purchase card program and business forms;
- generally continue using the Debtors' existing guidelines to invest cash;
- establish procedures for utilities to request adequate assurance, pursuant to which the utilities were prohibited from discontinuing service except in certain circumstances;
- continue performance under prepetition derivative contracts consistent with the ordinary course of the Debtors' business and their past practices;
- fulfill and honor all customer obligations the Debtors deemed appropriate in the ordinary course of business and continue, renew, replace, implement new, and/or terminate any customer practices and incur customer obligations as the Debtors deem appropriate;
- pay certain prepetition obligations to foreign creditors;
- enter into or terminate vendor agreements with shippers, warehousemen and service providers;
- pay some of the prepetition claims of certain critical vendors;
- pay for goods that were ordered prior to the Petition Date but delivered after the Petition Date;
- enter into and perform under coal sale contracts in the ordinary course of business and establish procedures with respect thereto;
- continue and renew their liability, casualty, property and other insurance programs;
- continue and renew their surety bond programs;
- pay production/excise taxes, environmental and safety fees and assessments, sales taxes, use taxes, employment taxes, franchise taxes and fees and property taxes and other similar taxes and fees; and

[8] Such case management and administrative procedures ultimately being revised by the *Order Establishing Certain Notice, Case Management and Administrative Procedures* [ECF No. 3361], entered by the Bankruptcy Court for the Eastern District of Missouri.

- establish procedures to protect the Estates against the possible loss of valuable tax benefits.

d. Appointment of the Creditors' Committee

On July 18, 2012, the United States Trustee for the Southern District of New York appointed the Creditors' Committee. The initial members of the Creditors' Committee were: American Electric Power, Cecil Walker Machinery, Gulf Coast Capital Partners, LLC, U.S. Bank National Association, the United Mine Workers of America, the United Mine Workers of America 1974 Pension Plan and Wilmington Trust Company.[9] The Creditors' Committee retained Kramer Levin Naftalis & Frankel LLP ("**Kramer Levin**"), Carmody MacDonald PC ("**Carmody MacDonald**") and Cole, Schotz, Meisel, Forman & Leonard, P.A. ("**Cole Schotz**") as its legal advisors, Mesirow Financial Consulting, LLC as its financial advisor and Houlihan Lokey Capital, Inc. as its financial advisor and investment banker. The current members of the Creditors' Committee are American Electric Power, U.S. Bank National Association, the United Mine Workers of America, the United Mine Workers of America 1974 Pension Plan and Wilmington Trust Company.

As detailed in Section 4.2(s) below, since the formation of the Creditors' Committee, the Debtors have consulted with the Creditors' Committee concerning the administration of the Chapter 11 Cases, and the Creditors' Committee has been an active participant in these Chapter 11 Cases. The Debtors have kept the Creditors' Committee informed of, and have conferred with the Creditors' Committee on, matters relating to the Debtors' business operations and have sought the concurrence of the Creditors' Committee to the extent that its constituency would be affected by proposed actions and transactions outside of the ordinary course of the Debtors' businesses. The Creditors' Committee has participated actively with the Debtors' management and professional advisors in reviewing the Debtors' business plans and operations.

e. Appointment of the Non-Union Retiree Committee

On April 2, 2013, the Debtors filed a motion to modify and terminate certain benefits they pay to their non-union retirees (the "**Non-Union Retiree Motion**"). In connection with these steps, the Debtors, with Creditors' Committee support, agreed to the formation of a retiree committee pursuant to section 1114(d) of the Bankruptcy Code to act as the sole authorized representative of all their non-union retirees (the "**Non-Union Retiree Committee**") for the purpose of determining whether or not any such benefits are amendable. On March 7, 2013, upon order of the Bankruptcy Court [ECF No. 3093], the U.S. Trustee appointed the Official Committee of Non-Represented Retirees, which consists of seven retired employees of certain of the Debtors who are not covered by a collective bargaining agreement. As discussed further

[9] As of March 13, 2013, Cecil Walker Machinery tendered its resignation as a member of the Creditors' Committee with the United States Trustee. On or about March 20, 2013, Gulf Coast Capital Partners, LLC also tendered its resignation as a member of the Creditors' Committee with the United States Trustee. To date, no replacement members have been appointed by the United States Trustee.

below, the Debtors and the Non-Union Retiree Committee reached a consensual resolution with respect to the Non-Union Retiree Motion.

f. Summary of Claims Process, Bar Dates and Claims Filed

On September 19, 2012, the Initial Debtors filed their schedules of assets and liabilities and statements of financial affairs ("**Schedules and SOFAs**"). Subsequently, on January 15, 2013, February 20, 2013 and June 3, 2013, the Initial Debtors filed amendments to certain Schedules and SOFAs. On September 23, 2013, the Additional Debtors filed their Schedules and SOFAs. Interested parties may review the Schedules and SOFAs and amendments thereto by visiting the Debtors' Case Information Website (located at http://www.PatriotCaseInfo.com).

On October 18, 2012, the SDNY Bankruptcy Court entered the Bar Date Order, which established procedures and set deadlines for filing Proofs of Claim against the Initial Debtors and approved the form and manner of the bar date notice (the "**Bar Date Notice**"). Pursuant to the Bar Date Order and the Bar Date Notice, the last date for certain persons and entities to file Proofs of Claim in the Initial Debtors' Chapter 11 Cases was December 14, 2012 (the "**Bar Date**"); and the last date for governmental units to file Proofs of Claim in the Initial Debtors' Chapter 11 Cases was January 21, 2013. The Bar Date Notice was published in the: *Wall Street Journal, National Edition*, *St. Louis Post Dispatch*, a St. Louis, Missouri newspaper, *Charleston Gazette and Charleston Daily Mail*, Charleston, West Virginia newspapers, *Gleaner*, a Henderson County, Kentucky newspaper, *Evansville Courier and Press*, a Union County, Kentucky newspaper, *The Dominion Post*, a Morgantown, West Virginia newspaper, *The Register Herald*, a Beckley, West Virginia newspaper, *Times West Virginian*, a Fairmont, West Virginia newspaper and *The Southern Illinoisan*, a Carbondale, Illinois newspaper at least 28 days prior to the Bar Date, and copies were served on Creditors and potential Creditors appearing in the Initial Debtors' Schedules.

On September 27, 2013, the Bankruptcy Court entered the *Order Establishing Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof*, in each of the Additional Debtors' Chapter 11 Cases [Case No. 13-48727, Case No. 13-48728, ECF No. 14] (together, the "**Additional Bar Date Order**"), which established procedures and set deadlines for filing Proofs of Claim against the Additional Debtors and approved the form and manner of the bar date notice (the " **Additional Bar Date Notice**"). Pursuant to the Additional Bar Date Order and the Additional Bar Date Notice, the last date for certain persons and entities to file Proofs of Claim in the Additional Debtors' Chapter 11 Cases is October 24, 2013 (the "**Additional Bar Date**"); and the last date for governmental units to file Proofs of Claim in the Additional Debtors' Chapter 11 Cases is March 24, 2014. The Additional Bar Date Notice was published in the: *Wall Street Journal, National Edition*, *St. Louis Post Dispatch*, a St. Louis, Missouri newspaper, *Charleston Gazette and Charleston Daily Mail*, Charleston, West Virginia newspapers, *Gleaner*, a Henderson County, Kentucky newspaper, *Evansville Courier and Press*, a Union County, Kentucky newspaper, *The Dominion Post*, a Morgantown, West Virginia newspaper, *The Register Herald*, a Beckley, West Virginia newspaper, *Times West Virginian*, a Fairmont, West Virginia newspaper and *The Southern Illinoisan*, a Carbondale, Illinois

newspaper at least 10 days prior to the Additional Bar Date, and copies were served on Creditors and potential Creditors appearing in the Additional Debtors' Schedules.

As described in detail below, the Plan contemplates the establishment of an Administrative Claims Bar Date, pursuant to the Solicitation Procedures Order and the Confirmation Order.

The projected recoveries set forth in the Plan and this Disclosure Statement are based on certain assumptions, including the Debtors' estimates of the Claims that will eventually be Allowed in various classes. There is no guarantee that the ultimate amount of each of such categories of Claims will correspond to the Debtors' estimates.

g. Exclusivity

Section 1121(b) of the Bankruptcy Code establishes an initial period of 120 days after the Bankruptcy Court enters an order for relief under chapter 11 of the Bankruptcy Code, during which only the debtor may file a chapter 11 plan. If the debtor files a chapter 11 plan within such 120-day period, section 1121(c)(3) of the Bankruptcy Code extends the exclusivity period by an additional 60 days to permit the debtor to seek acceptances of such plan. Section 1121(d) of the Bankruptcy Code also permits the Bankruptcy Court to extend these exclusivity periods "for cause." Without further order of the Bankruptcy Court, the Debtors' initial exclusivity period to file a chapter 11 plan would have expired on November 6, 2012. However, by order dated November 15, 2012, the Bankruptcy Court extended the time period of the Debtors' exclusive authority to file a plan of reorganization through and including May 5, 2013, and to seek acceptance of such plan through and including July 4, 2013. On April 26, 2013, the Bankruptcy Court extended the time period of the Debtors' exclusive authority to file a plan of reorganization through and including September 2, 2013, and to seek acceptance of such plan through and including November 1, 2013. On August 21, 2013, the Bankruptcy Court further extended the time period of the Debtors' exclusive authority to file a plan of reorganization through and including December 1, 2013, and to seek acceptance of such plan through and including January 30, 2014.

h. Motion to Appoint an Equity Committee and Motion to Appoint a Chapter 11 Trustee

On August 27, 2012, certain of the Debtors' shareholders filed a motion for the appointment of an official committee of equityholders under section 1102(a)(2) of the Bankruptcy Code (the "**Equity Committee Motion**"). After an extended period of negotiation, discovery, briefing and oral argument, the Bankruptcy Court denied the Equity Committee Motion on May 10, 2013, finding that there was not a substantial likelihood that equityholders would receive a meaningful distribution in the Chapter 11 Cases to justify the appointment of an equity committee.

On March 28, 2013, certain of the Debtors' noteholders filed a motion to appoint a chapter 11 trustee (the "**Trustee Motion**"). The Debtors and certain other parties, including the Creditors' Committee, filed objections to the Trustee Motion. After oral argument at a hearing

on April 23, 2013, the Bankruptcy Court denied the Trustee Motion and entered an order effectuating the same on May 10, 2013, finding that the appointment of a chapter 11 trustee would not be in the interests of all Creditors or the Estates.

i. Operational Changes

Both prior to and during the Chapter 11 Cases, the Debtors and their advisors identified many changes that have led to and will continue to lead to substantial cash savings. Among other actions, the Debtors have implemented or are in the process of implementing the following initiatives:

- **Reduction of Thermal Coal Production**: When the Debtors are unable to sell coal at a profit, they must decrease production in order to improve cash flow. During 2012, the Debtors reduced their thermal coal production by approximately 3.9 million tons. In 2013, thermal coal production has been further reduced. These reductions were accomplished by closing or idling multiple mines, including mines located at the Big Mountain, Bluegrass and Kanawha Eagle complexes.

- **Reduction of Metallurgical Coal Production**: During 2012, the Debtors decreased production from then unprofitable metallurgical mines and delayed expansion of their plan to increase the production of higher-margin metallurgical coal, in efforts to better align production with market demand. In total, the Debtors reduced their projected metallurgical coal production in 2012 by approximately 1.9 million tons. In 2013, metallurgical coal production has been further reduced. These reductions were accomplished by idling multiple mines, including mines located at the Rocklick and Wells complexes.

- **Decrease in Planned Capital Expenditures**: To conduct their operations, the Debtors must make capital expenditures. These expenditures include payments for machinery and equipment such as continuous miners, shearers and earth-moving machinery used in the mining of coal, and shuttle cars and conveyors, which are used to transport coal from underground mines to the surface. Capital expenditures amounted to $121.9 million in 2010 and $163 million in 2011. The Debtors decreased planned capital spending by $144 million for 2012 and planned capital spending by over $620 million during the course of the Debtors' five-year plan covering 2013-2016.

- **Discontinuation of Contractors**: During 2012, the Debtors lowered their cost of production by taking control of labor at several mines and facilities formerly operated by contractors, including mines located at the Kanawha Eagle, Wells and Rocklick complexes. The savings generated by assuming operations from contractors totaled $9.5 million in 2012 and the Debtors

project that such efforts will continue to result in substantial savings between 2013 and 2016.

- **Elimination of Unprofitable Contracts**: The Debtors were party to numerous burdensome agreements, including, but not limited to, certain coal supply agreements acquired via the Spin-Off and the acquisition of Magnum, which resulted in hundreds of millions of dollars in lost revenue. The Debtors also had other unfavorable agreements, such as equipment leases, property leases and royalty agreements. During the Chapter 11 Cases, the Debtors have rejected over 265 executory contracts that were determined not to be beneficial to the Estates and renegotiated certain other unprofitable commercial agreements and property leases. The elimination or renegotiation of these contracts resulted in savings of $32.1 million in 2012, and the Debtors project that such rejections will result in hundreds of millions in savings between 2013 and 2016.

- **Sale of Surplus Assets**: For the year ended December 31, 2012, the Debtors realized $3.1 million from the sale of nonstrategic assets.

- **Reduction of Overhead Expenses**: The Debtors have cut their overhead expenses in a number of ways, including by eliminating charitable contributions, by reducing the cost for leasing their St. Louis headquarters, and by reducing the cost of their information systems outsourcing.

- **Reduction of Prepetition Unsecured Debt**: Following the commencement of the Chapter 11 Cases, the Debtors did not have to make certain interest and principal payments on their prepetition unsecured debt, which will result in savings in 2013 through 2016.

The Debtors' efforts to reduce costs also include wage, benefit, and headcount reductions from the Debtors' non-union employees and retirees. Such efforts include:

- **Modifications to Non-Union Employee Medical Benefits**: The Debtors made changes to the medical benefits available to their non-union employees. These changes include introducing employee premium contributions at ten percent of monthly premium cost, increasing the annual out-of-pocket maximum from $1,200 per person to $2,000 per person and from $3,600 per family to $4,000 per family, introducing working spouse coverage requirements, adopting a more restrictive formulary for covered drugs; implementing traditional step therapy programs to all available drug classifications, and eliminating coverage for PPI (ulcer) drug classification. The Debtors project that the changes will result in cash savings between 2013 and 2016.

- **Elimination of Non-Union Retiree Medical Benefits**: In connection with the Non-Union Retiree Motion, the Debtors worked with the Non-Union Retiree Committee to reach a consensual agreement (the "**Non-Union Retiree Settlement**") whereby (i) retiree life insurance benefits for non-union retirees were capped at $30,000 as of July 31, 2013, (ii) substantially all retiree medical benefits for non-union retirees were terminated as of July 31, 2013 and (iii) the Non-Union Retiree Committee was authorized to establish a voluntary employees' beneficiary association within the meaning of section 501(c)(9) of the U.S. Internal Revenue Code of 1986 (the "**Non-Union Retiree VEBA**"), to be funded by the Debtors with an initial payment of $250,000 and $3.75 million (in stock or cash, as determined by the Debtors' in their sole discretion, upon consulting with the Creditors' Committee) upon the Debtors' emergence from chapter 11. On April 26, 2013, the Bankruptcy Court entered an order approving the Non-Union Retiree Motion, in part. The Debtors project that the total savings from the Non-Union Retiree Settlement will be approximately $15 million from 2013 to 2016.

- **Modifications to Non-Union Long-Term Disability Benefits**: The Debtors have made two changes to their non-union disability benefits. First, the duration of long-term disability benefits for salaried employees was reduced from up to social security normal retirement age to a maximum duration of 60 months. Second, the long-term disability benefits were eliminated for the non-represented hourly employees in the Midwest and replaced with the Sickness and Accident Benefits already in place for the non-represented hourly employees in West Virginia with a maximum benefit of 52 weeks. These changes were made so that the Debtors could minimize upcoming increases in long-term disability premiums.

- **Reduction in Non-Union Compensation**: Effective March 1, 2013, the Debtors imposed a wage reduction for many of their hourly and all of their salaried employees. The hourly wage adjustment affects approximately one-half of the Debtors' non-union workforce. These measures will result in cash savings.

- **Withholding of Earned Annual Incentive Compensation**: Prior to the Petition Date, the Debtors offered an Annual Incentive Plan (the "**Prepetition AIP**") that provided cash incentives to motivate plan participants to achieve specific performance objectives. No incentive payments were made pursuant to the 2012 Prepetition AIP, despite the fact that participants earned approximately $3 million under the program. As discussed further below, on May 26, 2013, the Bankruptcy Court approved new compensation plans designed to retain and motivate the Debtors' key employees, the maximum aggregate cost of which was lower than the cost of a single year of the Prepetition AIP.

- **Termination of Deferred Compensation Balances**: On March 15, 2013, the Bankruptcy Court entered an order authorizing the Debtors to terminate their supplemental 401(k) plan, which allowed certain members of the Debtors' management to defer compensation earned by them, and required the Debtors to match a specified percentage of such deferrals. The plan participants had approximately $2.5 million converted from cash obligations to prepetition claims.

The Debtors have also eliminated certain other non-union benefits, including various legacy retirement programs and legacy deferred vacation balances.

Simply put, the Debtors have made material strides at cost savings through operational changes, undertaking initiatives that will save approximately $170 million in 2014.

j. Sections 1113 and 1114 Process

The reduction of the Debtors' legacy labor liabilities has been a crucial and necessary step towards the Debtors' successful emergence from chapter 11. As of the Petition Date, ten of the ninety-nine Debtors (the "**Obligor Debtors**") were signatories to collective bargaining agreements with the UMWA (the "**Existing CBAs**") and had costly and burdensome obligations to UMWA-represented employees and retirees. The Debtors began formal negotiations with the UMWA in November 2012 with the goal of securing consensual modifications to their existing collective bargaining agreements and to the Obligor Debtors' retiree healthcare obligations under the Existing CBAs (the "**Retiree Benefits**"). As discussed above, prior to commencing these negotiations, the Debtors had identified and secured hundreds of millions of dollars in other savings, including by rejecting or renegotiating unprofitable contracts, increasing efficiency, selling nonstrategic assets, eliminating management positions, and making significant cuts to wages and benefits for their non-union employees and retirees (the "**Non-Union Savings**"). Nevertheless, the Debtors and their financial advisors concluded that, in light of the drop in coal demand and prices, increasingly adverse regulatory compliance requirements and unsustainable UMWA wage, benefit, and retiree healthcare costs, the Non-Union Savings alone would not enable the Debtors to survive in the short-term or compete in the long-term.

Between November 2012 and March 2013, the Debtors and the UMWA engaged in extended negotiations, with the Debtors delivering multiple labor proposals in an effort to reach a consensual agreement with the UMWA. During that period, the Debtors and the UMWA participated in a dozen formal bargaining sessions and multiple informal meetings and shared tens of thousands of pages of information concerning the labor proposals.

By March 14, 2013, the Debtors and the UMWA had not reached an agreement and the Debtors—whose financial condition had continued to deteriorate during the period of negotiation with the UMWA—filed a motion for relief under sections 1113 and 1114 of the Bankruptcy Code (the "**1113/1114 Motion**"). Over the next six weeks, the Bankruptcy Court presided over comprehensive litigation, which involved extensive briefing and discovery and culminated in a five-day trial.

On May 29, 2013, the Bankruptcy Court issued a 102-page ruling granting the 1113/1114 Motion and authorizing, but not directing, the Obligor Debtors to implement their proposed changes to the Existing CBAs and to the Retiree Benefits (the "**1113/1114 Decision**"). Shortly after the Bankruptcy Court issued its 1113/1114 Decision, the UMWA filed a notice of appeal (the "**1113/1114 Appeal**") and elected to have the 1113/1114 Appeal heard by the United States District Court for the Eastern District of Missouri. The 1113/1114 Appeal was assigned to the Honorable Carol E. Jackson (Case No. 4:13cv-01086-CEJ) and was fully briefed by the UMWA and the Debtors.

The Debtors and the UMWA continued to negotiate following the filing of the 1113/1114 Motion and the issuance of the 1113/1114 Decision and during the pendency of the 1113/1114 Appeal because the parties continued to believe that a consensual resolution held the promise of providing the Debtors the needed financial relief, while reducing the risk of an enterprise-threatening work stoppage. On August 9, 2013, the Debtors and the UMWA reached a settlement (the "**UMWA Settlement**") that consensually resolved the 1113/1114 Appeal. On August 16, 2013, the UMWA Settlement was ratified by the members of the UMWA, and on August 22, 2013, the Bankruptcy Court entered on order approving the UMWA Settlement.

The UMWA Settlement provides for, among other things, modifications to the Existing CBAs that the Debtors believe balance the needs and concerns of their UMWA-represented employees while providing the Debtors with the necessary savings and work rule flexibility that are key to their long-term viability, and the transition of provision and administration of the Retiree Benefits to the Patriot Retirees VEBA, to be funded by the consideration set forth in the VFA. The Debtors anticipate approximately $130 million in annual cost savings over the next four years resulting from the UMWA Settlement.

In light of the transactions contemplated above, the Debtors will seek Bankruptcy Court approval to amend certain documents relating to the UMWA Settlement, including the VFA, to reflect, among other things, the consideration to be provided to the Patriot Retirees VEBA in connection with the foregoing, and the releases of the Debtors' Causes of Action against the Peabody Released Parties (as defined in the Peabody Settlement).

k. Retaining Key Employees

In order to motivate and encourage the retention of critical employees during the uncertain period of the Chapter 11 Cases and to focus employees' attention on achieving important business objectives, the Debtors developed proposed compensation plans (the "**Compensation Plans**"). The Compensation Plans consist of the 2013 Annual Incentive Plan and the 2013 Critical Employee Retention Plan. The Compensation Plans are largely a continuation in structure of the Debtors' prepetition incentive and retention practices, but are substantially reduced in cost and tailored to reflect the business realities of the restructuring process. The Bankruptcy Court entered an order approving the Compensation Plans on May 16, 2013 [ECF No. 4001].

The 2013 Annual Incentive Plan offers incentive cash bonuses to approximately 225 participants if certain performance metrics are met. The amounts payable under the 2013 Annual Incentive Plan range generally from 1.25% to 20% of the participant's base salary. The 2013 Critical Employee Retention Plan includes approximately 113 participants. The amounts payable under the 2013 Critical Retention Plan equal between 11% and 45% of the participant's annual base salary. The total cost of the Compensation Plans, if all targets are met under the 2013 Annual Incentive Plan, is $6.9 million, only 0.36% of Debtors' total annual revenues.

l. Selenium Water Discharge Settlement and Certain Other Environmental Matters

The Debtors successfully reached agreement to renegotiate a prior settlement of certain federal claims that had been brought against certain of the Debtors by three non-governmental organizations, the Ohio Valley Environmental Coalition, Inc., the West Virginia Highlands Conservancy and the Sierra Club, alleging violations of the Clean Water Act's National Pollutant Discharge Elimination System ("**NPDES**") permitting requirements and Surface Mining Control and Reclamation Act ("**SMCRA**") permit requirements relating to outfalls at sites acquired as part of the Magnum acquisition. In November 2012, the Debtors and the environmental groups reached an agreement (the "**November 2012 Settlement**") to modify a September 2010 federal district court order and a March 2012 consent decree to allow an additional twelve months to achieve compliance thereunder. Specifically, the November 2012 Settlement provides more time for the Debtors to install the same control technology as was required before at the subject outfalls in order to bring selenium discharges into compliance with applicable permit terms, with the deadlines to comply staggered from 2014 to 2018. In addition, as part of the November 2012 Settlement, the Debtors agreed to, among other things, impose interim caps on surface mining coal production beginning in 2014 leading to a permanent annual cap beginning in 2018, retire certain surface mining equipment and refrain from certain new large-scale surface mining operations. Under the November 2012 Settlement, the Debtors may continue, however, to conduct surface mining pursuant to large-scale surface mining permits currently in effect or in the future through small-scale surface mining production. The Debtors believe that access to their coal reserves was not negatively impacted by this settlement. The November 2012 Settlement allowed the Debtors to delay undertaking significant expenses to construct expensive selenium control equipment, to obtain a more workable timeframe in which to focus on achieving compliance with permit terms related to selenium discharges, and to avert additional costly litigation. This resulted in the Debtors conserving millions of dollars of liquidity during the Chapter 11 Cases.

On March 20, 2013, the Bankruptcy Court entered an order approving the assumption of the Debtors' lease (the "**LRPB Lease**") with a group of lessors, the LaFollette, Robson, Prichard & Broun group ("**LRPB**") [ECF No. 3332]. On September 30, 2013, the Debtors received a letter (the "**LRPB Letter**") from counsel to LRPB, claiming that certain terms of the November 2012 Settlement with certain environmental groups may constitute a default under the LRPB Lease. LRPB alleged that it may be entitled to significant monetary damages in respect thereof.

The Debtors engaged in discussions regarding the LRPB Lease and the LRPB Letter with LRPB over the past few weeks, and the parties were able to reach a consensual resolution. As part of this resolution and as required by Section 29 of the November 2012 Settlement, the Debtors will notify the environmental groups in writing (the "**Notification Letter**") of the allegations set forth in the LRPB Letter.

The Debtors also agreed to amendments to the LRPB Lease relating to royalties and other items and to amend Section 11.4 of the Plan to, among other things, preserve certain claims of LRPB. In return, LRPB agreed not to object to the Disclosure Statement or Plan. The Debtors do not believe that LRPB has any claims that will result in significant monetary damages against the Debtors or the Reorganized Debtors.

The Debtors have also been in discussions regarding potential settlements with other parties regarding certain environmental matters that, based on currently available information, the Debtors do not believe are significant. No assurances can be made that the parties will reach agreement on a settlement for any or all of these matters. If a settlement is not obtained with respect to these matters, the Bankruptcy Court may determine the allowed amount of certain of these matters as unsecured prepetition claims while others may not be discharged.

m. Certain Pending Adversary Proceedings

On August 6, 2012, Debtor Eastern Royalty LLC ("**ERC**") commenced an adversary proceeding in the Bankruptcy Court, *Eastern Royalty LLC v. Boone East Development Co.*, Adv. Pro. No. 12-04353 (Bankr. E.D. Mo.), seeking a declaratory judgment that its overriding royalty agreement with Boone East Development Co., Performance Coal Company, and New River Energy Corporation (collectively, the "**Massey Entities**") with respect to certain coal reserves in West Virginia is a standalone, non-executory contract for purposes of section 365 of the Bankruptcy Code. The Massey Entities are all subsidiaries of Alpha Natural Resources, Inc.

On September 21, 2012, ERC filed a motion for judgment on the pleadings pursuant to Federal Rule 12(c), arguing that the unambiguous language of the overriding royalty agreement and related contracts entitled it as a matter of law to its requested relief. The Massey Entities filed an opposition to this motion on October 18, 2012, arguing that the relevant agreements were ambiguous, and ERC filed a reply on November 1, 2012. Oral argument on the motion was held before the Bankruptcy Court on February 26, 2013, and the Bankruptcy Court took the matter under submission.

On August 10, 2012, Debtor Robin Land Company, LLC ("**RLC**") commenced an adversary proceeding in the Bankruptcy Court, *Robin Land Company, LLC v. STB Ventures, Inc.*, Adv. Pro. No. 12-04355 (Bankr. E.D. Mo.) (the "**STB Adversary Proceeding**"), seeking a declaratory judgment that its overriding royalty agreement with STB Ventures, Inc. ("**STB**") with respect to certain coal reserves in West Virginia is a standalone, non-executory contract for purposes of section 365 of the Bankruptcy Code. Ark Land Company ("**Ark Land**") and Ark Land KH, Inc. ("**ALKH**", together with Ark Land, the "**Arch Entities**") have intervened in this proceeding.

On February 19, 2013, STB and the Arch Entities filed answers to RLC's complaint, as well as counterclaims against RLC (i) seeking a declaratory judgment that the overriding royalty agreement is an executory contract, runs with the land, and is subject to section 365(d)(3) of the Bankruptcy Code, (ii) claiming post-petition breach of contract and (iii) claiming unjust enrichment and seeking to impose a constructive trust on RLC's assets. On March 4, 2013, RLC filed a motion for judgment on the pleadings pursuant to Federal Rule 12(c) and to dismiss the counterclaims, arguing that the unambiguous language of the overriding royalty agreement and related contracts entitled it as a matter of law to its requested relief. RLC also filed an answer to STB's and Arch's counterclaims on April 2, 2013. On March 6, 2013, STB filed a motion, which the Arch Entities subsequently joined, to compel RLC to pay overriding royalties allegedly due pursuant to sections 365(d)(3) and 363 of the Bankruptcy Code. RLC filed an objection to this motion on March 25, 2013. Oral argument was held before the Bankruptcy Court on both RLC's motion for judgment on the pleadings and to dismiss counterclaims, and on STB's motion to compel, on April 23, 2013. As discussed below, the Arch Settlement, once effective, will resolve the STB Adversary Proceeding.

n. Peabody Investigation, Litigation and Settlement

1. *Peabody Investigation and Litigation*

In connection with the Debtors' investigation into potential Estate causes of action, the Debtors and the Creditors' Committee have been investigating potential claims against Peabody arising out of the Spin-Off. [10] To that end, the Debtors, along with the Creditors' Committee, sought discovery from Peabody under Bankruptcy Rule 2004 in January 2013. When the resulting discovery negotiations reached an impasse, the Debtors and the Creditors' Committee moved the Bankruptcy Court for permission to propound their Bankruptcy Rule 2004 discovery requests in a motion filed on April 2, 2013. The Bankruptcy Court granted that motion in substantial part at a hearing on April 23, 2013 and entered a corresponding order on June 7, 2013. On June 10, 2013, the Debtors and the Creditors' Committee served on Peabody the subpoena contemplated by the Bankruptcy Court's order. On September 13, 2013, the Bankruptcy Court ordered that Peabody complete its production of documents by October 31, 2013. Peabody has produced documents on a rolling basis. As discussed below, upon entry into the Peabody Term Sheet (as defined below), this Bankruptcy Rule 2004 discovery was suspended, and, upon the effective date of the Peabody Settlement, all materials previously produced by Peabody will be returned or destroyed.

In furtherance of their investigation into Peabody's actions around the time of the Spin-Off, on April 26, 2013, the Debtors and the Creditors' Committee also moved for leave to conduct discovery on Duff & Phelps Corp. ("**Duff & Phelps**") and Morgan Stanley & Co. LLC ("**Morgan Stanley**") pursuant to Bankruptcy Rule 2004. The Bankruptcy Court granted leave to

[10] Peabody has maintained that the Debtors have no valid claims against Peabody arising out of the Spin-Off.

take such discovery on May 22, 2013. Both Duff & Phelps and Morgan Stanley have produced documents on a rolling basis. As discussed below, upon entry into the Peabody Term Sheet, this Bankruptcy Rule 2004 discovery was suspended, and, upon the effective date of the Peabody Settlement, all materials previously produced by Duff & Phelps or Morgan Stanley will be returned or destroyed.

At the same time that the Debtors were investigating claims against Peabody arising from the Spin-Off, two Debtors (Patriot Coal and Heritage Coal Company LLC ("**Heritage**")) became engaged in litigation with Peabody and one of its subsidiaries regarding the scope of the Peabody subsidiary's obligations under the NBCWA Individual Employer Plan Liabilities Assumption Agreement (the "**NBCWA Liabilities Assumption Agreement**"), dated October 22, 2007, entered into by Peabody, the Peabody subsidiary, Patriot Coal and Heritage in connection with the Spin-Off. The Peabody subsidiary agreed in the NBCWA Liabilities Assumption Agreement to pay for healthcare benefits that Heritage was obligated to pay to approximately 3,100 Heritage retirees identified on Attachment A of the NBCWA Liabilities Assumption Agreement and their eligible dependents (the "**Attachment A Retirees**"). Concerned that Peabody might take the position that its subsidiary's obligations under the NBCWA Liabilities Assumption Agreement would be affected by the relief the Debtors sought under sections 1113 and 1114 of the Bankruptcy Code, Patriot Coal and Heritage filed an adversary proceeding contemporaneously with the 1113/1114 Motion that asked the Bankruptcy Court to declare that Peabody's subsidiary's obligations to the Attachment A Retirees would be unaffected by the relief the Debtors sought in the section 1113/1114 proceedings. On April 5, 2013, Patriot Coal and Heritage filed a motion for summary judgment asking the Bankruptcy Court to make the declaration sought in the adversary proceeding. On May 29, 2013, the Bankruptcy Court entered an opinion and order (the "**Summary Judgment Order**") denying Patriot Coal and Heritage's motion for summary judgment and granting sua sponte summary judgment for Peabody, finding that Peabody's subsidiary's obligations under the NBCWA Liabilities Assumption Agreement are affected by the relief sought and granted to the Debtors in the 1113/1114 Decision. Patriot Coal and Heritage appealed the Summary Judgment Order to the United States Bankruptcy Appellate Panel for the Eighth Circuit (the "**Panel**"). On August 21, 2013, the Panel issued an opinion and judgment reversing the Summary Judgment Order. On September 13, 2013, Peabody appealed the Panel's opinion and judgment to the United States Court of Appeals for the Eighth Circuit. That same day, Peabody filed an answer and counterclaims against Patriot Coal, Heritage and the UMWA in the action before the Bankruptcy Court, seeking declarations about the effect, if any, of the New CBAs on the Peabody subsidiary's obligations under the NBCWA Liabilities Assumption Agreement.

Independent of the proceedings before the Bankruptcy Court, Peabody served a third-party subpoena on the Debtors on or about August 7, 2013 in connection with an action the UMWA and certain UMWA-represented retirees commenced against Peabody and Arch in the United States District Court for the Southern District of West Virginia, captioned *Lowe v. Peabody Holding Co.*, No. 2:12-CV-06925 (the "**Lowe Action**"). On September 3, 2013, the Debtors filed an adversary action against Peabody before the Bankruptcy Court and simultaneously moved for a preliminary injunction to preclude Peabody from seeking discovery from the Debtors prior to the completion of their reorganization. Prior to the hearing on that

motion, the Debtors reached an agreement with Peabody on production of a limited set of documents in satisfaction of Peabody's subpoena. On September 27, 2013, the United States District Court for the Southern District of West Virginia granted Peabody's and Arch's motions to dismiss the Lowe Action. The UMWA and the other plaintiffs in the Lowe Action have appealed that decision to the United States Court of Appeals for the Fourth Circuit.

2. *Peabody Settlement*[11]

After several months of negotiations, on October 4, 2013, the Debtors, the UMWA, on behalf of itself and the UMWA Employees and the UMWA Retirees, and Peabody entered into a term sheet (the "**Peabody Term Sheet**"), which sets forth the principle terms of a global settlement that, if approved by the Bankruptcy Court, would resolve pending litigation among the parties, provide the Debtors with liquidity and credit support and provide hundreds of millions of dollars to the Patriot Retirees VEBA. Upon entry into the Peabody Term Sheet, the Debtors and the Creditors' Committee suspended the Bankruptcy Rule 2004 discovery discussed above, and the Debtors, the UMWA and Peabody suspended the pending proceedings discussed above.

On October 16, 2013, the Debtors filed a motion with the Bankruptcy Court seeking approval of the Peabody Settlement, and, on October 24, 2013, the Debtors, the UMWA, on behalf of itself, the UMWA Employees and the UMWA Retirees, by and through the UMWA as their authorized representative, and Peabody entered into the Peabody Settlement. The Bankruptcy Court approved the Peabody Settlement on November [ ], 2013. The Peabody Settlement is incorporated by reference into the Plan as an integral and non-severable part thereof. The principle terms of the Peabody Settlement are as follows:

- Peabody shall pay an aggregate amount of $90 million to the Patriot Retirees VEBA and to Patriot (and if received by Patriot, to be contributed to the Patriot Retirees VEBA within one business day of receipt), on the later of (i) January 2, 2014 or the next business day thereafter if not a business day or (ii) the first business day that is seven business days after the effective date of the Peabody Settlement.[12]

[11] The following is only intended to provide a summary of the Peabody Settlement and is qualified in its entirety by the actual terms and conditions of the Peabody Settlement. To the extent of any inconsistency between this summary and the Peabody Settlement, the Peabody Settlement shall govern. Capitalized terms in this Section 4.2n) not otherwise defined in this Disclosure Statement or the Plan shall have the meanings ascribed to them in the Peabody Settlement.

[12] Pursuant to the Peabody Settlement, the allocation of the $90 million between Patriot and the Patriot Retirees VEBA will be set forth in writing and provided to Patriot and the UMWA no later than December 1, 2013, and Patriot shall, within one business day of actual receipt of such funds from Peabody, pay over to the Patriot Retirees VEBA such amounts received from Peabody.

- Peabody shall also pay to the Patriot Retirees VEBA the following amounts: $75 million on January 2, 2015, $75 million on January 2, 2016, and $70 million on January 2, 2017; or, with respect to each such date, on the next business day thereafter if not a business day.

- On the effective date of the Peabody Settlement, Peabody shall (a) cause to be issued a $41.525 million letter of credit to secure the benefits of the retirees covered by the Coal Act Liabilities Assumption Agreement; (b) cause to be replaced (by surety bond or otherwise) the $15 million of cash collateral posted by Patriot for Black Lung Benefits; and (c) cause to be issued letters of credit, guarantees or sureties, in Peabody's discretion as acceptable to the beneficiaries thereof, in the aggregate original face amount of up to $84 million to replace certain of the letters of credit currently posted by Patriot in a like aggregate value, which are listed on the schedule attached to the Peabody Settlement as Exhibit B. With the exception of the letter of credit referred to in clause (a) of this paragraph, the term of the credit support shall be five years from the Effective Date of the Plan and will be reduced over time as letters of credit roll off or are reduced and not replaced, and, in the event Patriot refinances certain credit facilities, Patriot will use its reasonable best efforts to secure a facility that will permit such letters of credit to be replaced by such new loan facility. In the event that the credit support in clauses (b) and (c) of this paragraph remains outstanding after the fourth anniversary of the Effective Date of the Plan, Patriot shall pay to Peabody a fee of 100 bps per annum of the aggregate original face amount of the then-outstanding credit support referred to in clauses (b) and (c) of this paragraph, payable monthly in arrears. Patriot Corp. and its Affiliates shall reimburse Peabody for any and all Losses incurred in connection with the credit support described in clauses (b) and (c) of this paragraph.

- Peabody will pay at the level in effect as of October 4, 2013, all benefits claims of the Attachment A Retirees that are incurred by such Attachment A Retirees through December 31, 2013. Thereafter, Peabody will have no obligation to pay for (and Patriot shall have no obligation to administer, other than as set forth in any Collective Bargaining Agreement) retiree healthcare benefits for the Attachment A Retirees, for claims incurred after December 31, 2013, and, thereafter, the benefits of the Attachment A Retirees will be included in the Patriot Retirees VEBA. As of the effective date of the Peabody Settlement, any obligations of Peabody under the NBCWA Liabilities Assumption Agreement and the Acknowledgement and Assent will be deemed satisfied in full and such agreements shall be deemed terminated and of no further force and effect.

- The term of the Coal Terminaling Agreement, dated May 3, 2011, by and among Peabody Terminals, LLC, James River Coal Terminal, LLC and Patriot Coal Sales LLC shall be extended through and including March 31, 2016. The rate for services thereunder shall remain $5.50 per ton. In exchange for the releases and

consideration provided for under the Peabody Settlement, Patriot shall have the right to offset $3.75 per ton of the payment to Peabody for such services so that the payment to Peabody is $1.75 per ton from October 1, 2013, through and including March 31, 2016.

- As of the effective date of the Peabody Settlement, the Debtors will assume (i) the agreements executed in connection with the Spin-Off, including Patriot's indemnification obligations contained therein, and (ii) all other agreements entered into by the Debtors and Peabody prior to the Petition Date and not previously assumed, rejected, terminated or expired, including the Settlement and Release Agreement dated September 2, 2008; *provided*, *however*, that Patriot shall not be required to indemnify Peabody under the assumed agreements for any liability to the extent specifically arising out of or relating to (a) the promissory notes referenced in Schedule 1.1(d) of the Separation Agreement, payable to Donald and Betty Bowles or Bentley Badgett II and Linda Badgett; (b) the Amended and Restated Lease Agreement by and between U.S. Bank, National Association and Eastern Associated Coal, LLC, dated July 12, 2006 and the related (i) trust agreement, dated as of July 15, 1986, pursuant to which Banc of America Leasing & Capital, LLC maintains one hundred percent of the beneficial interest in the trust created thereby, which trust is the owner and lessor of the equipment leased pursuant to the Equipment Lease, (ii) Facility Agreement 1, Facility Agreement 2 and Sub Subleases between U.S. Bank and Eastern Associated Coal, LLC and (iii) Guarantee of Peabody Energy Corporation, dated as of July 12, 2006, pursuant to which Peabody guaranteed to U.S. Bank and Banc of America Leasing & Capital, LLC the full and prompt payment of liabilities in connection with the Lease Agreements; or (c) Patriot's termination of the Banked Vacation Benefit Policy (the "**Indemnification Carve-Out Claims**"); *provided that*, for the avoidance of doubt, any claims of Peabody for indemnity relating to any claims by or on behalf of the 1974 Pension Plan are not included in the Indemnification Carve-Out Claims.

- Releases of any Causes of Action by the Debtors against the Peabody Released Parties, including, but not limited to, (i) the Preliminary Injunction Action, (ii) any Causes of Action under chapter 5 of the Bankruptcy Code or created pursuant to sections 301 and 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases, (iii) any Causes of Action relating to the Spin-Off and (iv) any Causes of Action that Debtors or their estates may have against the Peabody Released Parties with respect to the obligations of Peabody under the NBCWA Liabilities Assumption Agreement, including those asserted in the Benefits Litigation and the Attachment A Dispute, and such releases shall be binding on any trustees or successors to Patriot and each of the Debtors' estates. The release will not (x) waive or release any action, cause of action, grievance, suit, charge, demand, complaint or claim of any nature (1) arising after the effective date of the Peabody Settlement under any agreement between Patriot and Peabody (A) entered into after the Petition Date, (B) previously assumed by the Debtors or

(C) assumed by the Debtors pursuant to the terms of the Peabody Settlement, including without limitation, with respect to (i) any indemnification or related liability of any Peabody Released Party, or (ii) any express agreement, covenant or obligation of any Peabody Released Party contained therein; or (2) arising after the Petition Date but prior to the effective date of the Peabody Settlement with respect to ordinary course adjustments or on account of obligations arising in the ordinary course of business between Peabody and Patriot under, and relating to the specific subject matter covered by, agreements between them or (y) impact, impair or in any way limit any defenses that Patriot may have with respect to any claims reserved by Peabody.

- Releases of any Causes of Action the UMWA, on behalf of itself, the UMWA Employees, by and through the UMWA as their authorized representative and the UMWA Retirees, by and through the UMWA as their authorized representative, may have against the Peabody Released Parties, including without limitation any Causes of Action under the Acknowledgement and Assent or ERISA, including those asserted in the Lowe Action and Lowe Appeal, or in any way relating to any benefit plan, Collective Bargaining Agreement or Retiree Benefits. The release will not apply to any claims or causes of action arising out of or related to: (a) any direct employment relationship between Peabody Western Coal Company, Big Sky Coal Company, Seneca Coal Company, LLC, and Big Ridge, Inc. and individuals belonging to, or represented by, the UMWA; or (b) the pending dispute between United Mine Workers of America, District 12 and Peabody Holding Company, LLC and Black Beauty Coal Company (n/k/a Peabody Midwest Mining, LLC) relating to the Memorandum of Understanding Regarding Job Opportunities effective January 1, 2007 between the UMWA and Peabody Coal Company, LLC, n/k/a Heritage Coal Company LLC.

- Releases of any Causes of Action by Peabody against the Debtor Released Parties, including, but not limited to, any Indemnification Carve-Out Claims and any counterclaims or defenses asserted by Peabody in the Benefits Litigation, and the irrevocable withdrawal of any and all proofs of claim filed against the Debtors in the Chapter 11 Cases. The release and withdrawal will not (x) waive or release any action, cause of action, grievance, suit, charge, demand, complaint or claim of any nature (1) arising after the effective date of the Peabody Settlement under any agreement between Peabody and Patriot (A) entered into after the Petition Date, (B) previously assumed by the Debtors or (C) assumed by the Debtors pursuant to the terms of the Peabody Settlement, including without limitation, with respect to (i) any indemnification or related liability of any Patriot Released Party, or (ii) any express agreement, covenant or obligation of any Patriot Released Party contained therein; or (2) arising after the Petition Date but prior to the effective date of the Peabody Settlement with respect to ordinary course adjustments or on account of obligations arising in the ordinary course of business between Peabody and Patriot under, and relating to the specific subject matter covered by,

agreements between them or (y) impact, impair or in any way limit any defenses that Peabody may have with respect to claims reserved by Patriot.

- Releases of any Causes of Action by Peabody and its officers or directors against the UMWA Released Parties, including, but not limited to, any Causes of Action relating to the UMWA corporate campaign, picketing, handbilling, bannering and other forms of organized activities directed against Peabody, its officers or directors. The release will not apply to any claims or causes of action arising out of or related to: (a) any direct employment relationship between Peabody Western Coal Company, Big Sky Coal Company, Seneca Coal Company, LLC, and Big Ridge, Inc. and individuals belonging to, or represented by, the UMWA; or (b) the pending dispute between United Mine Workers of America, District 12 and Peabody Holding Company, LLC and Black Beauty Coal Company (n/k/a Peabody Midwest Mining, LLC) relating to the Memorandum of Understanding Regarding Job Opportunities effective January 1, 2007 between the UMWA and Peabody Coal Company, LLC, n/k/a Heritage Coal Company LLC.

The Peabody Settlement is subject to certain conditions, as set forth more fully in the Peabody Settlement, including the satisfaction of certain minimum liquidity standards by the Reorganized Debtors, the Bankruptcy Court having approved the modification of certain documents relating to the UMWA Settlement and the Bankruptcy Court having issued an order that, among other things, approves the Peabody Settlement, which order (i) shall not have been reversed or vacated, or amended or modified without the consent of the Parties, (ii) shall not be subject to a stay and (iii) shall not be subject to any appeal that, factoring in all applicable circumstances, including the probability of success, could, in the event it were to be successful, reasonably be expected to materially and adversely impact Peabody, the enforceability of the Peabody Settlement or any of its material terms, or the rights and benefits for which Peabody has bargained under the terms of the Peabody Settlement, as determined by Peabody on advice of counsel in its reasonable discretion. The Peabody Settlement may be terminated if (i) the Bankruptcy Court denies the relief requested in the motion to approve the Peabody Settlement and there is no reasonable prospect that the Bankruptcy Court will grant the relief requested in a renewed motion; (ii) the order approving the Peabody Settlement is vacated or reversed prior to the effective date of the Peabody Settlement; or (iii) the conditions to the Peabody Settlement becoming effective have not been satisfied by March 31, 2014, or are incapable of being satisfied.

o. Arch Investigation and Settlement

1. *Arch Investigation*

The Debtors and the Creditors' Committee have also initiated an investigation into Arch with respect to potential Estate Causes of Action, including in connection with the Debtors' July 2008 acquisition of Magnum. In furtherance of this investigation, the Debtors and the Creditors' Committee moved the Bankruptcy Court for leave to conduct discovery on Arch pursuant to Bankruptcy Rule 2004. The Bankruptcy Court entered stipulated orders granting Patriot leave to

take such discovery on Arch on September 19, 2013, and Patriot served subpoenas on Arch on September 23, 2013. As discussed below, upon entry into the Arch Term Sheet (as defined below), this Bankruptcy Rule 2004 discovery was suspended.

2. *Arch Settlement*

After several weeks of negotiation, on October 4, 2013, the Debtors and Arch entered into a term sheet (the "**Arch Term Sheet**"), which sets forth the principle terms of a global settlement that, if approved by the Bankruptcy Court, would resolve pending litigation among the parties and provide the Debtors with liquidity and credit support. Upon entry into the Arch Term Sheet, the Debtors and the Creditors' Committee suspended the Bankruptcy Rule 2004 discovery discussed above, and the Debtors and Arch are seeking to reach an agreement with STB to stay the STB Adversary Proceeding and enter into a Stipulation and Order of Voluntary Dismissal, pursuant to which (a) the Override Agreement is rejected, and no rejection damages result therefrom, (b) the STB Adversary Proceeding is dismissed, and (c) STB irrevocably withdraws any and all proofs of claim filed against the Debtors in the Chapter 11 Cases and releases the Debtors from any and all Causes of Action including, but not limited to, any counterclaims and defenses asserted by or that could be asserted by STB in the STB Adversary Proceeding.

On October 16, 2013, the Debtors filed a motion with the Bankruptcy Court seeking approval of the Arch Settlement, and, on October 23, 2013, the Debtors and Arch entered into the Arch Settlement. The Arch Settlement was approved by the Bankruptcy Court on November [ ], 2013. The Arch Settlement is incorporated by reference into the Plan as an integral and non-severable part thereof. The principle terms of the Arch Settlement are as follows: [13]

- Arch will pay $5 million in Cash (not subject to any rights of setoff or recoupment) to the Debtors on the Effective Date.

- As of and subsequent to the effective date of the Arch Settlement, Arch will (i) make all payments required to be paid under the Overriding Royalty Agreement, dated October 31, 1994, between Ark Land Company and STB Ventures, Inc. (the "**Override Agreement**"), including all past due prepetition and post-petition amounts, pursuant to and in accordance with the Guaranty dated October 31, 1994, between Arch Mineral Corporation (predecessor in interest to Arch Coal, Inc.) and STB, (ii) not request or seek any reimbursement or indemnification from Patriot for any such payments and (iii) not object to the rejection of the Override Agreement or assert that the Override Agreement is integrated with any other

[13] The following is only intended to provide a summary of the Arch Settlement and is qualified in its entirety by the actual terms and conditions of the Arch Settlement. To the extent of any inconsistency between this summary and the Arch Settlement, the Arch Settlement shall govern. Capitalized terms in this Section 4.2(o) not otherwise defined in this Disclosure Statement or the Plan shall have the meanings ascribed to them in the Arch Settlement.

contract, agreement or understanding, whether written or oral, by and between Arch, STB and/or any of the Debtors.

- As of the effective date of the Arch Settlement, (i) the Debtors will amend and assume the Kelly-Hatfield Lease, which shall be amended to waive any minimum royalty payments due thereunder from and after January 1, 2014, (ii) Ark Land KH and RLC will enter into a new lease to become effective as of January 1, 2015 for the premises currently subject to the Kelly-Hatfield Lease, under terms and conditions customary for mineral leases in the industry that are not economically adverse to the Debtors, to include, without limitation: (a) a base royalty rate of 6%, with total advance minimum annual royalty payments of $0 through December, 31, 2016 (through calendar year 2016), and thereafter, $500,000, with a five (5) year rolling recoupment period and (b) a term of ten (10) years with two five (5) year renewal or extension periods and then renewable or extendable annually thereafter for so long as mineable and merchantable coal remains on the premises, and (iii) Arch will withdraw its objection to any of the Debtors' currently pending motions to assume the Kelly-Hatfield Lease or any other of the Debtors' leases and will not object to the such assumptions or assert that any of the leases are integrated with or not severable from any other agreement.

- As of the effective date of the Arch Settlement, the Debtors will assume certain contracts identified in the Arch Settlement, and reject certain other contracts identified in the Arch Settlement, including the Purchase and Sale Agreement, dated December 31, 2005, by and between Arch Coal, Inc. and Magnum.

- Arch will receive (i) an Allowed Administrative Claim against RLC in the amount of $1,131,398.45 in respect of the assumption of the Kelly-Hatfield Lease, and (ii) an Allowed General Unsecured Claim against Magnum in the amount of $80.5 million and an Allowed General Unsecured Claim against RLC in the amount of $14.5 million, in each case, in respect of rejection damages claims.

- On the effective date of the Arch Settlement, pursuant to a mutually agreeable purchase agreement, Patriot shall sell and convey to Arch, and Arch shall purchase and receive from Patriot, free and clear of all liens, claims, encumbrances and other interests, all of Patriot's interests of whatever kind, nature and extent in and to the property and estates referred to as the "South Guffey Reserve" for (i) $16 million in Cash and (ii) Arch's agreement to pay the Debtors a royalty of 6% on any coal recovered from such property in excess of 6.5 million tons.

- Arch and Patriot shall execute a mutually agreeable amendment to a surety agreement that shall (i) eliminate Patriot's obligation to maintain or arrange for the posting of any letters of credit thereunder until December 31, 2015, and (ii)

require Patriot to post $8 million of letters of credit thereunder no later than December 31, 2015. Arch and Patriot shall cooperate to cancel the currently outstanding letters of credit.

- Subject to the terms and conditions of the Settlement Documents, mutual releases of Causes of Action by the Debtors and Arch, and withdrawal of Arch's Claims in these Chapter 11 Cases.

- In addition, the Debtors agreed that they will not propose or support any plan of reorganization that would breach the Arch Settlement or otherwise have an adverse impact on Arch in any material respect. Any provision of the Plan that adversely affects Arch must be in form and substance reasonably acceptable to Arch.

The UMWA has not reached a settlement with Arch.

p. ArcLight Investigation

The Debtors and the Creditors' Committee have also initiated an investigation into ArcLight Capital Partners, LLC ("**ArcLight**") with respect to potential Estate Causes of Action, including in connection with the Debtors' July 2008 acquisition of Magnum. In furtherance of this investigation, the Debtors and the Creditors' Committee moved the Bankruptcy Court for leave to conduct discovery on ArcLight pursuant to Bankruptcy Rule 2004. The Bankruptcy Court entered a stipulated order granting Patriot leave to take such discovery on ArcLight on September 20, 2013 and Patriot served a subpoena on ArcLight on September 23, 2013.

Neither the Debtors, nor the UMWA, have reached a settlement with ArcLight.

q. Backstop Rights Purchase Agreement and Rights Offerings

Since April 2013, the Debtors have been negotiating with certain of their key constituents regarding the terms of a plan of reorganization, and have engaged in discussions with potential sources of emergence financing, including negotiating with significant holders of the Senior Notes, Knighthead and entities managed by Aurelius Capital Management, LP ("**Aurelius**"), regarding the terms of an emergence financing package that would involve a rights offering backstopped by Knighthead and Aurelius. On July 26, 2013, the Bankruptcy Court entered the *Order Authorizing and Approving the Payment of Fees and Reimbursement of Expenses of Potential Rights Offering Backstop Parties*, (the "**Potential Backstop Parties Order**") authorizing and approving the payment of certain fees and reimbursement of certain expenses of Knighthead and Aurelius in connection with the potential backstopped rights offering.

On October 9, 2013, these extensive negotiations ultimately resulted in a commitment by Knighthead to take all actions necessary to negotiate, document and consummate the transactions contemplated by the Rights Offerings Term Sheet, including to backstop the Rights Offerings on the terms set forth in the Backstop Rights Purchase Agreement entered into by the Debtors and Knighthead on November 4, 2013. The Creditors' Committee and the UMWA have agreed to

support the Rights Offerings and have consented to the Rights Offerings Term Sheet and the Backstop Rights Purchase Agreement. On November [ ], 2013, the Bankruptcy Court approved, among other things, the Debtors' entry into the Backstop Rights Purchase Agreement.

A key feature of the Plan is the distribution of subscription rights in connection with two rights offerings to raise $250 million of capital through the issuance of (i) senior secured second lien notes and (i) warrants exercisable for New Class A Common Stock. The primary purpose of the Backstop Rights Purchase Agreement is to ensure that the Debtors have sufficient proceeds from the Rights Offerings to fund distributions under the Plan. Accordingly, pursuant to the Backstop Rights Purchase Agreement, the Backstop Parties will commit to purchase any Unsubscribed Rights in the Rights Offerings subject to certain conditions.

The key terms of the Backstop Rights Purchase Agreement are as follows:[14]

- The Debtors will conduct the Rights Offerings pursuant to and in accordance with the Rights Offerings Procedures, the Backstop Rights Purchase Agreement and the Plan.

- Pursuant to the Rights Offerings, the Backstop Parties will be entitled to purchase, in addition to their Rights Offering Notes and Rights Offering Warrants in connection with the Other Senior Notes Rights and their Rights received under the Plan as a holder of a Claim, if any, up to 40% of the Rights Offering Notes and up to 40% of the Rights Offering Warrants for an aggregate combined subscription price of $100,010,000.

- Knighthead has agreed to exercise Senior Notes Rights with respect to at least $57,000,000 of Senior Notes.

- If, after following the procedures for allocation of Unsubscribed Rights set forth in the Rights Offerings Procedures, there remain any Unsubscribed Rights, Knighthead has agreed, on a joint and several basis, and the other Backstop Parties have agreed, on a several, but not joint, basis, to purchase, simultaneously with the closing of the Rights Offerings, at the applicable Subscription Purchase Price, the number of Rights Offering Notes and Rights Offering Warrants equal to its Backstop Commitment Percentage multiplied by the number of remaining Rights Offering Notes and remaining Rights Offering Warrants in accordance with the terms and conditions of the Backstop Rights Purchase Agreement, up to an aggregate principal amount of $250,025,000.

- In respect of the Other Senior Notes Rights and the New Common Stock that would have otherwise been distributed with such Other Senior Notes Rights pursuant to section

[14] The following is only intended to provide a summary of the Backstop Rights Purchase Agreement. To the extent of any inconsistency between this summary and the Backstop Rights Purchase Agreement, the Backstop Rights Purchase Agreement shall govern. Capitalized terms in this Section 4.2(q) not otherwise defined in this Disclosure Statement or the Plan shall have the meanings ascribed to them in the Backstop Rights Purchase Agreement.

3.2(c)(i) of the Plan, the Backstop Parties will pay the Debtors the amount of cash distributable to holders of Allowed Senior Notes Claims pursuant to section 3.2(c) of the Plan. which amount shall be equal to the lesser of (i) ten percent (10%) of the principal amount of the Senior Notes underlying such Allowed Senior Notes Claims and (ii) $5,000,000.

- The Debtors will pay a Backstop Fee equal to 5% of the Rights Offerings Amount, payable on the Effective Date in the form of additional Rights Offering Notes and additional Rights Offering Warrants.

- The Debtors will pay the documented reasonable fees and expenses of Kirkland & Ellis LLP, and, in the event the Debtors and the Backstop Parties agree that the Backstop Parties require a financial advisor in connection with litigation regarding the Plan and the Rights Offerings and the transactions contemplated thereby, one financial advisor in an amount to be agreed between the Debtors and the Backstop Parties, in each case that have been and are incurred by the Backstop Parties in connection with the negotiation, preparation and implementation of the Backstop Commitment and the Rights Offerings.

- Subject to certain exceptions, the Debtors will jointly and severally indemnify each Backstop Party from any Losses incurred in connection with the Backstop Rights Purchase Agreement and the Rights Offerings.

- Each Backstop Party, the UMWA and the Creditors' Committee agree to (i) support entry by the Bankruptcy Court of an order approving the Disclosure Statement, (ii) support and take all commercially reasonable actions necessary to facilitate the solicitation, confirmation and consummation of the Plan, (iii) not support or consent to any other plan or reorganization of the Debtors and (iv) not take any action that could prevent, interfere with, delay, or impede the approval of the Disclosure Statement, the solicitation of votes in connection with the Plan, or consummation of the Plan, including objecting to confirmation of the Plan, and each Backstop Party additionally agrees to (x) timely vote or cause to be voted all of its Claims to accept the Plan and (y) not change or withdraw such vote. Each Backstop Party further agrees that it will not transfer any Claim unless the transferee agrees in writing to be bound by these plan support obligations.

- The Debtors will apply the proceeds from the exercise of the Rights, along with the Debtors' unrestricted cash and borrowings under its Exit Credit Facilities, to (1) satisfy the DIP Facility Claims, (2) provide cash for general corporate purposes, (3) fund $3.75 million of Cash for the Non-Union Retiree VEBA, (4) fund ongoing obligations under the 1974 Pension Plan and (5) pay certain fees and expenses.

- The Debtors will not, directly or indirectly, take any action to solicit, initiate, encourage or assist the submission of, or enter into any discussions (other than accepting an initial inbound communication), negotiations or agreements regarding, any proposal, negotiation or offer relating to an Alternative Transaction; *provided* that if the Debtors

receive, after the execution date of the Backstop Rights Purchase Agreement, a bona fide unsolicited proposal or expression of interest in undertaking an Alternative Transaction that the board of directors of the Company reasonably determines in its good faith judgment could be expected to lead to a proposal for a Superior Transaction and that the failure to furnish or cause to be furnished information concerning the Debtors to such Person and engage in negotiations or discussions regarding such Alternative Transaction proposal with such Person or its advisors would be inconsistent with its fiduciary duties, then the Debtors and its advisors shall be permitted to do so *provided* that (A) any information furnished has already been provided or is provided contemporaneously to the Backstop Parties or their advisors and (B) such person has executed and delivered to the Debtors a customary confidentiality agreement reasonably acceptable to the Debtors); *provided, however*, that prior to commencing any such discussions (other than accepting an initial inbound communication), the Company shall advise the Backstop Parties or their advisors in writing that such discussions will be commenced; provided further that the Debtors give the Backstop Parties at least five (5) Business Days' written notice (accompanied by the proposal and any materials supporting such Alternative Transaction) and negotiates in good faith with and provides the Backstop Parties an opportunity to propose a revised transaction, before the earliest to occur of: (x) the Debtors exercising any permitted termination right in accordance with the Backstop Rights Purchase Agreement, (y) the Debtors entering into such Alternative Transaction, and (z) the Debtors filing a motion with the Bankruptcy Court seeking approval of such Alternative Transaction, *provided, further*, that the Debtors shall pay to the Backstop Parties the Breakup Fee to the extent otherwise payable under the Backstop Rights Purchase Agreement. The Creditors' Committee is permitted to exercise a fiduciary out substantially consistent with the terms of the Debtors' fiduciary out.

- Conditions to the obligations of the Backstop Parties to consummate the transactions contemplated by the Rights Offerings Term Sheet include, among others: (i) entry of the Backstop Approval Order and the Confirmation Order; (ii) the Debtors entering into definitive documentation for the Exit Credit Facilities; (iii) satisfaction of certain minimum liquidity standards by the Reorganized Debtors; (iv) Bankruptcy Court approval of the Arch Settlement and the Peabody Settlement; (v) the Debtors and the UMWA entering into an amended VFA to reflect the terms set forth in the Rights Offerings Term Sheet; and (vi) the Patriot Retirees VEBA having been funded with the amount contemplated by the Rights Offerings Term Sheet to be funded on the Effective Date.

- The Backstop Rights Purchase Agreement may be terminated by the Backstop Parties if (i) there has been a Material Adverse Change since the date of the Rights Offerings Term Sheet; (ii) the Bankruptcy Court enters an order confirming a plan of reorganization other than the Plan; (iii) the Effective Date of the Plan shall not have occurred by December 31, 2013; (iv) the Debtors enter into or seek court authority to enter into, or the Creditors' Committee causes the Debtors to enter into or seek court authority, an Alternative Transaction; or (v) the Debtors breach any representation, warranty or covenant in the

Backstop Rights Purchase Agreement in any material respect, or it shall be reasonably apparent that the Debtors shall be unable to satisfy each of the conditions to closing on or before the Effective Date, and such failure or inability remains uncured or continues for a period of ten Business Days following delivery of written notice thereof to the Debtors by the Backstop Parties.

- The Backstop Rights Purchase Agreement may be terminated by the Debtors if the Company receives, after the date of execution of the Backstop Rights Purchase Agreement, a bona fide unsolicited Alternative Transaction proposal, and the Company's board of directors reasonably determines in its good faith judgment that: (i) such Alternative Transaction provides a higher and better economic recovery to the Debtors' estates than that proposed in the Rights Offerings Term Sheet; (ii) the board of directors' fiduciary obligations require it to direct the Company to accept such Alternative Transaction proposal (but subject to compliance with paragraphs (A) and (B) below); and (iii) such Alternative Transaction is from a proponent that the board of directors has reasonably determined is capable to consummate such Alternative Transaction, then the Company may terminate this Agreement, provided that the Company has been in compliance with its "no-shop" obligations under the Backstop Rights Purchase Agreement through the time of such proposed termination, including (A) notifying the Backstop Parties in writing of such Alternative Transaction prior to any discussions (other than accepting an initial inbound communication) regarding such Alternative Transaction taking place) and (B) giving the Backstop Parties at least five (5) Business Days' written notice (accompanied by the proposal and any materials supporting such Alternative Transaction) and negotiating in good faith with and providing the Backstop Parties an opportunity to propose a revised transaction, before the earliest to occur of: (x) the Debtors exercising any permitted termination right in accordance herewith, (y) the Debtors entering into such Alternative Transaction, and (z) the Debtors filing a motion with the Bankruptcy Court seeking approval of such Alternative Transaction, provided, further, that notwithstanding any of the foregoing, the Debtors shall pay the Breakup Fee to the Backstop Parties to the extent otherwise payable under the Backstop Rights Purchase Agreement. The Creditors' Committee is permitted to withdraw their support of the Backstop Rights Purchase Agreement on terms substantially consistent with these terms.

- In accordance with the Rights Offerings Term Sheet, the Debtors have included the following provisions in the Plan:

    - The shares of New Class A Common Stock otherwise issuable to Knighthead shall be issued directly to one or more Voting Trusts established by the Plan in the form of New Class B Common Stock.

    - The holders of Senior Notes Claims and Backstop Parties may elect to cause their distribution of New Class A Common Stock to be issued directly to a Voting Trust in the form of New Class B Common Stock; *provided, further,* that the

UMWA will be the beneficiary of the economic value of any shares of New Class B Common Stock issued to a Voting Trust on the Effective Date in respect of any Senior Notes Stock Allocation otherwise issuable to Knighthead.

- On the Effective Date, Reorganized Patriot Coal will enter into the New Stockholders' Agreement with the Backstop Parties and certain other holders of New Class A Common Stock or Rights Offering Warrants whose number of shares of New Class A Common Stock plus the number of shares of New Class A Common Stock into which their Rights Offering Warrants could be exercised for would, in the aggregate, be equal to or greater than 5% of the total number of outstanding shares of New Class A Common Stock (calculated on a fully-diluted basis), that will provide for, among other things, consent rights of one or more of the parties prior to any issuance by Reorganized Patriot Coal of common stock, or securities convertible into common stock, at less than fair-market value at the time of such issuance (except in the case of the issuance of securities convertible into common stock, restricted stock or other derivative instruments as (i) equity compensation for management or (ii) consideration in any acquisition, merger or other similar transaction by Reorganized Patriot Coal for which stockholder approval would not be required under applicable listing rules of the New York Stock Exchange if Reorganized Patriot Coal were a public company listed on the New York Stock Exchange).

- As provided by the Rights Offerings Term Sheet, and as set forth in the Backstop Rights Purchase Agreement, the Backstop Parties shall have consent rights over, among other things, (i) the amended VFA; (ii) the Exit Credit Facilities Documents, including the material financial terms of and definitive documentation for the Exit Credit Facilities; (iii) the Registration Rights Agreement; (iv) the organizational documents of the Reorganized Debtors, including the New Certificate of Incorporation, New Bylaws, and New Stockholders' Agreement; (v) the Plan Documents; and (vi) the Rights Offerings Procedures, in each case, as set forth in the Backstop Rights Purchase Agreement.

For further information on the Rights Offerings and Rights Offerings Procedures, please refer to Article 8 below.

r. Exit Financing

Since filing the Initial Plan, the Debtors, with the assistance of Blackstone, engaged in an extensive process to obtain exit financing proposals from various financial institutions. After reviewing several proposals and negotiating with the parties, the Debtors selected (i) Barclays Bank PLC, Deutsche Bank AG New York Branch and Deutsche Bank Securities Inc. to structure, arrange and syndicate: (a) an exit senior secured term loan facility in an aggregate principal amount of $250,000,000, which is contemplated to be the Exit Term Loan Credit Agreement under the Plan, and (b) an exit senior secured asset-based revolving credit facility in an aggregate principal amount of $125,000,000, which is contemplated to be the Exit ABL Credit Agreement under the Plan; and (ii) Barclays Bank PLC to structure and arrange a letter of credit facility in an aggregate amount not to exceed $201,000,000, which is contemplated to be

the Exit L/C Credit Agreement under the Plan. On November [ ], 2013, the Bankruptcy Court authorized the Debtors to enter into engagement letters with these parties, incur and pay associated fees and expenses in connection with the engagement letters and furnish related indemnities. Although no commitment is currently in place, it is anticipated that (x) the Exit L/C Credit Agreement will be secured by (1) first priority liens (on a pari passu but first-out basis with the Exit Term Loan Credit Agreement) on the Debtors' fixed assets and (2) second priority liens (on a pari passu but first-out basis with the Exit Term Loan Credit Agreement) on the Debtors' current assets, (y) the Exit Term Loan Credit Agreement will be secured by (1) first priority liens (on a pari passu but second-out basis with the Exit L/C Credit Agreement) on the Debtors' fixed assets and (2) second priority liens (on a pari passu but second-out basis with the Exit L/C Credit Agreement) on the Debtors' current assets and (z) the Exit ABL Credit Agreement will be secured by (1) first priority liens on the Debtors' current assets and (2) second priority liens on the Debtors' fixed assets. The Debtors will include further detail on the terms of the Exit Credit Facilities in the Plan Supplement and will request approval of the Exit Facilities in connection with confirmation of the Plan.

s. The Creditors' Committee's Role in these Chapter 11 Cases

The Creditors' Committee and its professionals played an integral role in these Chapter 11 Cases representing the interests of the Creditors' Committee and general unsecured creditors in all significant case issues. The Creditors' Committee worked closely with the Debtors' professionals and the Debtors' diverse creditor constituencies to among other things: (i) preserve and stabilize the Debtors' businesses as they navigated through the chapter 11 process and (ii) evaluate steps being taken to protect, and ultimately maximize, the potential benefits and recoveries for unsecured creditors. In addition to spending time discharging its duties under section 1102 of the Bankruptcy Code by responding to numerous inquiries from unsecured creditors on a variety of issues, the Creditors' Committee actively represented the interest of unsecured creditors throughout all aspects of these Chapter 11 Cases. Notably, the Creditors' Committee actively participated in the following nonexclusive list of case matters and issues:

1. **Sections 1113 and 1114 Process**. The Creditors' Committee reviewed, commented on and obtained consensual modifications to the Debtors' proposed modifications of collective bargaining agreements under section 1113 of the Bankruptcy Code and the proposed modifications of retiree benefits pursuant to section 1114 of the Bankruptcy Code. The Creditors' Committee filed a responsive pleading to the Debtors' 1113/1114 Motion and participated in all of the depositions and hearings. The Creditors' Committee negotiated a consensual resolution with the Debtors pursuant to which, among other things, the Creditors' Committee withdrew its objection to the Debtors' then Section 1113/1114 proposal on the grounds that such proposal was not "fair and equitable" to all creditors. Specifically, the Creditors' Committee agreed that, based on the range of assumptions prepared by the financial advisors to the Debtors and the Creditors' Committee, the proposed allocation of equity of the reorganized Debtors being provided to the Patriot Retirees VEBA was fair and equitable with respect to other creditors.

2. **Peabody and Arch Investigations**. Working with the Debtors, the Creditors' Committee participated in the investigations into (i) potential claims against Peabody, the former parent of certain of the Debtors, relating to the Spin-Off and (ii) potential claims against Arch and ArcLight pertaining to the Debtors' 2008 acquisition of Magnum. Working with the Debtors, the Creditors' Committee utilized Bankruptcy Rule 2004 discovery of, among others, Peabody, Arch and ArcLight. In connection therewith, the Creditors' Committee received approximately 88,000 pages of discovery from Peabody. The Creditors' Committee supports the Peabody Settlement and the Arch Settlement, both of which contemplate reciprocal releases of claims and the suspension of obligations pursuant to Bankruptcy Rule 2004 discovery, with a tolling of the applicable statutes of limitations until the earlier of March 31, 2014 or the effective date of each such settlement.

3. **Initial and Amended AIP and CERP**. The Creditors' Committee reviewed and commented on the Debtors' proposed initial and amended AIP and CERP. The Creditors' Committee engaged in extensive discussions and negotiations over potential modifications, which led to a substantially revised CERP and AIP. The Creditors' Committee participated in the contested hearing pertaining to the CERP and AIP – which was ultimately granted by the Bankruptcy Court.

4. **DIP Order**. The Creditors' Committee reviewed, commented on and negotiated a consensual resolution to the terms of the DIP Facilities, which included the right of the Creditors' Committee to challenge the validity and enforceability of the liens and claims of the lenders under the Prepetition Credit Agreement.

5. **Review of the Liens and Claims of the Prepetition Credit Agreement Lenders**. During the pendency of the Chapter 11 Cases, the Creditors' Committee, by and through its conflicts counsel, Cole Schotz, undertook an investigation to assess potential grounds to challenge the validity and enforceability of the liens and claims of the Prepetition Credit Agreement Agent, the Prepetition Credit Agreement Lenders, and Fifth Third Bank, as Administrator and as L/C Bank, on behalf of itself and others ("**Fifth Third**"). Additionally, the Creditors' Committee investigated whether there was any basis to pursue claims against, *inter alios*, Citibank, N.A., in connection with its role as one of the joint lead arrangers of the Debtors' unsuccessful prepetition refinancing efforts (as further detailed herein), for its alleged failure to close a proposed prepetition refinancing with the Debtors and against BofA, as Prepetition Credit Agreement Agent, for its alleged refusal to fund a $25 million swing line loan request in the weeks preceding the Petition Date.

The investigation involved a review of numerous loan documents, supplements and amendments, as well as interviews and communications with representatives of the Debtors and counsel for the Prepetition Credit Agreement Agent and Fifth Third. The documents included thousands of pages of state and county level UCC financing statements and filings, mortgages and deeds of trust and schedules of the Debtors' fee and leasehold interests in various real property and as extracted coal interests. Applicable

state and local law on lien perfection was analyzed. The investigation showed that with limited exceptions, the liens and security interests of the Prepetition Credit Agreement Agent and Prepetition Credit Agreement Lenders properly attached to all of the real and personal property of the Debtors and that their liens and security interests were properly perfected under applicable non-bankruptcy law.

With respect to Fifth Third, it was ultimately concluded that there was no basis for a challenge and, on February 8, 2013, a Final Stipulation was entered into between Fifth Third and the Creditors' Committee wherein the Creditors' Committee agreed that, notwithstanding the existence of any potential unencumbered assets relative to Fifth Third, there was no basis to file a complaint based upon the over-collateralized status of Fifth Third's claims as of the Petition Date (ECF No. 2785).

The Creditors' Committee ultimately also concluded that there exist no "Litigation Claims" worthy of pursuit against (i) the Prepetition Credit Agreement Agent with respect to a $25 million swing line Loan Request shortly prior to the Petition Date that was not funded, (ii) Citibank, N.A., for its role in connection with the Debtors' unsuccessful prepetition refinancing efforts, or (iii) the Prepetition Credit Agreement Agent or Prepetition Credit Agreement Lenders arising from guaranty obligations extended by the Subsidiary Debtors.

During the course of the Creditors' Committee's investigation, a series of stipulations were entered into with BofA which extended the Creditors' Committee's challenge deadline. The stipulations allowed the deadline to pass with respect to matters the Creditors' Committee agreed not to challenge and extended the deadline to preserve the Creditors' Committee's challenge rights with respect to certain specified issues. The latest stipulation (the sixth) was filed on September 12, 2013 (ECF No. 4629), and extended the Creditors' Committee's challenge deadline to November 15, 2013 solely with respect to the Creditors' Committee's reservation of the right to challenge the liens of certain specific property described in the stipulation. The Creditors' Committee is not seeking a further extension of the challenge deadline and has determined that it will not challenge those liens.

6. **Environmental Issues**. The Creditors' Committee reviewed and analyzed the environmental liabilities of certain of the Debtors, including matters relating to permitting and compliance with environmental regulations. The Creditors' Committee supported the Debtors in extending the deadlines that were established by the District Court for the Southern District of West Virginia by which certain of the Debtors have to incur millions in estimated construction costs to install water treatment facilities at certain mining complexes to comply with established selenium limits.

7. **Equity Committee Motion**. Working with the Debtors, the Creditors' Committee reviewed and objected to the Equity Committee Motion. The Creditors' Committee engaged in discovery related to the Equity Committee Motion, which involved reviewing numerous documents, analyzing movant's expert reports, attending

and participating in depositions and preparing the testimony of the Creditors' Committee's own expert witness. In addition, the Creditors' Committee participated in the hearing on the Equity Committee Motion, which was ultimately denied by the Bankruptcy Court.

8. **Exclusivity Motions**. The Creditors' Committee reviewed and analyzed the Debtors' first, second and third motions for orders extending the Debtors' exclusive periods within which to file a plan of reorganization and solicit votes thereon.

9. **Chapter 11 Trustee Motion**. Working with the Debtors, the Creditors' Committee reviewed and objected to the Trustee Motion. The Creditors' Committee participated in the hearing and argued against the motion, which was denied by the Bankruptcy Court.

10. **Non-Union Retiree Settlement Order**. Working with the Debtors, the Creditors' Committee reviewed, commented on and participated in negotiations regarding the appointment of the Non-Union Retiree Committee and the Non-Union Retiree Settlement Order, which will result in $3.25 million of cash being funded into a separate Non-Union Retiree VEBA for this group of former employees.

11. **Potential Backstop Parties Order**. The Creditors' Committee reviewed, commented on and participated in negotiations regarding the Potential Backstop Parties Order. The Creditors' Committee negotiated with the Debtors and Knighthead and Aurelius regarding the Potential Backstop Parties Order, which resulted in concessions providing for competing bidders to be eligible for fee reimbursements and ensuring a competitive process.

12. **Plan of Reorganization, Disclosure Statement and Rights Offerings**. Finally, the Creditors' Committee has been involved in reviewing the terms of the Plan, this Disclosure Statement and the terms of the Rights Offerings and Backstop Rights Purchase Agreement and providing comments to ensure, among other things, that unsecured Creditors are treated fairly and otherwise maximizing the value of the estates for unsecured creditors.

ARTICLE 5
SUMMARY OF THE PLAN OF REORGANIZATION

The Debtors believe that (i) through the Plan, holders of Allowed Claims will obtain a recovery from the Debtors' estates equal to or greater than the recovery that they would receive if the Debtors' assets were liquidated under chapter 7 of the Bankruptcy Code and (ii) consummation of the Plan will afford the Debtors the opportunity and ability to continue in business as a viable going concern, which will maximize the recovery of Creditors and preserve ongoing employment for certain of the Debtors' employees.

The Plan is annexed hereto as Appendix A and forms a part of this Disclosure Statement.

Section 5.1 Overview of the Plan of Reorganization

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying Claims against, and Interests in, a debtor. Confirmation of a plan of reorganization makes the plan binding upon the debtor, any issuer of securities under the plan and any Creditor of, or equity holder in, the debtor, whether or not such Creditor or equity holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, a confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan.

A chapter 11 plan may specify that the legal, contractual and equitable rights of the holders of Claims or Interests in certain classes are to remain unaltered by the reorganization effectuated by the plan. Such classes are referred to as "unimpaired" and, because of such favorable treatment, are deemed to accept the plan. Accordingly, a debtor need not solicit votes from the holders of Claims or Interests in such classes. A chapter 11 plan may also specify that certain classes will not receive any distribution of property or retain any Claim against a debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited to vote to accept or reject the plan. Any classes that are receiving a distribution of property under the plan but are not unimpaired will be solicited to vote to accept or reject the plan.

Prior to soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding the plan. To satisfy the requirements of section 1125 of the Bankruptcy Code, the Debtors are submitting this Disclosure Statement to holders of Claims against the Debtors who are entitled to vote to accept or reject the Plan.

THE REMAINDER OF THIS ARTICLE PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, INCLUDING ANY SUPPLEMENTS AND SCHEDULES THERETO AND DEFINITIONS THEREIN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN THE DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENT OF SUCH TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN.

THE PLAN ITSELF CONTROLS THE ACTUAL TREATMENT OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS UNDER THE PLAN AND WILL, UPON THE OCCURRENCE OF THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS, THE DEBTORS' ESTATES, THE REORGANIZED DEBTORS, ALL PARTIES RECEIVING PROPERTY UNDER THE PLAN AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT SHALL CONTROL.

STATEMENTS AS TO THE RATIONALE UNDERLYING THE TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN ARE NOT INTENDED TO, AND SHALL NOT, WAIVE, COMPROMISE OR LIMIT ANY RIGHTS, CLAIMS OR CAUSES OF ACTION IN THE EVENT THE PLAN IS NOT CONFIRMED.

Section 5.2 Considerations Regarding the Plan

The terms of the Plan are the result of substantial analysis and discussions by the Debtors and the Creditors' Committee and their respective advisors concerning various issues relating to how the distributable value should be allocated amongst the creditors of the various Debtors, including, without limitation, (a) whether the elements necessary to obtain an order of substantive consolidation are satisfied in these Chapter 11 Cases; (b) the value of the Estates on a consolidated and a non-consolidated basis, and the proper method of determining such value; (c) the projected recoveries of Creditors on a consolidated basis with and without implementation of substantive consolidation, in whole or in part; (d) whether and how to attribute the value of the UMWA Settlement to specific Debtors; and (e) the nature and treatment of Intercompany Claims.

With respect to substantive consolidation, the Debtors, in consultation with the Creditors' Committee, undertook a diligence process to ascertain whether substantive consolidation would be an appropriate remedy for some or all of the Debtors in these Chapter 11 Cases. While an argument asserting that the Debtors should be substantively consolidated has merit, substantial effort, time and expense would be required to fully prosecute substantive consolidation. With respect to a full deconsolidation of the Patriot enterprise, there is also substantial effort, time and expense involved in ascribing an accurate value to recoveries that ranged from zero to low single digits, which was the range of recovery at a vast majority of the Debtors. Such low ranges of recovery are susceptible to wide variations based on even the slightest changes in assumptions.

The Debtors, with the support of the Creditors' Committee, instead propose an economic compromise that fairly allocates the Debtors' assets and value to all of the economic stakeholders after taking into account the issues described in the preceding paragraphs. Based upon the Debtors' analyses and discussions with the Creditors' Committee, the Debtors and the Creditors' Committee agreed that:

- Intercompany Claims and Interests in Subsidiary Debtors will not receive any distribution under the Plan;

- holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against Group 2 Debtors should be entitled to a recovery enhancement of 2 times the recoveries of holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 1 Debtors;

- holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 3 Debtors should be entitled to a recovery enhancement of 3 times the recoveries of holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 1 Debtors; and

- holders of Allowed Senior Notes Claims that were receiving Convenience Class Consideration should be entitled to a recovery enhancement of 5 times the recoveries of holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 1 Debtors.

Section 5.3 Classification and Treatment of Claims and Interests

The Debtors believe that the Plan provides the best and most prompt possible recovery to holders of Claims and Interests. Under the Plan, Claims against, and Interests in, the Debtors are divided into different Classes. Under the Bankruptcy Code, claims and equity interests are classified beyond mere "creditors" or "shareholders" because such entities may hold claims or equity interests in more than one class. If the Plan is confirmed by the Bankruptcy Court and consummated, on the Effective Date or as soon as reasonably practicable thereafter (but subject to Article 12 of the Plan), the Debtors will make distributions in respect of certain Classes of Claims as provided in the Plan.

The Plan contemplates the reorganization of the Debtors and the resolution of all outstanding Claims against, and Interests in, the Debtors.

a. Summary of DIP Facility Claims, Other Administrative Claims and Priority Tax Claims

1. *Treatment of Administrative Claims*

Administrative Claims are Claims for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code. Such claims include, but are not limited to, DIP Facility Claims, the Backstop Fees, the Backstop Expense Reimbursement, Other Administrative Claims and Professional Fee Claims.

(i) DIP Facility Claims

Pursuant to the DIP Order, all DIP Facility Claims constitute Allowed Claims. Except to the extent that a holder of a DIP Facility Claim agrees in its sole discretion to less favorable treatment, on or before the Effective Date, each DIP Agent, for the benefit of the applicable DIP Lenders, L/C Issuers and itself, will be paid in Cash 100% of the then-outstanding amount, if any, of the DIP Facility Claims relating to the applicable DIP Facility (or, in the case of any Outstanding L/C, Paid in Full), other than Contingent DIP Obligations. Contemporaneously with all amounts owing in respect of principal included in the DIP Facility Claims (other than Contingent DIP Obligations), interest accrued thereon to the date of payment and fees, expenses and non-contingent indemnification obligations as required by the DIP Facilities and arising prior to the Effective Date being paid in full in Cash (or, in the case of any Outstanding L/C, Paid in Full), (i) the commitments under the DIP Facilities will automatically terminate, (ii) except with respect to Contingent DIP Obligations (which will survive the Effective Date and will continue to be governed by the DIP Facilities as provided below), the DIP Facilities and the "Loan Documents" referred to therein will be deemed canceled, (iii) all Liens on property of the Debtors and the Reorganized Debtors arising out of or related to the DIP Facilities will automatically terminate, and all Collateral subject to such Liens will be automatically released, in each case without further action by the DIP Agents or DIP Lenders and (iv) all guarantees of the Debtors and Reorganized Debtors arising out of or related to the DIP Facility Claims will be automatically discharged and released, in each case without further action by the DIP Agents or the DIP Lenders.

Notwithstanding anything to the contrary in the Plan or the Confirmation Order, (a) the Contingent DIP Obligations will survive the Effective Date on an unsecured basis and will not be discharged or released pursuant to the Plan or the Confirmation Order and (b) the DIP Facilities and the Loan Documents referred to therein will continue in full force and effect with respect to any obligations thereunder governing (i) the Contingent DIP Obligations and (ii) the relationships among the DIP Agents, the L/C Issuers and the DIP Lenders, as applicable, including but not limited to those provisions relating to the rights of the DIP Agents and the L/C Issuers to expense reimbursement, indemnification and other similar amounts (either from the Debtors or the DIP Lenders) and any provisions that may survive termination or maturity of the DIP Facilities in accordance with the terms thereof.

After the Effective Date, the Reorganized Debtors will continue to reimburse the DIP Agents for the reasonable fees and expenses (including reasonable and documented legal fees and expenses) incurred by the DIP Agents in accordance with the DIP Documents and the DIP Order.

The DIP Agents and the DIP Lenders will take all actions to effectuate and confirm such termination, release and discharge as reasonably requested by the Debtors or the Reorganized Debtors.

(ii) Other Administrative Claims

Except to the extent that the applicable Creditor agrees to less favorable treatment with the Reorganized Debtors, each holder of an Allowed Other Administrative Claim against any of the Debtors will be paid the full unpaid amount of such Allowed Other Administrative Claim in Cash (i) on or as soon as reasonably practicable after the Effective Date (for Claims Allowed as of the Effective Date), (ii) on or as soon as practicable after the date such Claims are Allowed (or upon such other terms as may be agreed upon by such holder and the applicable Reorganized Debtor) or (iii) as otherwise ordered by the Bankruptcy Court.

Allowed Other Administrative Claims regarding assumed agreements, liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases and non-ordinary course liabilities approved by the Bankruptcy Court will be paid in full and performed by the Reorganized Debtors in the ordinary course of business (or as otherwise approved by the Bankruptcy Court) in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions.

(iii) Professional Fee Claims

Each holder of a Professional Fee Claim will be paid in full in Cash pursuant to Section 7.1 of the Plan.

2. *Treatment of Priority Tax Claims*

Except to the extent that the applicable Creditor has been paid by the Debtors before the Effective Date, or the applicable Reorganized Debtor and such Creditor agree to less favorable treatment, each holder of an Allowed Priority Tax Claim against any of the Debtors will receive, at the sole option of the Reorganized Debtors, (a) payment in full in Cash made on or as soon as reasonably practicable after the later of the Effective Date and the first Distribution Date occurring at least 20 calendar days after the date such Claim is Allowed, (b) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code or (c) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.

The Reorganized Debtors will have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

Notwithstanding anything to the contrary herein, if the Reorganized Debtors fail to make a regular installment payment when due to a holder of a Priority Tax Claim pursuant to Section 2.3 of the Plan, if applicable, and if the failure to make such payment is not cured within 35 days from the date a holder of a Priority Tax Claim sends notice of the default to the Reorganized Debtors, such holder may exercise all rights and remedies available under nonbankruptcy law to collect such payment without further notice to or action by the Bankruptcy Court.

3. *Backstop Fees; Breakup Fee; Backstop Expense Reimbursement*

The Backstop Fees, the Breakup Fee, if any, and the Backstop Expense Reimbursement will be Allowed Administrative Claims, without reduction or offset, in the full amount due and owing under the Backstop Rights Purchase Agreement. On the Effective Date, if not previously satisfied in full in accordance with the terms of the Backstop Rights Purchase Agreement, any outstanding Backstop Expense Reimbursement will be paid in Cash and any outstanding Backstop Fee will be paid in the form of additional Rights Offering Notes and additional Rights Offering Warrants in accordance with the Backstop Rights Purchase Agreement.

b. Summary of Claims and Interests

The categories of Claims and Interests listed below classify Claims and Interests in or against the Debtors for all purposes, including, without express or implied limitation, voting, confirmation and distribution, pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest will be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class, and will be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that such Claim or Interest is Allowed in that Class and has not been paid or otherwise satisfied prior to the Effective Date. Any Claim or Interest that has been paid or satisfied, or any Claim or Interest that has been amended or superseded, may be adjusted or expunged on the official claims register without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court. Except as otherwise specifically provided for in the Plan, the Confirmation Order or other order of the Bankruptcy Court (including, without limitation, the DIP Order), or required by applicable non-bankruptcy law, in no event will (i) any holder of an Allowed Claim be entitled to receive payments that in the aggregate exceed the Allowed amount of such holder's Claim or (ii) any holder of an Allowed Senior Notes Parent Claim and any Allowed Senior Notes Guarantee Claim be entitled to receive distributions that, in the aggregate, exceed the Allowed amount of such holder's Allowed Senior Notes Parent Claim. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims of the kinds specified in sections 507(a)(2) and 507(a)(8) of the Bankruptcy Code have not been classified, and their treatment is set forth in Article 2 of the Plan.

As summarized in Article 3 of the Plan, the Plan constitutes a separate chapter 11 plan of reorganization for each Debtor. For brevity and convenience, the classification and treatment of Claims and Interests has been arranged in groups.

1. *Treatment of Claims Against and Interests in the Debtors*

(i) Other Priority Claims (Class 1-101A)

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 of the Plan) with the applicable Reorganized Debtor, each holder of an Allowed Other Priority Claim against any of the Debtors will receive, in full satisfaction,

settlement, release and discharge of and in exchange for such Claim, Cash in an amount equal to the Allowed amount of such Claim, or treatment in any other manner so that such Claim will otherwise be rendered Unimpaired, on or as soon as reasonably practicable after the latest of (i) the Effective Date, (ii) 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any applicable agreement between the Reorganized Debtors and the holder of such Claim.

(ii) Other Secured Claims (Class 1-101B)

Each holder of an Allowed Other Secured Claim against any of the Debtors will receive, at the sole option of the applicable Reorganized Debtor, and in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Secured Claim, one of the following treatments: (i) payment in Cash in the amount of such Allowed Other Secured Claim, (ii) Reinstatement of the legal, equitable and contractual rights of the holder relating to such Allowed Other Secured Claim, (iii) a distribution of the proceeds of the sale or disposition of the Collateral securing such Allowed Other Secured Claim to the extent of the value of the holder's secured interest in such Collateral, (iv) a distribution of the Collateral securing such Allowed Other Secured Claim without representation or warranty by or recourse against the Debtors or Reorganized Debtors or (v) such other distribution as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. If an Other Secured Claim is satisfied under clause (i), (iii), (iv) or (v), the Liens securing such Other Secured Claim will be deemed released without further action by any party. Each holder of an Allowed Other Secured Claim will take all actions to effectuate and confirm such termination, release and discharge as reasonably requested by the Debtors or the Reorganized Debtors.

Any distributions made pursuant to Section 3.2 of the Plan will be made on or as soon as reasonably practicable after the latest of (i) the Effective Date, (ii) 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement between the applicable Debtor and the holder of such Claim.

For convenience of identification, the Plan classifies the Allowed Claims in Classes 1B through 101B (Other Secured Claims) as a single Class as to each Debtor. However, these Classes are actually a group of subclasses, depending on the Collateral securing each such Allowed Claim.

(iii) Senior Notes Parent Claims and Senior Notes Guarantee Claims (Class 1C; 2-100C)

Each holder of an Allowed Senior Notes Parent Claim will[15] be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the Senior Notes Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the Senior

[15] The amount of the distribution on account of Senior Notes Parent Claims has been determined by giving effect to the guarantees by the Subsidiary Debtors of the Senior Notes.

Notes Stock Allocation; *provided that* a holder may elect to cause its Ratable Share of the Senior Notes Stock Allocation to be issued directly to a Voting Trust in the form of New Class B Common Stock or (ii) if such holder is a not a Certified Eligible Holder, its Ratable Share of the Senior Notes Class Cash Consideration. Notwithstanding the foregoing, if the Debtors determine in their sole discretion that if New Common Stock were distributed to all of the holders of Claims as contemplated by the Plan, Reorganized Patriot Coal would potentially be required to be a reporting company under the Exchange Act or would potentially be required to be registered on any public exchange (assuming, for these purposes, that all of the Rights Offering Warrants were exercised, and including the Debtors' estimate of shares of New Common Stock to be issued in respect of management incentive packages and other issuances), then, with respect to any holder that would otherwise have received less than a threshold number of shares of New Common Stock on account of its claim and in respect of its Rights, as determined by the Debtors in consultation with the Creditors' Committee, such holder(s) will instead receive its Ratable Share of the Senior Notes Class Cash Consideration, and the Debtors shall decline to permit the subscription for Rights by such holder.

(iv) Convertible Notes Claims (Class 1D)

Each holder of an Allowed Convertible Notes Claim will be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the GUC Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the GUC Stock Allocation or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the Convenience Class Consideration. Notwithstanding the foregoing, if the Debtors determine in their sole discretion that if New Common Stock were distributed to all of the holders of Claims as contemplated by the Plan, Reorganized Patriot Coal would potentially be required to be a reporting company under the Exchange Act or would potentially be required to be registered on any public exchange (assuming, for these purposes, that all of the Rights Offering Warrants were exercised, and including the Debtors' estimate of shares of New Common Stock to be issued in respect of management incentive packages and other issuances), then, with respect to any holder that would otherwise have received less than a threshold number of shares of New Common Stock on account of its claim and in respect of its Rights, as determined by the Debtors in consultation with the Creditors' Committee, such holder(s) will instead receive its Ratable Share of the Convenience Class Consideration, and the Debtors shall decline to permit the subscription for Rights by such holder.

(v) General Unsecured Claims (Class 1E; 2D-101D)

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), in full satisfaction, release and discharge of and in exchange for each Allowed General Unsecured Claim, each holder of a General Unsecured Claim that is Allowed as of the Effective Date will receive, on or as soon as reasonably practicable after the Effective Date, (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the GUC Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the GUC Stock Allocation or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the Convenience Class Consideration. Notwithstanding the foregoing, if the Debtors

determine in their sole discretion that if New Common Stock were distributed to all of the holders of Claims as contemplated by the Plan, Reorganized Patriot Coal would potentially be required to be a reporting company under the Exchange Act or would potentially be required to be registered on any public exchange (assuming, for these purposes, that all of the Rights Offering Warrants were exercised, and including the Debtors' estimate of shares of New Common Stock to be issued in respect of management incentive packages and other issuances), then with respect to any holder that would otherwise have received less than a threshold number of shares of New Common Stock on account of its claim and in respect of its Rights, as determined by the Debtors in consultation with the Creditors' Committee, such holder(s) will instead receive its Ratable Share of the Convenience Class Consideration, and the Debtors shall decline to permit the subscription for Rights by such holder.

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), each holder of a General Unsecured Claim that is Disputed as of the Effective Date and becomes an Allowed General Unsecured Claim after the Effective Date, will receive, on or as soon as reasonably practicable after the Distribution Date that is at least 20 calendar days after such General Unsecured Claim becomes an Allowed General Unsecured Claim, its Ratable Share of the Convenience Class Consideration.

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), on any Interim Distribution Date upon which an Adjustment Distribution of Cash is to be distributed, the Disbursing Agent will effect a distribution, so that each holder of an Allowed Claim that has received Convenience Class Consideration under the Plan will have received, after giving effect to all prior distributions made to such Allowed Claim under the Plan, its Ratable Share of the Convenience Class Consideration allocable to such Claim on or as soon as reasonably practicable after the Interim Distribution Date.

If any Cash remains in the Disputed Claims Reserve after all Disputed General Unsecured Claims have become either Allowed Claims or Disallowed Claims, and all distributions to holders of General Unsecured Claims required pursuant to Section 8.4(c) of the Plan have been made, the Disbursing Agent will effect a final distribution, so that each Holder of an Allowed Claim that has received Convenience Class Consideration under the Plan will have received, after giving effect to all prior distributions made to such Allowed Claim under the Plan, its Ratable Share of the Convenience Class Consideration allocable to such Claim on or as soon as reasonably practicable after the Final Distribution Date.

(vi) Convenience Class Claims (Class 1F; 2E-101E)

Except to the extent that the applicable Creditor agrees to less favorable treatment, each holder of an Allowed Convenience Class Claim will receive, on or as soon as reasonably practicable after the later of (A) the Initial Distribution Date (for Claims Allowed as of the Effective Date) and (B) the Distribution Date that is at least 20 calendar days after such Convenience Class Claim becomes an Allowed Convenience Class Claim, in full satisfaction, release and discharge of and in exchange for such Claim, its Ratable Share of the Convenience Class Consideration.

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), on any Interim Distribution Date upon which an Adjustment Distribution of Cash is to be distributed, the Disbursing Agent will effect a distribution, so that each holder of an Allowed Claim that has received Convenience Class Consideration under the Plan will have received, after giving effect to all prior distributions made to such Allowed Claim under the Plan, its Ratable Share of the Convenience Class Consideration allocable to such Claim on or as soon as reasonably practicable after such Interim Distribution Date.

If any Cash remains in the Disputed Claims Reserve after all Disputed Convenience Class Claims (and all Disputed General Unsecured Claims that will or are expected to receive (as reasonably determined by the Disbursing Agent) Convenience Class Consideration in accordance with Article III of the Plan, if any) have become either Allowed Claims or Disallowed Claims and all distributions required pursuant to Section 8.4(c) of the Plan have been made, the Disbursing Agent will effect a final distribution, so that each holder of an Allowed Claim that has received Convenience Class Consideration under the Plan will have received, after giving effect to all prior distributions made to such Allowed Claims under the Plan, its Ratable Share of the Convenience Class Consideration allocable to such Claim on or as soon as reasonably practicable after the Final Distribution Date.

(vii) Section 510(b) Claims (Class 1G; 2F-101F)

The holders of Section 510(b) Claims will neither receive any distributions nor retain any property on account thereof pursuant to the Plan. All Section 510(b) Claims will be cancelled and extinguished.

(viii) Interests in Patriot Coal (Class 1H)

The holders of Interests in Patriot Coal will neither receive any distributions nor retain any property on account thereof pursuant to the Plan. All Interests in Patriot Coal will be cancelled and extinguished.

(ix) Interests in Subsidiary Debtors (Classes 2G through 101G)

The Interests in the Subsidiary Debtors will be, in Reorganized Patriot Coal's sole discretion in consultation with the Backstop Parties, Reinstated or canceled on the Effective Date or as soon thereafter as reasonably practicable.

2. *Treatment of Intercompany Claims*

In accordance with and giving effect to the provisions of section 1124(1) of the Bankruptcy Code, Intercompany Claims are Unimpaired by the Plan. However, the Debtors retain the right to, in consultation with the Backstop Parties, eliminate or adjust any Intercompany Claims as of the Effective Date by offset, cancellation, contribution or otherwise. In no event will Intercompany Claims be allowed as General Unsecured Claims or Convenience Class Claims or entitled to any distribution of Cash, New Common Stock or Rights under the Plan.

Section 5.4 Acceptance or Rejection of the Plan

a. Voting of Claims

Each holder of a Claim in an Impaired Class as of the Voting Record Date that is entitled to vote on the Plan pursuant to Article 3 of the Plan will be entitled to vote to accept or reject the Plan as provided in the Approval Order or any other order of the Bankruptcy Court.

b. Presumed Acceptance of Plan

Other Priority Claims (Classes 1A through 101A), Other Secured Claims (Classes 1B through 101B) and Interests in Subsidiary Debtors (Classes 2G through 101G) are Unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, the holders of Claims in such Classes are conclusively presumed to have accepted the Plan and the votes of such holders will not be solicited.

c. Presumed Rejection of Plan

Section 510(b) Claims (Classes 1G and 2F through 101F) and Interests in Patriot Coal (Class 1F) will not receive any distribution under the Plan on account of such Claims or Interests. Pursuant to section 1126(g) of the Bankruptcy Code, the holders of Claims and Interests in such Classes are conclusively presumed to have rejected the Plan and the votes of such holders will not be solicited.

d. Acceptance by Impaired Classes

Pursuant to section 1126(c) of the Bankruptcy Code, and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims will have accepted the Plan if the holders of at least two-thirds in dollar amount and more than one-half in number of the Claims of such Class entitled to vote that actually vote on the Plan have voted to accept the Plan. Senior Notes Claims (Classes 1C and 2C through 100C), Convertible Notes Claims (Class 1D), General Unsecured Claims (Classes 1E and 2D through 101D) and Convenience Class Claims (Classes 1F and 2E through 101E) are Impaired, and the votes of holders of Claims in such Classes will be solicited. If holders of Claims in a particular Impaired Class of Claims were given the opportunity to vote to accept or reject the Plan, but no holders of Claims in such Impaired Class of Claims voted to accept or reject the Plan, then such Class of Claims will be deemed to have accepted the Plan.

e. Elimination of Vacant Classes

Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court solely for voting purposes as of the date of the Confirmation Hearing will be deemed eliminated from the Plan solely for purposes of (i) voting to accept or reject the Plan and (ii) determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

f. Consensual Confirmation

Notwithstanding the combination of the separate plans of reorganization of all Debtors in this joint plan of reorganization for purposes of, among other things, economy and efficiency, the Plan will be deemed a separate chapter 11 plan for each such Debtor.

g. Confirmation Pursuant to Sections 1129(a) and 1129(b) of the Bankruptcy Code

The Debtors will seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class or Classes of Claims. Subject to Article 13 of the Plan, the Debtors reserve the right to amend the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

h. Severability; Reservation of Rights

Subject to Article 13 of the Plan, the Debtors reserve the right, after consultation with the Creditors' Committee, to modify or withdraw the Plan, in its entirety or in part, for any reason, including, without limitation, if the Plan as it applies to any particular Debtor is not confirmed. In addition, and also subject to Article 13 of the Plan, should the Plan fail to be accepted by the requisite number and amount of Claims and Interests voting, as required to satisfy section 1129 of the Bankruptcy Code, and notwithstanding any other provision of the Plan to the contrary, the Debtors reserve the right to reclassify Claims or Interests or otherwise amend, modify or withdraw the Plan in its entirety, in part or as to a particular Debtor. Without limiting the foregoing, if the Debtors withdraw the Plan as to any particular Debtor because the Plan as to such Debtor fails to be accepted by the requisite number and amount of Claims voting or due to the Bankruptcy Court, for any reason, denying Plan confirmation as to such Debtor, then at the option of such Debtor, after consultation with the Creditors' Committee, (a) the Chapter 11 Case for such Debtor may be dismissed or (b) such Debtor's assets may be sold to another Debtor, such sale to be effective at or before the Effective Date of the Plan for such other Debtor, and the sale price will be paid to the seller in Cash and will be in an amount equal to the fair value of such assets as proposed by the Debtors and approved by the Bankruptcy Court.

Section 5.5 Implementation of the Plan

a. Continued Corporate Existence

Except as otherwise provided in the Plan and subject to the Restructuring Transactions, each Debtor will, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity, each with all the powers of a corporation under the laws of its respective jurisdiction of organization and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under applicable state law.

b. Section 1145 Exemption

To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable non-bankruptcy law, the offering, issuance and distribution of the New Common Stock will be

exempt from, among other things, the registration and prospectus delivery requirements of Section 5 of the Securities Act and any other applicable state and federal law requiring registration and/or delivery of a prospectus prior to the offering, issuance, distribution or sale of securities, subject to the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act. The offering, issuance and distribution of the Rights Offering Notes and the Rights Offering Warrants will be made pursuant to the exemption set forth in Section 4(2) of the Securities Act or another exemption thereunder. In addition, any securities contemplated by the Plan and any and all agreements incorporated therein, including the New Common Stock, the Rights Offering Notes and the Rights Offering Warrants (collectively, the "**New Securities**"), will be subject to (i) compliance with any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such securities or instruments; (ii) the restrictions, if any, on the transferability of such securities and instruments, including those set forth in the New Certificate of Incorporation and the New Stockholders' Agreement; and (iii) applicable regulatory approval, if any. The New Securities will be offered, distributed and sold pursuant to the Plan.

c. Authorization of New Common Stock

On the Effective Date, the New Certificate of Incorporation will have provided for sufficient shares of authorized New Common Stock to effectuate the issuances of New Common Stock contemplated by the Plan, and Reorganized Patriot Coal will issue or reserve for issuance a sufficient number of shares of New Common Stock to effectuate such issuances. The shares of New Common Stock issued in connection with the Plan, including in connection with the consummation of the Rights Offerings, the Backstop Rights Purchase Agreement, or upon exercise of the Rights Offering Warrants, will be authorized without the need for further corporate action or without any further action by any Person, and once issued, will be duly authorized, validly issued, fully paid and non-assessable.

Any share of New Common Stock issued to a Creditor of any Subsidiary Debtor will be treated as (a) a contribution of cash by Reorganized Patriot Coal to the applicable Debtor in the amount equal to the fair market value of such New Common Stock, followed by (b) the issuance of New Common Stock by Reorganized Patriot Coal to the applicable Debtor in return for such cash, followed by (c) the transfer of the New Common Stock by the applicable Debtor to the applicable Creditor.

The New Certificate of Incorporation and the New Stockholders' Agreement will contain restrictions on holders' ability to transfer New Class A Common Stock and other New Securities designed to ensure that the number of holders of such securities does not exceed the threshold at which Reorganized Patriot Coal would be required to become a reporting company under the Exchange Act. Among other things, the New Certificate of Incorporation will require notice to Reorganized Patriot Coal of any proposed transfer of New Class A Common Stock or other New Securities and will restrict such transfer if Reorganized Patriot Coal determines that the transfer would, if effected, result in Reorganized Patriot Coal potentially having 2,000 or more holders of record of New Common Stock or 500 or more non-accredited holders of record of New Common Stock (in each case as determined under the Exchange Act).

d. Cancellation of Existing Securities and Related Agreements and the Indentures

On the Effective Date, all rights of any holder of Claims against, or Interests in, the Debtors, including options or warrants to purchase Interests, obligating the Debtors to issue, transfer or sell Interests or any other capital stock of the Debtors will be cancelled.

Each Indenture will terminate as of the Effective Date except as necessary to administer the rights, Claims, and interests of the applicable Indenture Trustee, and except that such Indenture will continue in effect to the extent necessary to allow such Indenture Trustee to receive distributions under the Plan and to redistribute them under such Indenture. Each Indenture Trustee will be relieved of all further duties and responsibilities related to the applicable Indenture, except with respect to the distributions required to be made to such Indenture Trustee under the Plan or with respect to such other rights of such Indenture Trustee that, pursuant to such Indenture, survive the termination of such Indenture. Termination of the Indentures will not impair the rights of each Indenture Trustee to enforce its Charging Lien against property that would otherwise be distributed to holders of the Existing Notes. Subsequent to the performance by each Indenture Trustee of its obligations pursuant to the Plan, such Indenture Trustee and its agents will be relieved of all further duties and responsibilities related to the applicable Indenture.

e. Settlements

1. *UMWA Settlement*

The Plan implements and incorporates by reference the UMWA Settlement, including, without limitation, the discharge, exculpation and release provisions contained therein, which provisions are integral to and not severable from the Plan. Upon the Effective Date, pursuant to the VFA, the Patriot Retirees VEBA will receive the UMWA Stock Allocation and such other consideration that is contemplated by the VFA to be provided to the Patriot Retirees VEBA on the Effective Date.

2. *Non-Union Retiree Settlement*

The Plan implements and incorporates by reference the Non-Union Retiree Settlement Order, including, without limitation, the discharge, exculpation and release provisions contained therein and approved by the UMWA Settlement Order, which provisions are integral to and not severable from the Plan. Upon the Effective Date, pursuant to the Non-Union Retiree Settlement Order, the Non-Union Retiree VEBA will receive $3.75 million in Cash.

3. *Arch Settlement*

The Arch Settlement will become effective on the Effective Date. The Plan implements and incorporates by reference the Arch Settlement, including, without limitation, the discharge, exculpation and release provisions contained therein and approved by the Arch Settlement Order, which provisions are integral to and not severable from the Plan. Notwithstanding anything to

the contrary in the Plan, nothing in the Plan or the Confirmation Order will limit or impair any relief granted to, or rights of, Arch pursuant to the Arch Settlement or the Arch Settlement Order.

4. *Peabody Settlement*

The Peabody Settlement will become effective in accordance with its terms. The Plan implements and incorporates by reference the Peabody Settlement, including, without limitation, the discharge, exculpation and release provisions contained therein and approved by the Peabody Settlement Order, which provisions are integral to and not severable from the Plan. Notwithstanding anything to the contrary in the Plan, nothing in the Plan or the Confirmation Order will limit or impair any relief granted to, or rights of, Peabody pursuant to the Peabody Settlement or the Peabody Settlement Order.

f. Financing and Restructuring Transactions

1. *Rights Offerings*

The Debtors will implement the Rights Offerings in accordance with the Backstop Rights Purchase Agreement and the Rights Offerings Procedures. The Rights Offerings shall be open to Certified Eligible Holders as of the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)). The Rights Offerings shall consist of a distribution of the Rights in respect of the Rights Offering Notes and the Rights Offering Warrants in accordance with the Rights Offerings Procedures. The Rights Offerings will be conducted in accordance with the Rights Offerings Procedures.

If, after following the procedures for allocation of Unsubscribed Rights set forth in the Rights Offerings Procedures, there remain any Unsubscribed Rights, the Backstop Parties have agreed to purchase, with respect to Knighthead, on a joint and several basis, and, with respect to the other Backstop Parties, on a several but not joint basis, the number of Rights Offering Notes and Right Offering Warrants equal to its Backstop Commitment Percentage multiplied by the number of remaining Rights Offering Notes and Rights Offering Warrants in accordance with the terms and conditions of the Backstop Rights Purchase Agreement up to an aggregate principal amount of $250,025,000; *provided*, *however*, that the Backstop Parties may direct the Reorganized Debtors to issue a portion of the Rights Offering Notes and the Rights Offering Warrants that are not purchased to one or more third parties who are Eligible Holders (or would be Eligible Holders if such third parties were holders of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim) approved by the Backstop Parties. Any Rights Offering Notes to be issued to a Backstop Party shall be issued to such Backstop Party's respective funds designated by them; *provided*, *further*, that each such fund certifies that it is an Eligible Holder (or would be an Eligible Holder if such fund were a holder of an Allowed Claim). Any Rights Offering Warrants to be issued to a Backstop Party shall be issued to one or more Eligible Affiliates of such Backstop Party.

Notwithstanding anything to the contrary in the Plan, in the event the amount of holders of Claims that subscribe to the Rights is such that, if the Rights Offering Warrants were exercised, Reorganized Patriot Coal would potentially be required to be a reporting company

under the Exchange Act or would potentially be required to be registered on any public exchange, the Debtors shall decline to permit the subscription for Rights by holders of Claims subscribing for the lowest amount of Rights to the extent necessary to avoid Reorganized Patriot Coal being potentially required to be a reporting company under the Exchange Act or being potentially required to be registered on any public exchange (assuming, for these purposes, the exercise of the Rights Offering Warrants, and including the Debtors' estimate of shares of New Common Stock to be issued under the Plan and in respect of management incentive packages and other issuances).

As set forth in the Backstop Rights Purchase Agreement, the Backstop Parties will have consent rights over, among other things, (i) the VFA (ii) the Exit Credit Facilities Documents, including the material financial terms of and definitive documentation for the Exit Credit Facilities; (iii) the Registration Rights Agreement; (iv) the organizational documents of the Reorganized Debtors, including the New Certificate of Incorporation, New Bylaws, and New Stockholders Agreement; (v) the Plan Documents; and (vi) the Rights Offerings Procedures, in each case, as set forth in the Backstop Rights Purchase Agreement.

The Rights, the Rights Offering Notes and the Rights Offering Warrants, in each case, whether issued pursuant to the Rights Offerings, in connection with the payment of the Backstop Commitment Fee and/or pursuant to the Backstop Rights Purchase Agreement, shall all be issued without registration in reliance upon the exemption set forth in section 4(2) of the Securities Act and will be "restricted securities."

2. *Exit Credit Facilities*

On or before the Effective Date, Reorganized Patriot Coal will enter into the Exit Credit Facilities, and, subject to the repayment of the DIP Facility Claims in accordance with Section 2.1 of the Plan, grant all liens and security interests provided for thereunder. The applicable Reorganized Debtors that are the guarantors under the Exit Credit Facilities will issue the guarantees, Liens, and security interests as provided thereunder. The Exit Credit Facilities will be on terms and conditions substantially as set forth in the Plan Supplement.

3. *Restructuring Transactions*

On or after the Effective Date, including after the cancellation and discharge of all Claims pursuant to the Plan and before the issuance of the New Common Stock, the Reorganized Debtors may engage in or take such actions as may be necessary or appropriate to effect corporate restructurings of their respective businesses, including actions necessary to simplify, reorganize and rationalize the overall reorganized organizational structure of the Reorganized Debtors (together, the "**Restructuring Transactions**"). The Restructuring Transactions may include: (a) dissolving companies or creating new companies (including limited liability companies), (b) merging, dissolving, transferring assets or otherwise consolidating any of the Debtors in furtherance of the Plan, or engaging in any other transaction in furtherance of the Plan, (c) executing and delivering appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution, liquidation,

domestication, continuation or reorganization containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law; (d) executing and delivering appropriate instruments of transfer, assignment, assumption or delegation of any property, right, liability, debt or obligation on terms consistent with the terms of the Plan; (e) filing appropriate certificates or articles of merger, consolidation or dissolution or other filings or recordings pursuant to applicable state law; and (f) taking any other action reasonably necessary or appropriate in connection with such organizational restructurings. In each case in which the surviving, resulting or acquiring Entity in any of these transactions is a successor to a Reorganized Debtor, such surviving, resulting or acquiring Entity will perform the obligations of the applicable Reorganized Debtor pursuant to the Plan, including with respect to the DIP Agents and the DIP Lenders, and paying or otherwise satisfying the Allowed Claims to be paid by such Reorganized Debtor. Implementation of any Restructuring Transactions will not affect any performance obligations, distributions, discharges, exculpations, releases or injunctions set forth in the Plan.

g. Voting Trust(s)

On or before the Effective Date, the Voting Trust Agreement(s) will be executed, and all other necessary steps will be taken to establish the Voting Trust(s).

On the Effective Date, (a) the shares of New Class B Common Stock designated to be transferred to a Voting Trust(s) will be transferred (and be deemed transferred) to the Voting Trust(s) without the need for any person or Entity to take any further action or obtain any approval. Such transfers will be exempt from any stamp, real estate transfer, mortgage reporting, sales, use or other similar tax. Upon the foregoing transfers to the Voting Trust, the Debtors and the Reorganized Debtors will have no further liability or obligation relating to the Voting Trust. In no event will the Debtors or the Reorganized Debtors have or be deemed to have any fiduciary or other duty to the Voting Trust, nor any responsibilities for administering the Voting Trust.

The Voting Trustee(s) will govern the Voting Trust(s) in accordance with the Voting Trust Agreement(s) and will be appointed permanently. The duty of the Voting Trustee(s) will be to vote the shares of the New Class B Common Stock held in trust so as to maximize the enterprise value of the Reorganized Debtors.

The Voting Trust Beneficiaries will be one or more parties to be determined; *provided* that Knighthead may not be a direct or indirect beneficiary of a Voting Trust; *provided, further*, that the UMWA will be the beneficiary of the economic value of any shares of New Class B Common Stock issued to the Voting Trust on the Effective Date in respect of any Senior Notes Stock Allocation otherwise issuable to Knighthead pursuant to the Plan. Additionally, the holders of Allowed Senior Notes Claims and the Backstop Parties may elect to cause the shares of New Common Stock issued to such parties pursuant to the Plan to be issued to a Voting Trust, which New Common Stock will be Class B Common Stock in lieu of Class A Common Stock otherwise issuable in respect of their Allowed Senior Notes Claims.

Section 5.6 Provisions Governing Distributions

a. Disbursing Agent

The Disbursing Agent will make all distributions required under the Plan, except as to a Creditor whose distribution is to be administered by a Servicer, which distributions will be deposited with the appropriate Servicer for distribution to Creditors in accordance with the provisions of the Plan and the terms of the governing agreement. Distributions on account of such Claims will be deemed complete upon delivery to the appropriate Servicer; *provided, however*, that if any such Servicer is unable to make such distributions, the Disbursing Agent, with such Servicer's cooperation, will make such distributions to the extent reasonably practicable to do so. The applicable DIP Agent and the applicable Indenture Trustee will be considered Servicers for the DIP Facility Claims, the Senior Notes Claims and the Convertible Notes Claims, as applicable.

Notwithstanding anything to the contrary in the Plan, all distributions related to or on account of the Existing Notes will be made to the applicable Indenture Trustee and further distributions on account of such Claims by such Indenture Trustee will be accomplished in accordance with the applicable Indenture and, if applicable, the policies and procedures of DTC. Each Indenture Trustee will administer such distributions in accordance with the Plan and the applicable Indenture. Neither Indenture Trustee will be required to give any bond, surety, or other security for the performance of its duties with respect to the administration and implementation of distributions. Any and all distributions on account of the Existing Notes will be subject to the terms and conditions of the applicable Indenture, including any Charging Lien.

The Reorganized Debtors will be authorized, without further Bankruptcy Court approval, but not directed to, reimburse any Servicer for its reasonable, documented, actual and customary out-of-pocket expenses incurred in providing postpetition services directly related to distributions pursuant to the Plan. These reimbursements must be made, with respect to First Out DIP Facility Claims, in accordance with Section 12.04 of the First Out DIP Facility, with respect to Second Out DIP Facility Claims, in accordance with Section 10.04 of the Second Out DIP Facility, and otherwise on terms agreed to between the Reorganized Debtors and the applicable Servicer.

b. Timing and Delivery of Distributions

1. *Timing*

Subject to any reserves or holdbacks established pursuant to the Plan, and taking into account the matters discussed in Section 6.3 of the Plan, on the appropriate Distribution Date or as soon as practicable thereafter, holders of Allowed Claims against the Debtors will receive the distributions provided for Allowed Claims in the applicable Classes as of such date.

If and to the extent there are Disputed Claims as of the Effective Date, distributions on account of such Disputed Claims (which will only be made if and when they become Allowed Claims) will be made pursuant to the provisions set forth in the Plan on or as soon as reasonably

practicable after the next Distribution Date that is at least 20 calendar days after each such Claim is Allowed; *provided, however*, that distributions on account of the Claims set forth in Article 3 of the Plan will be made as set forth therein and Professional Fee Claims will be made as soon as reasonably practicable after such Claims are Allowed or as provided in any other applicable Order. Because of the size and complexities of the Chapter 11 Cases, the Debtors at the present time cannot accurately predict the timing of the Final Distribution Date.

2. *De Minimis Distributions*

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer nor the Disbursing Agent will have any obligation to make any distributions under the Plan with a value of less than $100, unless a written request therefor is received by the Disbursing Agent from the relevant recipient at the addresses set forth in Section 15.13 of the Plan within 120 days after the later of the (a) Effective Date and (b) the date such Claim becomes an Allowed Claim. *De minimis* distributions for which no such request is timely received will revert to Reorganized Patriot Coal. Upon such reversion, the relevant Allowed Claim (and any Claim on account of missed distributions) will be automatically discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer nor any Disbursing Agent will have any obligation to make a particular distribution to a specific holder of an Allowed Claim if such holder is also the holder of a Disputed Claim.

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer nor any Disbursing Agent will have any obligation to make any distributions on any Interim Distribution Date unless the sum of all distributions authorized to be made to all holders of Allowed Claims on such Interim Distribution Date exceeds $100,000 in value.

3. *Fractional Shares*

Notwithstanding any other provision of the Plan, no fractional shares of New Common Stock will be distributed; *provided, however*, that any fractional shares of New Common Stock will be rounded down to the next whole number or zero, as applicable, and no consideration will be provided in lieu of fractional shares that are rounded down.

4. *Delivery of Distributions – Allowed Claims*

As to all holders of Allowed Claims, distributions will only be made to the record holders of such Allowed Claims as of the Distribution Record Date; *provided*, that, any Eligible Holder who is otherwise entitled to receive Rights in accordance with the terms of the Plan may designate an Eligible Affiliate to receive such Rights and such Eligible Affiliate may exercise such Notes Rights or Warrant Rights in accordance with the Rights Offerings Procedures. On the Distribution Record Date, at the close of business for the relevant register, all registers maintained by the Debtors, Reorganized Debtors, Servicers, the Disbursing Agent, the Indenture Trustees and each of the foregoing's respective agents, successors and assigns will be deemed closed for purposes of determining whether a holder of such a Claim is a record holder entitled to

distributions under the Plan. The Debtors, Reorganized Debtors, Servicers, Disbursing Agent, Indenture Trustees and all of their respective agents, successors and assigns will have no obligation to recognize, for purposes of distributions pursuant to or in any way arising from the Plan (or for any other purpose), any Claims that are transferred after the Distribution Record Date. Instead, they will be entitled to recognize only those record holders set forth in the registers as of the Distribution Record Date, irrespective of the number of distributions made under the Plan or the date of such distributions. Furthermore, if a Claim is transferred 20 or fewer calendar days before the Distribution Record Date, the Disbursing Agent or Indenture Trustee, as applicable, will make distributions to the transferee only if the transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

If any dispute arises as to the identity of a holder of an Allowed Claim that is entitled to receive a distribution pursuant to the Plan, the applicable Disbursing Agent, Servicer or Indenture Trustee may, in lieu of making such distribution to such person, make the distribution into an escrow account until the disposition thereof is determined by Final Order or by written agreement among the interested parties to such dispute.

Subject to Bankruptcy Rule 9010, a distribution to a holder of an Allowed Claim may be made by the applicable Disbursing Agent or Indenture Trustee, in each case, in its sole discretion: (i) to the address set forth on the first page of the Proof of Claim filed by such holder (or at the last known address of such holder if no Proof of Claim is filed or if the Debtors have been notified in writing of a change of address), (ii) to the address set forth in any written notice of an address change delivered to the Disbursing Agent after the date of any related Proof of Claim, (iii) to the address set forth on the Schedules filed with the Bankruptcy Court, if no Proof of Claim has been filed and the Disbursing Agent has not received a written notice of an address change, (iv) in the case of a holder whose Claim is governed by an agreement and administered by a Servicer, to the address contained in the official records of such Servicer or (v) to the address of any counsel that has appeared in the Chapter 11 Cases on such holder's behalf.

5. *Delivery of Distributions – Allowed Claims Relating to Existing Notes; Surrender of Cancelled Instruments or Securities*

Subject to the provisions of Section 5.4 of the Plan, as to holders of Allowed Claims relating to the Existing Notes and as a condition to receive any distribution:

As to any holder of an Allowed Claim relating to an Existing Note that is held in the name of, or by a nominee of, DTC, the Debtors and the Reorganized Debtors will seek the cooperation of DTC to provide appropriate instructions to the applicable Indenture Trustee and such distribution will be made through a mandatory and/or voluntary exchange on or as soon as practicable after the Effective Date.

Any holder of an Allowed Claim relating to an Existing Note who fails to surrender such Existing Note in accordance with Section 6.2(e) of the Plan within one year after the Effective Date will be deemed to have forfeited all rights and Claims in respect of such Existing Note and

will not participate in any distribution hereunder, and all property relating to such forfeited distribution, including any dividends or interest attributable thereto, will revert to the Reorganized Debtors, notwithstanding any federal or state escheat laws to the contrary.

c. Manner of Payment under Plan

All Cash distributions to be made under the Plan to the DIP Agents on account of the DIP Facility Claims will be made by wire transfer. With respect to any other Cash payment to be made under the Plan, at the Disbursing Agent's option, any such payment may be made by check, wire transfer or any other customary payment method.

The Disbursing Agent will distribute New Common Stock, Rights or Cash as required under the Plan. Where the applicable Reorganized Debtor is a Reorganized Subsidiary Debtor, Reorganized Patriot Coal will be deemed to have made a direct capital contribution to the applicable Reorganized Subsidiary Debtor of an amount of Cash to be distributed to the Creditors of such Reorganized Debtor, but only at such time as, and to the extent that, such amounts are actually distributed to holders of Allowed Claims. Any distributions by the Disbursing Agent of New Common Stock, Rights or Cash that revert to Reorganized Patriot Coal or are otherwise cancelled (such as to the extent any distributions have not been claimed within one year) will revest solely in Reorganized Patriot Coal and no other Reorganized Debtor will have (nor will it be considered to ever have had) any ownership interest in the amounts distributed.

1. *Allocation of Plan Distributions Between Principal and Interest*

To the extent that any unsecured Claim entitled to a distribution under the Plan is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor and accrued but unpaid interest thereon, such distribution will be allocated first to the principal amount of the Claim (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

2. *Compliance Matters*

In connection with the Plan, each Debtor, each Reorganized Debtor and the Disbursing Agent will comply with all tax withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions hereunder will be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, each Debtor, each Reorganized Debtor and the Disbursing Agent will be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes or establishing any other mechanisms the Debtors or the Reorganized Debtors, as applicable, believe are reasonable and appropriate. For tax purposes, distributions received with respect to Allowed Claims will be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

The Debtors, the Reorganized Debtors and the Disbursing Agent, as applicable, reserve the right to allocate and distribute all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, Liens and similar encumbrances.

3. *Foreign Currency Exchange Rate*

As of the Effective Date, any Claim asserted in a currency other than U.S. dollars will be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate on the Petition Date, as quoted at 4:00 p.m., mid-range spot rate of exchange for the applicable currency as published in *The Wall Street Journal*, National Edition, on the day after the Petition Date.

d. Undeliverable or Non-Negotiated Distributions

If any distribution is returned as undeliverable, no further distributions to such Creditor will be made unless and until the Disbursing Agent or appropriate Servicer is notified in writing of such holder's then-current address, at which time any undelivered distribution will be made to such holder without interest or dividends. Undeliverable distributions will be returned to Reorganized Patriot Coal until such distributions are claimed. All undeliverable distributions under the Plan that remain unclaimed for one year after attempted distribution will indefeasibly revert to Reorganized Patriot Coal. Upon such reversion, the relevant Allowed Claim (and any Claim on account of missed distributions) will be automatically discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

Checks issued on account of Allowed Claims will be null and void if not negotiated within 120 calendar days from and after the date of issuance thereof. Requests for reissuance of any check must be made directly and in writing to the Disbursing Agent by the holder of the relevant Allowed Claim within the 120-calendar-day period. After such date, the relevant Allowed Claim (and any Claim for reissuance of the original check) will be automatically discharged and forever barred, and such funds will revert to Reorganized Patriot Coal, notwithstanding any federal or state escheat laws to the contrary.

e. Claims Paid or Payable by Third Parties

1. *Claims Paid by Third Parties*

To the extent a Creditor receives a distribution on account of a Claim and also receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such Creditor will, within 30 calendar days of receipt thereof, repay and/or return the distribution to the applicable Reorganized Debtor, to the extent the Creditor's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of the Claim as of the date of any such distribution under the Plan.

A Claim may be adjusted or expunged on the official claims register, without a claims objection having to be filed and without any further notice to or action, order or approval of the

Bankruptcy Court, to the extent that the Creditor receives payment in full or in part on account of such Claim; *provided*, *however*, that to the extent the non-Debtor party making the payment is subrogated to the Creditor's Claim, the non-Debtor party will have a 30-calendar-day grace period following payment in full to notify the Claims Agent of such subrogation rights.

2. *Claims Payable by Third Parties*

To the extent that one or more of the Debtors' insurers agrees (or if and to the extent any such insurer is required by a court or other tribunal of competent jurisdiction) to satisfy any Claim, then immediately upon such court or other tribunal determination or insurers' agreement, such Claim may be expunged (to the extent of any agreed-upon or determined satisfaction) on the official claims register without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

Section 5.7 Filing of Administrative Claims

a. Professional Fee Claims

1. *Final Fee Applications*

All final requests for payment of Professional Fee Claims must be filed with the Bankruptcy Court by the date that is 60 calendar days after the Confirmation Date. Such requests will be filed with the Bankruptcy Court and served as required by the Case Management Order; *provided* that if any Professional is unable to file its own request with the Bankruptcy Court, such Professional may deliver an original, executed copy and an electronic copy to the Debtors' attorneys and the Reorganized Debtors at least three Business Days before the deadline, and the Debtors' attorneys will file such request with the Bankruptcy Court. The objection deadline relating to the final requests will be 4:00 p.m. (prevailing Central Time) on the date that is 15 calendar days after the filing deadline. If no objections are timely filed and properly served in accordance with the Case Management Order as to a given request, or all timely objections are subsequently resolved, such Professional will submit to the Bankruptcy Court for consideration a proposed order approving the Professional Fee Claim as an Allowed Administrative Claim in the amount requested (or otherwise agreed), and the order may be entered without a hearing or further notice to any party. The Allowed amounts of any Professional Fee Claims subject to unresolved timely objections will be determined by the Bankruptcy Court at a hearing to be held no later than 30 calendar days after the objection deadline. Distributions on account of Allowed Professional Fee Claims will be made as soon as reasonably practicable after such Claims become Allowed or in accordance with any other applicable Order.

2. *Payment of Interim Amounts*

Professionals will be paid pursuant to the "Monthly Statement" process set forth in the Interim Compensation Order with respect to all calendar months ending before the Confirmation Date.

3. *Post-Confirmation Date Fees*

Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate, and the Debtors and Reorganized Debtors may employ and pay all Professionals and may pay the reasonable and documented fees and expenses of each of the DIP Agents' professionals in accordance with the DIP Documents and the DIP Order in the ordinary course of business (including for the month in which the Confirmation Date occurred) without any further notice to, action by or order or approval of the Bankruptcy Court or any other party.

b. Other Administrative Claims

A notice setting forth the Other Administrative Claim Bar Date will be (i) filed on the Bankruptcy Court's docket and (ii) posted on the Debtors' Case Information Website. No other notice of the Other Administrative Claim Bar Date will be provided.

All requests for payment of Other Administrative Claims that accrued on or before the Effective Date (other than Professional Fee Claims, which are subject to the provisions of Section 7.1 of the Plan) must be filed with the Claims Agent and served on counsel for the Debtors and Reorganized Debtors by the Other Administrative Claim Bar Date. Any requests for payment of Other Administrative Claims pursuant to Section 7.2 of the Plan that are not properly filed and served by the Other Administrative Claim Bar Date will be disallowed automatically without the need for any objection from the Debtors or the Reorganized Debtors or any action by the Bankruptcy Court.

The Reorganized Debtors, in their sole discretion, will have exclusive authority to settle Other Administrative Claims without further Bankruptcy Court approval.

Unless the Debtors or the Reorganized Debtors object to a timely filed and properly served Other Administrative Claim by the Claims Objection Deadline, such Other Administrative Claim will be deemed allowed in the amount requested. If the Debtors or the Reorganized Debtors object to an Other Administrative Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court will determine whether such Other Administrative Claim should be allowed and, if so, in what amount.

Notwithstanding the foregoing, requests for payment of Other Administrative Claims need not be filed for Other Administrative Claims that (i) are for goods or services provided to the Debtors in the ordinary course of business, (ii) previously have been Allowed by Final Order of the Bankruptcy Court, (iii) are for Cure amounts, (iv) are on account of postpetition taxes (including any related penalties or interest) owed by the Debtors or the Reorganized Debtors to any governmental unit (as defined in section 101(27) of the Bankruptcy Code) or (v) the Debtors or Reorganized Debtors have otherwise agreed in writing do not require such a filing.

Section 5.8 Disputed Claims

a. Objections to Claims

After the Effective Date, the Reorganized Debtors will have the sole authority to object to all Claims; *provided, however*, that the Reorganized Debtors will not be entitled to object to any Claim that has been expressly allowed by Final Order or under the Plan. Any objections to Claims filed by the Reorganized Debtors will be filed on the Bankruptcy Court's docket on or before the Claims Objection Deadline.

Claims objections filed before, on or after the Effective Date will be filed, served and administered in accordance with the Claims Objection Procedures Order, which will remain in full force and effect; *provided, however*, that, on and after the Effective Date, filings and notices related to the Claims Objection Procedures Order need only be served on the relevant claimants and otherwise as required by the Case Management Order.

b. Resolution of Disputed Claims

On and after the Effective Date, the Reorganized Debtors will have the sole authority to litigate, compromise, settle, otherwise resolve or withdraw any objections to all Claims and to compromise and settle any Claims without notice to or approval by the Bankruptcy Court or any other party.

c. Estimation of Claims and Interests

The Debtors or Reorganized Debtors may, in their sole discretion, after consultation with the Creditors' Committee (if prior to the Effective Date) determine, resolve and otherwise adjudicate all Contingent Claims, Unliquidated Claims and Disputed Claims in the Bankruptcy Court or such other court of the Debtors' or Reorganized Debtors' choice having jurisdiction over the validity, nature or amount thereof. The Debtors or the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any Contingent Claim, Unliquidated Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code for any reason or purpose, regardless of whether any of the Debtors or the Reorganized Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates any Contingent Claim, Unliquidated Claim or Disputed Claim, that estimated amount will constitute the maximum limitation on such Claim and the Debtors or the Reorganized Debtors may pursue supplementary proceedings to object to the ultimate allowance of such Claim; *provided, however*, that such limitation will not apply to Claims requested by the Debtors to be estimated for voting purposes only.

All of the aforementioned objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court. Notwithstanding section 502(j) of the Bankruptcy Code, in no event will any holder of a Claim

that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such Claim unless the holder of such Claim has filed a motion requesting the right to seek such reconsideration on or before 20 calendar days after the date such Claim is estimated by the Bankruptcy Court.

d. Payments and Distributions for Disputed Claims

1. *No Distributions Pending Allowance*

Notwithstanding any other provision in the Plan, no payments or distributions will be made for a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim.

2. D*isputed Claims Reserve*

On the Initial Distribution Date or as soon thereafter as is reasonably practicable, the Reorganized Debtors will hold in reserve (the "**Disputed Claims Reserve**") the amount of Cash that the Reorganized Debtors determine, in consultation with the Creditors' Committee, would likely have been distributed to the Holders of all Disputed Claims as if such Disputed Claims had been Allowed on the Effective Date, with the amount of such Allowed Claims to be determined, solely for the purposes of establishing reserves and for maximum distribution purposes, to be the lesser of (a) the asserted amount of the Disputed Claim filed with the Bankruptcy Court as set forth in the non-duplicative Proof of Claim, or (if no proof of such Claim was filed) listed by the Debtors in the Schedules, (b) the amount, if any, estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code or ordered by other order of the Bankruptcy Court, or (c) the amount otherwise agreed to by the Debtors or the Reorganized Debtors, as applicable, in consultation with the Backstop Parties, and the Holder of such Disputed Claim for distribution purposes. With respect to all Disputed Claims that are General Unsecured Claims or Convenience Class Claims and are unliquidated or contingent and for which no dollar amount is asserted on a Proof of Claim, the Debtors will reserve Cash adjusted from time to time equal to the amount reasonably determined by the Reorganized Debtors.

The Disbursing Agent may, at the direction of the Debtors or the Reorganized Debtors, adjust the Disputed Claims Reserve to reflect all earnings thereon (net of any expenses relating thereto, such expenses including any taxes imposed thereon or otherwise payable by the reserve), to be distributed on the Distribution Dates, as required by the Plan. The Disbursing Agent will hold in the Disputed Claims Reserve all dividends, payments and other distributions made on account of, as well as any obligations arising from, the property held in the Disputed Claims Reserve, to the extent that such property continues to be so held at the time such distributions are made or such obligations arise. The taxes imposed on the Disputed Claims Reserve (if any) will be paid by the Disbursing Agent from the property held in the Disputed Claims Reserve, and the Reorganized Debtors will have no liability for such taxes.

After any reasonable determination by the Reorganized Debtors that the Disputed Claims Reserve should be adjusted downward in accordance with Section 8.4(b)(i) of the Plan, the

Disbursing Agent will, at the direction of the Debtors or the Reorganized Debtors, effect a distribution in the amount of such adjustment as required by the Plan (an "**Adjustment Distribution**"), and any date of such distribution will be an Interim Distribution Date.

After all Disputed Claims have become either Allowed Claims or Disallowed Claims and all distributions required pursuant to Section 8.4(c) of the Plan have been made, the Disbursing Agent will, at the direction of the Reorganized Debtors, effect a final distribution of the Cash remaining in the Disputed Claims Reserve.

It is expected that the Disbursing Agent will (i) make an election pursuant to United States Treasury Regulations section 1.468B-9 to treat the Disputed Claims Reserve as a "disputed ownership fund" within the meaning of that section and (ii) allocate taxable income or loss to the Disputed Claims Reserve with respect to any taxable year that would have been allocated to the holders of Disputed Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are Disputed Claims). The affected holders of the Disputed Claims will be bound by such election, if made by the Disbursing Agent. For federal income tax purposes, absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Disbursing Agent will, to the extent permitted by applicable law, report consistently with the foregoing characterization for state and local income tax purposes. All affected holders of Disputed Claims will report, for income tax purposes, consistently with the foregoing.

3. *Distributions after Allowance*

To the extent that a Disputed Claim, other than a Convenience Class Claim, becomes an Allowed Claim after the Effective Date, the Disbursing Agent will, out of the Disputed Claims Reserve, distribute to the holder thereof the distribution, if any, to which such holder is entitled under the Plan in accordance with Section 6.2(a) of the Plan. Subject to Section 8.6 of the Plan, all distributions made under Section 8.4(c)(i) of the Plan on account of Allowed Claims will be made together with any dividends, payments or other distributions made on account of, as well as any obligations arising from, the distributed property, then held in the Disputed Claims Reserve as if such Allowed Claim had been an Allowed Claim on the dates distributions were previously made to Allowed Claim holders included in the applicable class under the Plan.

To the extent that a Convenience Class Claim becomes an Allowed Claim after the Effective Date, the Disbursing Agent will distribute to the holder thereof the distribution, if any, to which such holder is entitled under the Plan in accordance with Section 6.2(a) and Section 8.6 of the Plan.

e. No Amendments to Claims

A Claim may be amended before the Confirmation Date only as agreed upon by the Debtors and the holder of such Claim or as otherwise permitted by the Bankruptcy Court, the Bankruptcy Rules or applicable non-bankruptcy law. On or after the Confirmation Date, the holder of a Claim (other than an Other Administrative Claim or a Professional Fee Claim) must obtain prior authorization from the Bankruptcy Court or Reorganized Debtors to file or amend a

Claim. Any new or amended Claim (other than Rejection Claims) filed after the Confirmation Date without such prior authorization will not appear on the official claims register and will be deemed disallowed in full and expunged without any action required of the Debtors or the Reorganized Debtors and without the need for any court order.

f. No Interest

Other than as provided by section 506(b) of the Bankruptcy Code or as specifically provided for in the Plan, the Confirmation Order or with respect to the DIP Facilities, postpetition interest will not accrue or be paid on Claims and no holder of a Claim will be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without limiting the foregoing, interest will not accrue or be paid on any Claim or Disputed Claim for the period from and after the Effective Date; *provided, however*, that nothing in Section 8.6 of the Plan will limit any rights of any governmental unit (as defined in section 101(27) of the Bankruptcy Code) to interest under sections 503, 506(b), 1129(a)(9)(A) or 1129(a)(9)(C) of the Bankruptcy Code or as otherwise provided for under applicable law.

Section 5.9 Executory Contracts and Unexpired Leases

a. Rejection of Executory Contracts and Unexpired Leases

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each executory contract and unexpired lease to which any Debtor is a party will be deemed automatically rejected by the Debtors effective as of the Effective Date, except for any executory contract or unexpired lease that (i) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered before the Effective Date, (ii) is the subject of a motion to assume or reject pending on the Effective Date, including the *Debtors' Motion for Authorization to (i) Assume or (ii) Reject Unexpired Leases of Nonresidential Real Property* filed on Janauary 15, 2013 [ECF No. 1995], (iii) is the subject of an adversary proceeding pending on the Effective Date, including *Eastern Royalty LLC f/k/a Eastern Royalty Corp. v. Boone East Development Co., Performance Coal Co., and New River Energy Corp.*, Adv. Pro. No. 12-04353-659 and *Robin Land Company, LLC v. STB Ventures, Inc.*, Adv. Pro. No. 12-04355-659, (iv) is subject to the *Stipulation and Order Extending Time Under 11 U.S.C. § 365(d)(4) for Leases of Non-Residential Real Property with Alpha Natural Resources, Inc.* dated February 8, 2013 [ECF No. 2781], as thereafter extended from time to time by written agreement of the parties, (v) is assumed, rejected or otherwise treated pursuant to Section 9.3 or Section 9.4 of the Plan, (vi) is listed on Schedule 9.2(a) or 9.2(b) of the Plan or (vii) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline. If an executory contract or unexpired lease either (x) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered before the Effective Date or (y) is the subject of a motion to assume or reject pending on the Confirmation Date, then the listing of any such executory contract or unexpired lease on the aforementioned schedules will be of no effect.

b. Schedules of Executory Contracts and Unexpired Leases

Schedules 9.2(a) and 9.2(b) of the Plan will be filed by the Debtors as specified in Section 15.6 of the Plan and will represent the Debtors' then-current good faith belief regarding the intended treatment of all executory contracts and unexpired leases listed thereon. The Debtors reserve the right, on or before 3:00 p.m. (prevailing Central Time) on the Business Day immediately before the Confirmation Hearing to (i) amend Schedules 9.2(a) and 9.2(b) to add, delete or reclassify any executory contract or unexpired lease or amend a proposed assignment and (ii) amend the Proposed Cure, in each case as to any executory contract or unexpired lease previously listed as to be assumed; *provided, however*, that if the Confirmation Hearing is adjourned, such amendment right will be extended to 3:00 p.m. on the Business Day immediately before the rescheduled or continued Confirmation Hearing, and this proviso will apply in the case of any and all subsequent adjournments of the Confirmation Hearing; *provided further* that (a) for Intercompany Contracts and agreements proposed to be rejected as of the above deadline, the Debtors reserve the right to make amendments at any time before Confirmation and (b) the Debtors may amend Schedules 9.2(a) and 9.2(b) to add, delete or reclassify any executory contracts or unexpired leases or amend proposed assignments after such date to the extent agreed with the relevant counterparties. Pursuant to sections 365 and 1123 of the Bankruptcy Code, and except for executory contracts and unexpired leases as to which a Treatment Objection is properly filed and served by the Treatment Objection Deadline, (x) each of the executory contracts and unexpired leases listed on Schedule 9.2(a) will be deemed assumed (and, if applicable, assigned) effective as of the Assumption Effective Date specified thereon and the Proposed Cure specified in the notice mailed to each Assumption Party will be the Cure and will be deemed to satisfy fully any obligations the Debtors might have regarding such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code and (y) each of the executory contracts and unexpired leases listed on Schedule 9.2(b) will be deemed rejected effective as of the Rejection Effective Date specified thereon.

The Debtors will file initial versions of Schedules 9.2(a) and 9.2(b) and any amendments thereto with the Bankruptcy Court and will serve all notices thereof only on the DIP Agents, the Creditors' Committee and the relevant Assumption Parties and Rejection Parties. For any executory contract or unexpired lease first listed on Schedule 9.2(b) later than the date that is 10 calendar days before the Voting Deadline, the Debtors will use their best efforts to notify the DIP Agents, the Creditors' Committee and the applicable Rejection Party promptly of such proposed treatment via facsimile, email or telephone at any notice address or number included in the relevant executory contract or unexpired lease or as otherwise timely provided in writing to the Debtors by any such counterparty or its counsel.

For any executory contracts or unexpired leases first listed on Schedule 9.2(b) later than the date that is 10 calendar days before the Voting Deadline, affected Rejection Parties will have five calendar days from the date of such amendment to Schedule 9.2(b) to object to Confirmation of the Plan. For any executory contracts or unexpired leases first listed on Schedule 9.2(b) later than the date that is five calendar days before the Confirmation Hearing, affected Rejection Parties will have until the Confirmation Hearing to object to Confirmation of the Plan.

The listing of any contract or lease on Schedule 9.2(a) or 9.2(b) is not an admission that such contract or lease is an executory contract or unexpired lease or that any Debtor has any liability thereunder. The Debtors reserve the right to assert that any of the agreements listed on Schedule 9.2(a) or 9.2(b) are not executory contracts or unexpired leases.

c. Categories of Executory Contracts and Unexpired Leases to Be Assumed

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each of the executory contracts and unexpired leases within the following categories will be deemed assumed as of the Effective Date (and the Proposed Cure for each will be zero dollars), except for any executory contract or unexpired lease (i) that has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 9.2(a) or 9.2(b), (iv) that is otherwise expressly assumed or rejected pursuant to the terms of the Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline.

1. *Customer Programs, Foreign Agreements, Insurance Plans, Intercompany Contracts, Surety Bonds and Workers' Compensation Plans*

Subject to the terms of the first paragraph of Section 9.3 of the Plan, each Customer Program, Foreign Agreement, Insurance Plan, Intercompany Contract, Surety Bond and Workers' Compensation Plan will be deemed assumed effective as of the Effective Date. Nothing contained in Section 9.3(a) of the Plan will constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any entity, including, without limitation, the insurer under any of the Insurance Plans. Except as provided in the previous sentence, all Proofs of Claim on account of or in respect of any agreement covered by Section 9.3(a) of the Plan will be deemed withdrawn automatically and without any further notice to or action by the Bankruptcy Court.

2. *Directors and Officers Insurance Policies and Agreements*

To the extent that the D&O Liability Insurance Policies issued to, or entered into by, the Debtors prior to the Petition Date constitute executory contracts, notwithstanding anything in the Plan to the contrary, the Reorganized Debtors will be deemed to have assumed all of the Debtors' unexpired D&O Liability Insurance Policies pursuant to section 365(a) of the Bankruptcy Code effective as of the Effective Date. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Reorganized Debtors' foregoing assumption of each of the D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan will not discharge, impair or otherwise modify any advancement, indemnity or other obligations of the D&O Liability Insurance Policies.

In addition, after the Effective Date, none of the Reorganized Debtors will terminate or otherwise reduce the coverage under any of the D&O Liability Insurance Policies with respect to conduct occurring prior thereto, and all directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date will be entitled from the insurers to the full

benefits of any such policy for the full term of such policy regardless of whether such directors and officers remain in such positions after the Effective Date.

3. *Certain Indemnification Obligations*

Each Indemnification Obligation to a director, officer, manager or employee who was employed by any of the Debtors in such capacity on the Effective Date or immediately prior thereto will be deemed assumed effective as of the Effective Date; *provided* that any Indemnification Obligation contained in an Employee Agreement that is rejected pursuant to Section 9.4 will also be deemed rejected. Each Indemnification Obligation that is deemed assumed pursuant to the Plan will (i) remain in full force and effect, (ii) not be modified, reduced, discharged, impaired or otherwise affected in any way, (iii) be deemed and treated as an executory contract pursuant to sections 365 and 1123 of the Bankruptcy Code regardless of whether or not Proofs of Claim have been filed with respect to such obligations and (iv) survive Unimpaired and unaffected irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date.

Notwithstanding anything contained in the Plan, the Reorganized Debtors, in their sole discretion, may (but have no obligation to) honor each Indemnification Obligation to a director, officer, manager or employee that was no longer employed by any of the Debtors in such capacity on or immediately prior to the Effective Date, unless such obligation (i) will have been previously rejected by the Debtors by Final Order of the Bankruptcy Court, (ii) is the subject of a motion to reject pending on or before the Confirmation Date, (iii) is listed on Schedule 9.2(b) or (iv) is otherwise expressly rejected pursuant to the terms of the Plan or any Notice of Intent To Assume or Reject; *provided* that, for each such director, officer, manager or employee, the Reorganized Debtors will be permitted to honor Indemnification Obligations only to the extent of available coverage under the applicable D&O Liability Insurance Policy (and payable from the proceeds of such D&O Liability Insurance Policies).

4. *Peabody Contracts*

Subject to the terms of the first paragraph of Section 9.3 of the Plan, each contract and agreement entered into by and between the Debtors and Peabody prior to the Petition Date that the Debtors are obligated to assume pursuant to the Peabody Settlement, all of which contracts and agreements are deemed executory pursuant to the terms of the Peabody Settlement, will be deemed assumed effective as of the Effective Date with a Cure of zero dollars.

d. Other Categories of Agreements and Policies

1. *Employee Agreements*

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each Employee Agreement entered into before the Petition Date will be deemed rejected effective as of the Effective Date, except for any Employee Agreement (i) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 9.2(a) or

9.2(b) of the Plan, (iv) that is otherwise expressly assumed or rejected pursuant to the terms of the Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline. The assumption by the Debtors or the Reorganized Debtors or the agreement of the Debtors or the Reorganized Debtors to assume any Employee Agreement will not entitle any Person to any contractual right to any benefit or alleged entitlement under any of the Debtors' policies, programs or plans, except as to such individual and as expressly set forth in such Employee Agreement.

2. *Employee Benefits*

As of the Effective Date, except for Employee Agreements, and unless specifically listed on Schedule 9.2(a) or 9.2(b) or rejected or otherwise addressed by an order of the Bankruptcy Court (including, without limitation, by virtue of the Debtors having been granted the authority to terminate any such plan, policy, program or agreement or the Bankruptcy Court determining that the Debtors cannot successfully reorganize absent such termination), the Debtors and the Reorganized Debtors, in their sole discretion, may (but have no obligation to) honor, in the ordinary course of business, the Debtors' written contracts, agreements, policies, programs and plans for, among other things, compensation, reimbursement, health care benefits, disability benefits, deferred compensation benefits, travel benefits (including retiree travel benefits), vacation and sick leave benefits, savings, severance benefits, retirement benefits, welfare benefits, relocation programs, life insurance and accidental death and dismemberment insurance, including written contracts, agreements, policies, programs and plans for bonuses and other incentives or compensation for the directors, officers and employees of any of the Debtors who served in such capacity at any time. To the extent that the above-listed contracts, agreements, policies, programs and plans are executory contracts, pursuant to sections 365 and 1123 of the Bankruptcy Code, unless a Treatment Objection is timely filed and properly served, each of them will be deemed assumed (as modified or terminated) as of the Effective Date with a Cure of zero dollars. However, notwithstanding anything else in the Plan, the assumed plans will be subject to modification in accordance with the terms thereof at the discretion of the Reorganized Debtors.

e. Assumption and Rejection Procedures and Resolution of Treatment Objections

1. *Proposed Assumptions*

As to any executory contract or unexpired lease to be assumed pursuant to any provision of the Plan or any Notice of Intent to Assume or Reject, unless an Assumption Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease will be deemed assumed and, if applicable, assigned as of the Assumption Effective Date proposed by the Debtors or Reorganized Debtors, without any further notice to or action by the Bankruptcy Court, and any obligation the Debtors or Reorganized Debtors may have to such Assumption Party with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code will be deemed fully satisfied by the Proposed Cure, if any, which will be the Cure.

Any objection to the assumption or assignment of an executory contract or unexpired lease that is not timely filed and properly served will be denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court), and any Claim relating to such assumption or assignment will be forever barred from assertion and will not be enforceable against any Debtor or Reorganized Debtor or their respective Estates or properties without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court, and any obligation the Debtors or the Reorganized Debtors may have under section 365(b) of the Bankruptcy Code (over and above any Proposed Cure) will be deemed fully satisfied, released and discharged, notwithstanding any amount or information included in the Schedules or any Proof of Claim.

2. *Proposed Rejections*

As to any executory contract or unexpired lease to be rejected pursuant to any provision of the Plan or any Notice of Intent to Assume or Reject, unless a Rejection Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease will be deemed rejected as of the Rejection Effective Date proposed by the Debtors or Reorganized Debtors without any further notice to or action by the Bankruptcy Court.

Any objection to the rejection of an executory contract or unexpired lease that is not timely filed and properly served will be deemed denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court).

3. *Resolution of Treatment Objections*

On and after the Effective Date, the Reorganized Debtors may, in their sole discretion, settle Treatment Objections without any further notice to or action by the Bankruptcy Court or any other party (including by paying any agreed Cure amounts).

For each executory contract or unexpired lease as to which a Treatment Objection is timely filed and properly served and that is not otherwise resolved by the parties after a reasonable period of time, the Debtors, in consultation with the Bankruptcy Court, will schedule a hearing on such Treatment Objection and provide at least 21 calendar days' notice of such hearing to the relevant Assumption Party or Rejection Party. Unless the Bankruptcy Court expressly orders or the parties agree otherwise, any assumption or rejection approved by the Bankruptcy Court notwithstanding a Treatment Objection will be effective as of the Assumption Effective Date or Rejection Effective Date originally proposed by the Debtors or specified in the Plan.

Any Cure will be paid as soon as reasonably practicable following the entry of a Final Order resolving an assumption dispute and/or approving an assumption (and, if applicable, assignment), unless the Debtors or Reorganized Debtors file a Notice of Intent to Assume or Reject under Section 9.5(d) of the Plan.

No Cure will be allowed for a penalty rate or default rate of interest, each to the extent not proper under the Bankruptcy Code or applicable law.

4. *Reservation of Rights*

If a Treatment Objection is filed regarding any executory contract or unexpired lease sought to be assumed or rejected by any of the Reorganized Debtors, the Reorganized Debtors reserve the right (i) to seek to assume or reject such agreement at any time before the assumption, rejection or assignment of, or Cure for, such agreement is determined by Final Order and (ii) to the extent a Final Order is entered resolving a dispute as to Cure or the permissibility of assignment (but not approving the assumption of the executory contract or unexpired lease sought to be assumed), to seek to reject such agreement within 14 calendar days after the date of such Final Order, in each case by filing with the Bankruptcy Court and serving upon the applicable Assumption Party or Rejection Party, as the case may be, a Notice of Intent to Assume or Reject.

f. Rejection Claims

Any Rejection Claim must be filed with the Claims Agent by the Rejection Bar Date. Any Rejection Claim for which a Proof of Claim is not properly filed and served by the Rejection Bar Date will be forever barred and will not be enforceable against the Debtors, the Reorganized Debtors or their respective Estates or properties. The Debtors or the Reorganized Debtors may contest any Rejection Claim in accordance with Section 8.1 of the Plan.

g. Assignment

To the extent provided under the Bankruptcy Code or other applicable law, any executory contract or unexpired lease transferred and assigned pursuant to the Plan will remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions such transfer or assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts or conditions the assignment or transfer of any such executory contract or unexpired lease or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or unexpired lease to terminate, modify, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment constitutes an unenforceable anti-assignment provision and is void and of no force or effect. Any assignment by the Reorganized Debtors of an executory contract or unexpired lease after the Effective Date will be governed by the terms of the executory contract or unexpired lease and applicable non-bankruptcy law.

h. Approval of Assumption, Rejection, Retention or Assignment of Executory Contracts and Unexpired Leases

Entry of the Confirmation Order by the Bankruptcy Court will, subject to the occurrence of the Effective Date, constitute approval of the rejections, retentions, assumptions and/or assignments contemplated by the Plan pursuant to sections 365 and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease that is assumed (and/or assigned) pursuant to the Plan, will vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms as of the applicable Assumption Effective Date, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing or providing for its assumption (and/or assignment), or applicable federal law.

The provisions (if any) of each executory contract or unexpired lease assumed and/or assigned pursuant to the Plan that are or may be in default will be deemed satisfied in full by the Cure, or by an agreed-upon waiver of the Cure. Upon payment in full of the Cure, any and all Proofs of Claim based upon an executory contract or unexpired lease that has been assumed in the Chapter 11 Cases or under the terms of the Plan will be deemed disallowed and expunged with no further action required of any party or order of the Bankruptcy Court.

Confirmation of the Plan and consummation of the Restructuring Transactions will not constitute a change of control under any executory contract or unexpired lease assumed by the Debtors on or prior to the Effective Date.

i. Modifications, Amendments, Supplements, Restatements or Other Agreements

Unless otherwise provided by the Plan or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed, whether or not such executory contract or unexpired lease relates to the use, acquisition or occupancy of real property, will include (i) all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements and any other interests in real estate or rights in remedy related to such premises, unless any of the foregoing agreements has been or is rejected pursuant to an order of the Bankruptcy Court or is otherwise rejected as part of the Plan.

Modifications, amendments, supplements and restatements to prepetition executory contracts and unexpired leases that have been executed by the Debtors during the Chapter 11 Cases and actions taken in accordance therewith (i) do not alter in any way the prepetition nature of the executory contracts and unexpired leases, or the validity, priority or amount of any Claims against the Debtors that may arise under the same, (ii) are not and do not create postpetition contracts or leases, (iii) do not elevate to administrative expense priority any Claims of the counterparties to the executory contracts and unexpired leases against any of the Debtors and (iv) do not entitle any entity to a Claim under any section of the Bankruptcy Code on account of the

difference between the terms of any prepetition executory contracts or unexpired leases and subsequent modifications, amendments, supplements or restatements.

Section 5.10 Provisions Regarding Corporate Governance of the Reorganized Debtors

a. Corporate Action

On and after the Effective Date, the adoption, filing, approval and ratification, as necessary, of all corporate or related actions contemplated hereby for each of the Reorganized Debtors, including the Restructuring Transactions, will be deemed authorized and approved in all respects. Without limiting the foregoing, such actions may include: (i) the adoption and filing of the New Certificate of Incorporation, (ii) the adoption and filing of the Reorganized Subsidiary Debtors' Certificates of Incorporation, (iii) the approval of the New Bylaws, (iv) the approval of the Reorganized Subsidiary Debtors' Bylaws, (v) the election or appointment, as the case may be, of directors and officers for the Reorganized Debtors, (vi) the issuance of the Rights Offering Notes, the Rights Offering Warrants and the New Common Stock, (vii) the Restructuring Transactions to be effectuated pursuant to the Plan and (viii) the qualification of any of the Reorganized Debtors as foreign corporations if and wherever the conduct of business by such entities requires such qualification.

All matters provided for in the Plan involving the corporate structure of any Debtor or any Reorganized Debtor, or any corporate action required by any Debtor or any Reorganized Debtor in connection with the Plan, will be deemed to have occurred and will be in effect, without any requirement of further action by the security holders or directors of such Debtor or Reorganized Debtor or by any other stakeholder.

On or after the Effective Date, the appropriate officers of each Reorganized Debtor and members of the board of directors, board of managers or equivalent body of each Reorganized Debtor are authorized and directed to issue, execute, deliver, file and record any and all agreements, documents, securities, deeds, bills of sale, conveyances, releases and instruments contemplated by the Plan in the name of and on behalf of such Reorganized Debtor and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

b. Certificates of Incorporation and Bylaws

The New Certificate of Incorporation and the New Bylaws will be amended or deemed amended as may be required to be consistent with the provisions of the Plan and the Bankruptcy Code. The New Certificate of Incorporation will be amended or deemed amended to, among other purposes, (i) authorize the New Common Stock, (ii) pursuant to section 1123(a)(6) of the Bankruptcy Code, add a provision prohibiting the issuance of non-voting equity securities to the extent required by section 1123(a)(6) of the Bankruptcy Code and (iii) add restrictions on holders' ability to transfer New Common Stock and other New Securities designed to ensure that the number of holders of such securities does not exceed the threshold at which Reorganized Patriot Coal would be required to become a reporting company under the Exchange Act; *provided* that such restrictions will no longer be applicable in the event that the Reorganized

Patriot Coal makes a public offering of its securities within the meaning of the Securities Act or the Backstop Parties exercise their demand registration rights under the Registration Rights Agreement. After the Effective Date, the Reorganized Debtors may amend and restate their Certificates of Incorporation, organizational documents or other analogous documents as permitted by applicable law.

Subject to the Restructuring Transactions, the Reorganized Subsidiary Debtors' Bylaws in effect before the Effective Date will remain in effect after the Effective Date. After the Effective Date, any of the Reorganized Debtors may file amended and restated certificates of incorporation (or other formation documents, if applicable) with the Secretary of State in any appropriate jurisdiction.

c. Directors and Officers of the Reorganized Debtors

Subject to the Restructuring Transactions, on the Effective Date, the management, control and operation of each Reorganized Debtor will become the general responsibility of the board of directors of such Reorganized Debtor or other governing body as provided in the applicable governing documents.

On the Effective Date, the term of the members of the Board will expire and such members will be replaced by the New Board. The classification and composition of the New Board will be consistent with the New Certificate of Incorporation and the New Bylaws. In the Plan Supplement, to the extent known, the Debtors will disclose pursuant to section 1129(a)(5) of the Bankruptcy Code, the identity and affiliations of the Persons proposed to serve on the New Board. The New Board members will serve from and after the Effective Date in accordance with applicable non-bankruptcy law and the terms of the New Certificate of Incorporation and the New Bylaws.

Subject to the Restructuring Transactions and except as specified in the Plan Supplement, the members of the boards of directors of the Subsidiary Debtors before the Effective Date will continue to serve in their current capacities after the Effective Date. The classification and composition of the boards of directors of the Reorganized Subsidiary Debtors will be consistent with the Reorganized Subsidiary Debtors' Certificates of Incorporation and Reorganized Subsidiary Debtors' Bylaws. Each such director will serve from and after the Effective Date in accordance with applicable non-bankruptcy law and the terms of the relevant Reorganized Debtor's constituent documents.

Subject to the Restructuring Transactions and any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code and except as otherwise specified in the Plan Supplement, the principal officers of each Debtor immediately before the Effective Date will be the officers of such Reorganized Debtor as of the Effective Date. Each such officer will serve from and after the Effective Date in accordance with applicable non-bankruptcy law and the terms of such Reorganized Debtor's constituent documents.

Section 5.11 Effect of Confirmation

a. Vesting of Assets

Except as otherwise provided in the Plan or in the Confirmation Order, upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property (including all interests, rights and privileges related thereto) of each of the Debtors will vest in each of the respective Reorganized Debtors free and clear of all Claims, Liens, encumbrances, charges and other interests. All Liens, Claims, encumbrances, charges and other interests will be deemed fully released and discharged as of the Effective Date, except as otherwise provided in the Plan or the Confirmation Order. Except as otherwise provided in the Plan or in the Confirmation Order, as of the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property and settle and compromise Claims and Interests without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code.

b. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates will be fully released, settled, discharged and compromised and all rights, titles, and interests of any holder of such mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates will revert to the Reorganized Debtors and their successors and assigns. The Reorganized Debtors will be authorized to file any necessary or desirable documents to evidence such release in the name of the party secured by such pre-Effective Date mortgages, deeds of trust, Liens, pledges or other security interests.

c. Releases and Discharges

The releases and discharges of Claims and Causes of Action described in the Plan, including releases by the Debtors and by holders of Claims, constitute good faith compromises and settlements of the matters covered thereby and are consensual. Such compromises and settlements are made in exchange for consideration and are in the best interest of holders of Claims, are fair, equitable, reasonable and are integral elements of the resolution of the Chapter 11 Cases in accordance with the Plan. Each of the discharge, release, indemnification and exculpation provisions set forth in the Plan, including, without limitation, those set forth in the UMWA Settlement, the Non-Union Retiree Settlement Order, the Arch Settlement and the Peabody Settlement, each of which are incorporated in the Plan by reference, (a) is within the jurisdiction of the Bankruptcy Court under sections 1334(a), 1334(b) and 1334(e) of title 28 of the United States Code, (b) is an essential means of implementing the Plan, (c) is an integral and non-severable element of the transactions incorporated into the Plan, (d) confers material benefit

on, and is in the best interests of, the Debtors, their Estates and their Creditors, (e) is important to the overall objectives of the Plan to finally resolve all Claims among or against the parties-in-interest in the Chapter 11 Cases with respect to the Debtors, (f) is fair, equitable and reasonable and in exchange for good and valuable consideration, and (g) is consistent with sections 105, 1123, 1129 and other applicable provisions of the Bankruptcy Code. Nothing in the Plan will be deemed to impair, extinguish or negatively impact any Charging Lien.

d. Discharge and Injunction

Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, the rights afforded in the Plan and the payments and distributions to be made hereunder will discharge all existing debts and Claims, and will terminate all Interests of any kind, nature or description whatsoever against or in the Debtors or any of their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, upon the Effective Date, all existing Claims against the Debtors and Interests in the Debtors will be, and will be deemed to be, discharged and terminated, and all holders of Claims and Interests (and all representatives, trustees or agents on behalf of each holder) will be precluded and enjoined from asserting against the Reorganized Debtors, their successors or assignees, or any of their assets or properties, any other or further Claim or Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a Proof of Claim and whether or not the facts or legal bases therefore were known or existed prior to the Effective Date. The Confirmation Order will be a judicial determination of the discharge of all Claims against, liabilities of and Interests in the Debtors, subject to the occurrence of the Effective Date

Upon the Effective Date and in consideration of the distributions to be made hereunder, except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, each holder (as well as any representatives, trustees or agents on behalf of each holder) of a Claim or Interest and any Affiliate of such holder will be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such persons will be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against, or terminated Interest in, the Debtors.

Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, all persons or

entities who have held, hold or may hold Claims or Interests and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, representatives and Affiliates, are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim (including, without limitation, a Section 510(b) Claim) or Interest against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, other than to enforce any right to a distribution pursuant to the Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, other than to enforce any right to a distribution pursuant to the Plan, (iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors other than to enforce any right to a distribution pursuant to the Plan or (iv) asserting any right of set-off, subrogation or recoupment of any kind against any obligation due from the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors, with respect to any such Claim or Interest. Such injunction will extend to any successors or assignees of the Debtors and Reorganized Debtors and their respective properties and interest in properties.

Nothing in the Plan or the Confirmation Order releases, discharges, precludes, or enjoins the enforcement of any liability to a governmental unit (as defined in section 101(27) of the Bankruptcy Code) under (i) applicable Environmental Law to which the Reorganized Debtors are subject as and to the extent that they are the owner or operator of real property after the Effective Date or (ii) the Federal Mine Safety and Health Act of 1977 or any state mine safety law as and to the extent applicable to the Reorganized Debtors.

For the avoidance of doubt, nothing in the Plan or the Confirmation Order, or any documents incorporated by reference therein, including, without limitation, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, is to be construed as (i) (a) releasing, discharging, precluding, waiving or enjoining the liability of the Reorganized Debtors or any third party to the UMWA 1974 Pension Plan, the UMWA 1992 Benefit Plan or the UMWA Combined Benefit Fund (collectively, the "UMWA Plans"), if any, on account of any claim by or on behalf of the UMWA Plans, if any, (b) releasing, discharging, precluding, waiving or enjoining the liability of any third party to the UMWA 2012 Retiree Bonus Account Trust or the UMWA 1993 Benefit Plan (collectively, the "Other UMWA Plans"), if any, on account of any claim by or on behalf of the Other UMWA Plans, or (c) releasing, discharging, precluding, waiving or enjoining the liability of the Reorganized Debtors to the Other UMWA Plans, if any, on account of any claim by or on behalf of the Other UMWA Plans, solely, in the case of this subclause (c), to the extent arising on or after the Effective Date; or (ii) affecting the rights and defenses of any party with respect to any such Claim. It being understood that this provision shall not apply with respect to any Causes of Action of the Debtors or the Reorganized Debtors against Arch or Peabody that

are released under the Arch Settlement Order or the Peabody Settlement Order, as applicable, or the Arch Settlement or the Peabody Settlement, as applicable.

Nothing in the Plan (including, without limitation, Section 11.4) or the Confirmation Order, will (i) release, waive, or discharge the Potential LRPB Claims or (ii) preclude the LRPB Lessors from prosecuting the Potential LRPB Claims against the Reorganized Debtors and/or any other person or entity to the fullest extent permitted by applicable law from and after the Effective Date. Nothing in the Plan or the Confirmation Order or any other order or decree entered into after November 1, 2013 shall be deemed to impair, bar or estop the LRPB Lessors from exercising their rights (i) available pursuant to applicable law or (ii) set forth in the LRPB Lease, in each case from and after the Effective Date.

e. Term of Injunction or Stays

Unless otherwise provided in the Plan, any injunction or stay arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code or otherwise that is in existence on the Confirmation Date will remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

f. Exculpation

Pursuant to the Plan, and except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, none of the Exculpated Parties will have or incur any liability to any holder of a Claim, Cause of Action or Interest for any act or omission in connection with, related to or arising out of, the Chapter 11 Cases, the negotiation of any settlement or, agreement, contract, instrument, release or document created or entered into in connection with the Plan or in the Chapter 11 Cases (including the Plan Supplement, the Rights Offerings, the Backstop Rights Purchase Agreement, the Rights Offerings Procedures, the DIP Facilities, the UMWA Settlement, the Non-Union Retiree Settlement Order (including the termination of life insurance benefits in accordance with paragraph 10 thereof), the Arch Settlement, the Peabody Settlement, and, in each case, any documents related thereto), the pursuit of confirmation of the Plan, the consummation of the Plan, the preparation and distribution of the Disclosure Statement, the offer, issuance and distribution of any securities issued or to be issued under or in connection with the Plan, including pursuant to the Rights Offerings and the Backstop Rights Purchase Agreement, the Backstop Fees, the Backstop Expense Reimbursement, any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors or the administration of the Plan or the property to be distributed under the Plan, except for any act or omission that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence. Each Exculpated Party will be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan.

g. Release by the Debtors

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan (including Section 11.12 of the Plan), the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, on and after the Effective Date, for good and valuable consideration, including their cooperation and contributions to these Chapter 11 Cases, the Released Parties will be deemed released and discharged by the Debtors, the Reorganized Debtors and their Estates from any and all Claims, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of the Debtors, their Estates and/or the Reorganized Debtors, whether known or unknown, foreseen or unforeseen, asserted or unasserted, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, fraud, contract, violations of federal or state laws, or otherwise, including those Causes of Action based on avoidance liability under federal or state laws, veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that the Debtors, the Reorganized Debtors, their estates or their affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other entity or that any holder of a Claim or Interest or other entity would have been legally entitled to assert for or on behalf of the Debtors, their estates or the Reorganized Debtors, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party excluding any assumed executory contract or lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, the DIP Facilities, the Loan Documents (as defined in the Prepetition Credit Agreement), the Exit Credit Facilities Documents, the Rights Offerings, the Backstop Rights Purchase Agreement, the Rights Offerings Procedures, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement, the Peabody Settlement Order or, in each case, related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence; *provided, however*, that if any Released Party directly or indirectly brings or asserts any Claim or Cause of Action that has been released or is contemplated to be released pursuant to the Plan in any way arising out of or related to any document or transaction that was in existence prior to the Effective Date against the Debtors, the Reorganized Debtors or any of their respective Affiliates, officers, directors, members, employees, advisors, actuaries, attorneys, financial advisors, investment bankers, professionals or agents, in each case, solely in their capacity as such, then the release set forth in Section 11.7 of the Plan will automatically and

retroactively be null and void *ab initio* with respect to such Released Party bringing or asserting such Claim or Cause of Action; *provided further* that the immediately preceding proviso will not apply to (i) any action by a Released Party in the Bankruptcy Court (or any other court determined to have competent jurisdiction), including any appeal therefrom, to prosecute the amount, priority or secured status of any prepetition or ordinary course administrative Claim against the Debtors, (ii) any release or indemnification provided for in any settlement or granted under any other court order, including, without limitation, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, (iii) any action by a Released Party to enforce such Released Party's rights against the Debtors and/or the Reorganized Debtors under the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, or (iv) any action by the DIP Agents or DIP Lenders to enforce their rights under the DIP Facilities relating to Contingent DIP Obligations or any Approved Second Out DIP L/C Arrangement, in which case of (i) through (iv), however, the Debtors will retain all defenses related to any such action.

h. Voluntary Releases by the Holders of Claims and Interests

Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, on and after the Effective Date, for good and valuable consideration, holders of Claims that (i) are deemed to have accepted the Plan or (ii) (a) vote to accept or reject the Plan and (b) do not elect (as permitted on the Ballots) to opt out of the releases contained in this paragraph will be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged the Released Parties from any and all claims, equity interests, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of the Debtors, the Debtors' Estates and/or the Reorganized Debtors, whether known or unknown, foreseen or unforeseen, asserted or unasserted, existing or hereinafter arising, in law, equity or otherwise, whether for tort, fraud, contract, violations of federal or state laws, or otherwise, including those Causes of Action based on avoidance liability under federal or state laws, veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that such entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, the restructuring, the Chapter 11 Cases, the DIP Facilities, the Loan Documents (as defined in the Prepetition Credit Agreement), the UMWA Settlement, the UMWA Settlement Order, the Non-Union Retiree Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement, the Peabody Settlement Order, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party excluding any assumed executory contract or lease, the restructuring of Claims and

Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, the Rights Offerings, the Exit Credit Facilities Documents, the Backstop Rights Purchase Agreement, the Rights Offerings Procedures, or, in each case, related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence; *provided* that any holder of a Claim that elects to opt out of the releases contained in this paragraph will not receive the benefit of the releases set forth in this paragraph (even if for any reason otherwise entitled).

i. Injunction

Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, all Entities who have held, hold or may hold claims, interests, Causes of Action or liabilities that: (1) are subject to compromise and settlement pursuant to the terms of the Plan; (2) have been released pursuant to Section 11.7 of the Plan; (3) have been released pursuant to Section 11.8 of the Plan; (4) have been released or are contemplated to be released pursuant to the UMWA Settlement, the UMWA Settlement Order, the Non-Union Retiree Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, (5) are subject to exculpation pursuant to Section 11.6 of the Plan, including exculpated claims (but only to the extent of the exculpation provided in Section 11.6 of the Plan); or (6) are otherwise stayed or terminated pursuant to the terms of the Plan, are permanently enjoined and precluded, from and after the Effective Date, from: (a) commencing or continuing in any manner any action or other proceeding of any kind, whether directly, derivatively or otherwise, including on account of any claims, interests, Causes of Action or liabilities that have been compromised or settled against the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property or estate of any Entity, directly or indirectly, so released or exculpated) on account of or in connection with or with respect to any released, settled, compromised, or exculpated claims, interests, Causes of Action or liabilities; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property of the Debtors or the Estates, the Reorganized Debtors, or any Entity so released or exculpated) on account of or in connection with or with respect to any such released, settled, compromised, or exculpated claims, interests, Causes of Action, or liabilities; (c) creating, perfecting or enforcing any lien, claim, or encumbrance of any kind against the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property of the Debtors or the Estates, the Reorganized Debtors, or any Entity so released or exculpated) on account of or in connection with or with respect to any such released, settled, compromised, or exculpated claims, interests, Causes of Action, or liabilities; (d) asserting any right of setoff, subrogation, or recoupment of any kind against

any obligation due from the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property of the Debtors or the Estates, the Reorganized Debtors, or any Entity so released or exculpated) on account of or in connection with or with respect to any such released, settled, compromised, or exculpated claims, interests, Causes of Action or liabilities unless such holder has filed a timely proof of claim with the Bankruptcy Court preserving such right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind against the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property of the Debtors or the Estates, the Reorganized Debtors, or any Entity so released or exculpated) on account of or in connection with or with respect to any such released, settled, compromised, or exculpated claims, interests, Causes of Action, or liabilities released, settled or compromised pursuant to the Plan; *provided* that nothing contained in the Plan will preclude an Entity from obtaining benefits directly and expressly provided to such Entity pursuant to the terms of the Plan; *provided further*, that nothing contained in the Plan will be construed to prevent any Entity from defending against claims objections or collection actions whether by asserting a right of setoff or otherwise to the extent permitted by law.

j. Set-off and Recoupment

The Debtors and the Reorganized Debtors may, but will not be required to, set off or recoup against any Claim and any distribution to be made on account of such Claim, any and all claims, rights and Causes of Action of any nature that the Debtors may have against the holder of such Claim pursuant to the Bankruptcy Code or applicable non-bankruptcy law; *provided, however*, that neither the failure to effect such a set-off or recoupment nor the allowance of any Claim hereunder will constitute a waiver, abandonment or release by the Debtors or the Reorganized Debtors of any such claims, rights and Causes of Action that the Debtors or the Reorganized Debtors may have against the holder of such Claim.

k. Avoidance Actions

On the Effective Date, the Reorganized Debtors will be deemed to waive and release all Avoidance Actions other than any Avoidance Action listed on Schedule 11.12 to the Plan; *provided* that the Reorganized Debtors will retain the right to assert any Avoidance Actions as defenses or counterclaims in any Cause of Action brought by any Creditor. The Reorganized Debtors will retain the right, after the Effective Date, to prosecute any of the Avoidance Actions listed on Schedule 11.12 to the Plan.

l. Preservation of Causes of Action

Except as expressly provided in Article 11 of the Plan, nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors, the Reorganized Debtors or the Estates may have or that the Reorganized Debtors may choose to assert on behalf of their respective Estates under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without

limitation, (i) any and all Causes of Action or Claims against any person or entity, to the extent such person or entity asserts a crossclaim, counterclaim and/or claim for set-off that seeks affirmative relief against the Debtors, the Reorganized Debtors, their officers, directors or representatives or (ii) the turnover of any property of the Estates. A non-exclusive list of retained Causes of Action is attached to the Plan as Schedule 11.12.

Except as set forth in Article 11 of the Plan, nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors had immediately prior to the Petition Date or the Effective Date against or regarding any Claim left Unimpaired by the Plan. The Reorganized Debtors will have, retain, reserve and be entitled to assert all such rights and Causes of Action as fully as if the Chapter 11 Cases had not been commenced, and all of the Reorganized Debtors' legal and equitable rights respecting any Claim left Unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

Except as set forth in Article 11 of the Plan, nothing contained in the Plan or the Confirmation Order will be deemed to release any post-Effective Date obligations of any party under the Plan, or any document, instrument or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

m. Compromise and Settlement of Claims and Controversies

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan will constitute a good faith compromise of all Claims, Causes of Action and controversies relating to the contractual, legal and subordination rights that a holder of a Claim may have relating to any Allowed Claim, or any distribution to be made on account of such an Allowed Claim. Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the benefits provided under the Plan and as a mechanism to effect a fair distribution of value to the Debtors' constituencies, except as set forth in the Plan, the provisions of the Plan will also constitute a good faith compromise of all Claims, Causes of Action and controversies by any Debtor against any other Debtor. In each case, the entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, their Estates and the holders of such Claims and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice or action, order or approval of the Bankruptcy Court, the Debtors may compromise and settle Claims against them and Causes of Action against other Entities, in their sole discretion, and after the Effective Date, such right will pass to the Reorganized Debtors.

Section 5.12 Conditions Precedent to Confirmation and Effectiveness of the Plan

a. Conditions to Confirmation

Confirmation of the Plan will not occur unless each of the following conditions has been satisfied or waived in accordance with Section 12.3 of the Plan:

1. The Confirmation Order shall be entered;

2. The Debtors shall have received a binding commitment for the Exit Credit Facilities; and

3. The Backstop Rights Purchase Agreement shall have been executed and the Backstop Approval Order shall have been entered.

b. Conditions to Effectiveness

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied on or prior to the Effective Date, or waived in accordance with Section 12.3 of the Plan:

1. The Confirmation Order shall have been entered, and there shall not be a stay or injunction in effect with respect thereto;

2. The Backstop Rights Purchase Agreement shall be in full force and effect and the transactions contemplated thereunder shall have been consummated and there shall not be a stay or injunction in effect with respect thereto;

3. The Exit Credit Facilities Documents shall have been duly executed and delivered by the Reorganized Debtors parties thereto, and all conditions precedent to the consummation of the Exit Credit Facilities shall have been waived or satisfied in accordance with the terms thereof and the closing of the Exit Credit Facilities shall have occurred;

4. The Voting Trust(s) shall have been formed;

5. Each of the New CBAs, the MOU and the VFA shall be effective in accordance with the terms thereof;

6. The Arch Settlement Order shall have been entered by the Bankruptcy Court;

7. The Peabody Settlement Order shall have been entered by the Bankruptcy Court;

8. All actions, documents and agreements necessary to implement the Plan shall have been effected or executed;

9. The Debtors shall have received any authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are necessary to implement the Plan and that are required by law, regulation or order;

10. Each of the New Certificate of Incorporation, the New Bylaws, the Reorganized Subsidiary Debtors' Certificates of Incorporation and the Reorganized Subsidiary Debtors' Bylaws, each in form and substance reasonably acceptable to the Backstop Parties, will be in full force and effect as of the Effective Date; and

11. The Plan Documents shall have been executed and delivered by all of the parties thereto.

c. Satisfaction and Waiver of Conditions to Effectiveness

The Debtors may waive, at any time, (i) any of the conditions set forth in Section 12.2(a) through (c) of the Plan in consultation with the Creditors' Committee and with the consent of the DIP Agents and the Backstop Parties, (ii) the condition set forth in Section 12.2(d) of the Plan with the consent of the Backstop Parties and in consultation with the Creditors' Committee, (iii) any of the conditions set forth in Section 12.2 (e) through (g) of the Plan with the consent of the Backstop Parties and in consultation with the DIP Agents and the Creditors' Committee and (iv) any of the conditions set forth in Section 12.2 (h) through (k) of the Plan in consultation with the DIP Agents, the Creditors' Committee and the Backstop Parties, in each case, without any notice to other parties-in-interest or the Bankruptcy Court and without any formal action other than proceeding to confirm and/or consummate the Plan. The failure to satisfy any condition before the Confirmation Date or the Effective Date may be asserted by the Debtors as a reason not to seek Confirmation or declare an Effective Date, regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors, in their sole discretion). The failure of the Debtors, in their sole discretion, to exercise any of the foregoing rights will not be deemed a waiver of any other rights and each such right will be deemed an ongoing right, which may be asserted at any time.

Section 5.13 Modification, Revocation or Withdrawal of the Plan

a. Plan Modifications

Subject to certain restrictions and requirements set forth in section 1127(a) of the Bankruptcy Code and Bankruptcy Rule 3019, and those restrictions on modifications set forth in the Plan, the Debtors may alter, amend or modify the Plan, including the Plan Supplement, without additional disclosure pursuant to section 1125 of the Bankruptcy Code prior to the Confirmation Date; *provided, however*, that the Debtors will consult with (i) the DIP Agents, the Creditors' Committee and the Backstop Parties with respect to any proposed alteration, amendment or modification of the Plan, (ii) Peabody with respect to any proposed alteration, amendment or modification that relates to the Peabody Settlement or the Peabody Settlement Order, which may require Peabody's consent in accordance with the terms thereof and (iii) Arch with respect to any proposed alteration, amendment or modification that relates to the Arch Settlement or the Arch Settlement Order, which may require Arch's consent in accordance with

the terms thereof. After the Confirmation Date and before substantial consummation of the Plan, the Debtors may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan, including the Plan Supplement, the Disclosure Statement or the Confirmation Order relating to such matters as may be necessary to carry out the purposes and effects of the Plan.

Before the Effective Date, the Debtors may make appropriate adjustments and modifications to the Plan, including the Plan Supplement, without further order or approval of the Bankruptcy Court; *provided* that such adjustments and modifications do not materially and adversely affect the treatment of holders of Claims or Interests.

b. Revocation or Withdrawal of the Plan and Effects of Non-Occurrence of Confirmation or Effective Date

The Debtors reserve the right to, after consulting with the Creditors' Committee, revoke, withdraw or delay consideration of the Plan before the Confirmation Date, either entirely or as to any one or more of the Debtors, and to file subsequent amended plans of reorganization. If the Plan is revoked, withdrawn or delayed as to fewer than all of the Debtors, such revocation, withdrawal or delay will not affect the enforceability of the Plan as it relates to the Debtors for which the Plan is not revoked, withdrawn or delayed. If the Debtors revoke or withdraw the Plan in its entirety or if the Confirmation Date or the Effective Date does not occur, then, absent further order of the Bankruptcy Court, (a) the Plan will be null and void in all respects, (b) any settlement or compromise not previously approved by Final Order of the Bankruptcy Court embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases effected by the Plan and any document or agreement executed pursuant hereto, will be deemed null and void and (c) nothing contained in the Plan will (1) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person, (2) prejudice in any manner the rights of such Debtors or any other Person or (3) constitute an admission of any sort by the Debtors or any other Person.

If the Effective Date does not occur, the Bankruptcy Court will retain jurisdiction over any request to extend the deadline for assuming or rejecting executory contracts or unexpired leases.

For the avoidance of doubt, nothing in the Plan or the Confirmation Order will alter the rights and remedies of the DIP Agents or the DIP Lenders under the DIP Documents and the DIP Order, inclusive of, without limitation, the DIP Agents' rights to exercise remedies should an event of default occur at any time (including between Confirmation and the Effective Date).

Section 5.14 Retention of Jurisdiction by the Bankruptcy Court

On and after the Effective Date, the Bankruptcy Court will retain exclusive jurisdiction, to the fullest extent permissible under law, over all matters arising out of and related to the Chapter 11 Cases for, among other things, the following purposes:

1. To hear and determine all matters relating to the assumption or rejection of executory contracts or unexpired leases and the allowance of Cure amounts and Claims resulting therefrom;

2. To hear and determine any motion, adversary proceeding, application, contested matter or other litigated matter pending on or commenced after the Confirmation Date;

3. To hear and determine all matters relating to the allowance, disallowance, liquidation, classification, priority or estimation of any Claim;

4. To hear and determine all matters relating to the DIP Facilities and the DIP Order;

5. To ensure that distributions to holders of Allowed Claims are accomplished as provided in the Plan;

6. To hear and determine all applications for compensation and reimbursement of Professional Fee Claims;

7. To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

8. To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated hereby or any agreement, instrument or other document governing or relating to any of the foregoing;

9. To issue injunctions, enter and implement other orders and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court;

10. To issue such orders as may be necessary to construe, enforce, implement, execute and consummate the Plan;

11. To enter, implement or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;

12. To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of tax under section 505(b) of the Bankruptcy Code);

13. To hear and determine any other matters related to the Plan and not inconsistent with the Bankruptcy Code;

14. To determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Approval Order, the Confirmation Order, any of the Plan Documents or any other contract, instrument, release or other agreement or document related to the Plan, the Disclosure Statement or the Plan Supplement;

15. To recover all assets of the Debtors and property of the Debtors' Estates, which will be for the benefit of the Reorganized Debtors, wherever located;

16. To hear and determine all disputes involving the existence, nature or scope of the Debtors' discharge;

17. To hear and determine any rights, Claims or Causes of Action held by or accruing to the Debtors or the Reorganized Debtors pursuant to the Bankruptcy Code or pursuant to any federal or state statute or legal theory;

18. To enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases with respect to any Person;

19. To hear and resolve any disputes relating to the Rights Offerings (and the conduct thereof) and the issuances of Rights;

20. To hear and resolve any disputes relating to the Backstop Rights Purchase Agreement;

21. To hear and resolve any disputes relating to the UMWA Settlement, the UMWA Settlement Order, the Non-Union Retiree Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order; *provided*, *however*, that nothing in the Plan or the Confirmation Order will alter the alternative dispute resolution provisions of the New CBAs or the MOU;

22. To hear any other matter not inconsistent with the Bankruptcy Code; and

23. To enter a final decree closing the Chapter 11 Cases.

Unless otherwise specifically provided in the Plan or in a prior order of the Bankruptcy Court, the Bankruptcy Court will have exclusive jurisdiction to hear and determine disputes concerning Claims.

Section 5.15 Miscellaneous

a. Exemption from Transfer Taxes and Recording Fees

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, Transfer or exchange of notes or equity securities under the Plan, the creation, the filing or recording of any mortgage, deed of trust or other security interest, the making, assignment, filing or recording of any lease or sublease, the transfer of title to or ownership of any of the Debtors' interests in any property, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, the Plan Documents, the New Common Stock, and any agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee or other similar tax or governmental assessment in the United States. The Confirmation Order will direct the appropriate federal, state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

b. Expedited Tax Determination

The Reorganized Debtors may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for or on behalf of such Debtors or Reorganized Debtors for all taxable periods ending on or before the Effective Date.

c. Payment of Fees and Expenses of the Indenture Trustees

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors will pay in full in Cash all reasonable and documented fees and expenses of (i) the Convertible Notes Trustee and its counsel through the Effective Date; *provided*, *however*, that in no event will such fees and expenses exceed $1.35 million and (ii) the Senior Notes Trustee and its counsel through the Effective Date, *provided*, *however*, that in no event will such fees and expenses exceed $1.65 million.

d. Payment of Statutory Fees

All fees payable pursuant to section 1930(a) of title 28 of the United States Code and/or section 3717 of title 31 of the United States Code, as determined by the Bankruptcy Court, will be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed or closed, whichever occurs first.

e. Dissolution of the Creditors' Committee and the Non-Union Retiree Committee

After the entry of the Effective Date, the Creditors' Committee's and the Non-Union Retiree Committee's functions will be restricted to and will not be heard on any issue except

applications filed pursuant to sections 330 and 331 of the Bankruptcy Code. Upon the resolution of all applications filed by the Creditors' Committee and the Non-Union Retiree Committee pursuant to sections 330 and 331 of the Bankruptcy Code, the Creditors' Committee or Retiree Committee, as applicable, will dissolve, and the members thereof, in their capacities as such, will be released and discharged from all rights, duties, responsibilities and liabilities arising from, or related to, the Chapter 11 Cases and under the Bankruptcy Code; *provided* that the Creditors' Committee will have the right to be heard solely in connection with all Professional Fee Claims and will be deemed to remain in existence solely with respect thereto.

f. Plan Supplement

Draft forms of certain Plan Documents and certain other documents, agreements, instruments, schedules and exhibits specified in the Plan will, where expressly so provided for in the Plan, be contained in Plan Supplement filed from time to time. Unless otherwise expressly provided in the Plan, the Debtors may file any Plan Supplement until five (5) days prior to the Voting Deadline and may alter, modify or amend any Plan Supplement in accordance with Section 13.1 of the Plan. Holders of Claims or Interests may obtain a copy of the Plan Supplement on the Debtors' Case Information Website or the Bankruptcy Court's Website.

g. Claims Against Other Debtors

Nothing in the Plan or the Disclosure Statement or any document or pleading filed in connection therewith will constitute or be deemed to constitute an admission that any of the Debtors are subject to or liable for any Claim against any other Debtor.

h. Substantial Consummation

On the Effective Date, the Plan will be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

i. Section 1125 of the Bankruptcy Code

As of and subject to the occurrence of the Confirmation Date: (a) the Debtors will be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including, without limitation, sections 1125(a) and 1125(e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation and (b) the Debtors and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys will be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under the Plan and, therefore, are not, and on account of such offer, issuance and solicitation will not be, liable at any time for any violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of any securities under the Plan.

j. Severability

If any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms. Notwithstanding the foregoing, each of the Peabody Settlement and the Arch Settlement, each of which is incorporated in the Plan by reference, including, without limitation, the respective release and injunction provisions contained therein, are integral to and not severable from the Plan and may not be altered or interpreted without the consent of the respective parties thereto.

k. Governing Law

Except to the extent that the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent the Plan, an exhibit or a schedule hereto, a Plan Document or any settlement incorporated herein provide otherwise, the rights, duties and obligations arising under the Plan will be governed by, and construed and enforced in accordance with, the laws of the State of Missouri, without giving effect to the principles of conflict of laws thereof.

l. Binding Effect

The Plan will be binding upon and inure to the benefit of the Debtors, the Reorganized Debtors, all present and former holders of Claims or Interests and their respective heirs, executors, administrators, successors and assigns.

m. Notices

To be effective, any notice, request or demand to or upon, as applicable, the Debtors, the Creditors' Committee or the United States Trustee must be in writing and, unless otherwise expressly provided in the Plan, will be deemed to have been duly given or made when actually received and confirmed by the relevant party as follows:

If to the Debtors:

Patriot Coal Corporation
12312 Olive Boulevard
St. Louis, Missouri 63141
Attn: Joseph W. Bean

Jacquelyn A. Jones
Facsimile: (314) 275-3660
with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attn: Marshall S. Huebner
Brian M. Resnick
Telephone: (212) 450-4000
Facsimile: (212) 607-7983

If to the Creditors' Committee:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Attn: Thomas Moers Mayer
Adam C. Rogoff
P. Bradley O'Neill
Gregory G. Plotko
Telephone: (212) 715-9100
Facsimile: (212) 715-8000

If to the Backstop Parties:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attn: Stephen E. Hessler
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

If to the United States Trustee:

Office of the United States Trustee
111 S. 10th St., Suite 6.353
St. Louis, Missouri 63102-1125
Attn: Leonora S. Long
Telephone: (314) 539-2976

If to the Reorganized Debtors:

Patriot Coal Corporation
12312 Olive Boulevard
St. Louis, Missouri 63141
Attn: Joseph W. Bean
Jacquelyn A. Jones
Facsimile: (314) 275-3660

with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attn: Marshall S. Huebner
Brian M. Resnick
Telephone: (212) 450-4000
Facsimile: (212) 607-7983

n. Reservation of Rights

Except as expressly set forth in the Plan, the Plan will have no force or effect unless the Bankruptcy Court will enter the Confirmation Order. Before the Effective Date, none of the filing of the Plan, any statement or provision contained in the Plan or the taking of any action by the Debtors related to the Plan will be or will be deemed to be an admission or waiver of any rights of the Debtors of any kind, including as to the holders of Claims or Interests or as to any treatment or classification of any contract or lease.

o. Further Assurances

The Debtors, the Reorganized Debtors and all holders of Claims receiving distributions hereunder and all other parties in interest may and will, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

p. Case Management Order

Except as otherwise provided in the Plan, the Case Management Order will remain in full force and effect, and all Court Papers (as defined in the Case Management Order) will be filed and served in accordance with the procedures set forth in the Case Management Order; *provided* that on and after the Effective Date, Court Papers (as defined in the Case Management Order) need only be served on (i) the chambers of the Honorable Kathy Surratt-States, United States Bankruptcy Court for the Eastern District of Missouri, Thomas F. Eagleton U.S. Courthouse, 110 S. 10th Street, 4th Floor, St. Louis, Missouri 63102 (by a hard copy, with all exhibits, unless the

Bankruptcy Court otherwise directs), (ii) the attorneys for the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Brian M. Resnick and (iii) Kramer, Levin, Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10035, Attn: Thomas Moers Mayer, Adam C. Rogoff and Gregory G. Plotko, counsel to the Creditors' Committee; *provided further*, that final requests for payment of Professional Fee Claims filed pursuant to Section 7.1(a) of the Plan (and all Court Papers related thereto) shall also be served on the Office of the United States Trustee for the Eastern District of Missouri, 111 S. 10th Street, Suite 6.353, St. Louis, Missouri 63102-1125, Attn: Leonora S. Long.

ARTICLE 6
STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

The following is a brief summary of the Plan Confirmation process. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and/or consult their own attorneys.

Section 6.1 The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a Confirmation hearing. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

THE BANKRUPTCY COURT HAS SCHEDULED THE CONFIRMATION HEARING FOR DECEMBER [17], 2013 AT [9:00] A.M. (PREVAILING CENTRAL TIME) BEFORE THE HONORABLE CHIEF JUDGE KATHY SURRATT-STATES, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF MISSOURI, LOCATED AT 111 S. 10TH STREET, COURTROOM 7 NORTH, ST. LOUIS, MISSOURI 63102. THE CONFIRMATION HEARING MAY BE ADJOURNED FROM TIME TO TIME BY THE BANKRUPTCY COURT (i) PRIOR TO THE CONFIRMATION HEARING BY POSTING NOTICE OF SAME ON THE DOCKET FOR THE CHAPTER 11 CASES AND (ii) AT THE CONFIRMATION HEARING WITHOUT FURTHER NOTICE EXCEPT FOR AN ANNOUNCEMENT OF THE ADJOURNED DATE MADE AT THE CONFIRMATION HEARING OR ANY ADJOURNMENT THEREOF.

OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE FILED AND SERVED ON OR BEFORE DECEMBER [10], 2013 AT [4:00 P.M.] (PREVAILING CENTRAL TIME) IN ACCORDANCE WITH THE CONFIRMATION HEARING NOTICE. UNLESS OBJECTIONS TO CONFIRMATION ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE APPROVAL ORDER, THE CONFIRMATION HEARING NOTICE AND THE VOTING PROCEDURES, THEY WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

Section 6.2 Confirmation Standards

To confirm the Plan, the Bankruptcy Court must find that the requirements of section 1129 of the Bankruptcy Code have been satisfied. The Debtors believe that section 1129 has been satisfied because, among other things:

1. The Plan complies with the applicable provisions of the Bankruptcy Code;

2. The Debtors, as Plan proponents, have complied with the applicable provisions of the Bankruptcy Code;

3. The Plan has been proposed in good faith and not by any means forbidden by law;

4. Any payment made or promised under the Plan for services or for costs and expenses of or in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable;

5. The Debtors will disclose the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer or voting trustee of the Debtors, an affiliate of the Debtors participating in the Plan with the Debtor or a successor to the Debtors under the Plan. The appointment to, or continuance in, such office of such individuals will be consistent with the interests of Claim and Interest holders and with public policy, and the Debtors will have disclosed the identity of any "insider" (as defined under section 101(31) of the Bankruptcy Code) that the Reorganized Debtors will employ or retain and the nature of any compensation for such insider;

6. With respect to each Class of Impaired Claims or Interests, either each holder of a Claim or Interest in such Class has accepted the Plan or will receive or retain under the Plan on account of such Claim or Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code (*see* Section 6.3 below);

7. Each Class of Claims or Interests has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such Class pursuant to section 1129(b) of the Bankruptcy Code;

8. Except to the extent that the holder of a particular Claim has agreed or will agree to a different treatment of such Claim, the Plan provides that Allowed Administrative Claims will be paid in full in Cash on the Effective Date;

9. Except to the extent that a holder of an Allowed Other Priority Claim has agreed to a different treatment of such Claim, each such holder shall receive Cash in an amount equal to the Allowed amount of such Claim, or treatment in any other manner so that

such Claim shall otherwise be rendered Unimpaired, on or as soon as reasonably practicable after the first Distribution Date occurring after the latest of (i) the Effective Date, (ii) the date at least 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement or understanding between the applicable Debtor and the holder of such Claim;

10. Except to the extent that the applicable Creditor has been paid by the Debtors prior to the Effective Date or the applicable Debtor and such Creditor agree to less favorable treatment, each holder of an Allowed Priority Tax Claim against any of the Debtors shall receive, at the sole option of the Reorganized Debtors, (i) payment in full in Cash made on or as soon as reasonably practicable after the later of the Effective Date or 20 calendar days after the date such Claim is Allowed, (ii) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code or (iii) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim;

11. At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class;

12. Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan (*see* Section 6.4 below); and

13. All fees payable under section 1930 of title 28 of the United States Code will be paid as of the Effective Date.

Section 6.3 Best Interests Test

a. Explanation of the Best Interests Test

Pursuant to section 1129(a)(7) of the Bankruptcy Code, Confirmation requires that, with respect to each Class of Impaired Claims or Interests, each holder of a Claim or Interest in such Class either (i) accept the Plan or (ii) receive or retain under the Plan, on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code (this latter clause is often called the "**Best Interests Test**").

To determine the probable distribution to holders of Claims and Interests in each Impaired Class if the Debtors were liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtors' assets and properties in the context of a chapter 7 liquidation.

The Debtors' liquidation value would consist primarily of the unencumbered and unrestricted Cash held by the Debtors at the time of the conversion to a chapter 7 liquidation and the proceeds resulting from the sale of the Debtors' remaining unencumbered assets and properties by a chapter 7 trustee. The gross Cash available for distribution would be reduced by satisfaction of the DIP Facility Claims, the costs and expenses of the chapter 7 liquidation and any additional Administrative Claims that might arise as a result of the chapter 7 cases. Costs and expenses incurred as a result of the chapter 7 liquidation would further include, among other things, the fees payable to a trustee in bankruptcy and the fees payable to attorneys and other professionals engaged by such trustee. Additional Administrative Claims could arise by reason of the breach or rejection of obligations incurred and leases and executory contracts assumed or entered into by the Debtors during the pendency of the Chapter 11 Cases. Such Administrative Claims and Other Administrative Claims that might arise in a liquidation case or result from the pending Chapter 11 Cases, such as compensation for attorneys, financial advisors and accountants, would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition claims.

To determine if the Plan is in the best interests of each Impaired Class, the present value of the distributions from the proceeds of a liquidation of the Debtors' unencumbered assets and properties, after subtracting the amounts attributable to the costs, expenses and Administrative Claims associated with a chapter 7 liquidation, must be compared with the value offered to such Impaired Classes under the Plan. If the hypothetical liquidation distribution to holders of Claims or Interests in any Impaired Class is greater than the distributions to be received by such parties under the Plan, then the Plan is not in the best interests of the holders of Claims or Interests in such Impaired Class.

b. Liquidation Analysis of the Reorganized Debtors

Amounts that a holder of Claims and Interests in Impaired Classes would receive in a hypothetical chapter 7 liquidation are discussed in the liquidation analysis of the Debtors prepared by the Debtors' management with the assistance of its advisors (the "**Liquidation Analysis**"), which is attached hereto as Appendix B.

As described in Appendix B, the Debtors developed the Liquidation Analysis for the Debtors based on the unaudited book values as of December 31, 2012, unless otherwise noted in the Liquidation Analysis. The recoveries may change based on further refinements of Allowed Claims, as the Debtors' claim objection and reconciliation process continues.

As described in the Liquidation Analysis, underlying the analysis are a number of estimates and assumptions that, although developed and considered reasonable by the Debtors' management and advisors, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. The Liquidation Analysis is based on assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected in the Liquidation Analysis might not be realized if the Debtors were, in fact, to undergo a liquidation.

This Liquidation Analysis is solely for the purposes of (i) providing "adequate information" under section 1125 of the Bankruptcy Code to enable the holders of Claims and Interests entitled to vote under the Plan to make an informed judgment about the Plan and (ii) providing the Bankruptcy Court with appropriate support for the satisfaction of the "Best Interests Test" pursuant to section 1129(a)(7) of the Bankruptcy Code, and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors or any of their Affiliates.

Events and circumstances occurring subsequent to the date on which the Liquidation Analysis was prepared may be different from those assumed, or, alternatively, may have been unanticipated, and thus the occurrence of these events may affect financial results in a materially adverse or materially beneficial manner. The Debtors and Reorganized Debtors do not intend to and do not undertake any obligation to update or otherwise revise the Liquidation Analysis to reflect events or circumstances existing or arising after the date the Liquidation Analysis is initially filed or to reflect the occurrence of unanticipated events. Therefore, the Liquidation Analysis may not be relied upon as a guarantee or other assurance of the actual results that will occur.

In deciding whether to vote to accept or reject the Plan, holders of Claims must make their own determinations as to the reasonableness of any assumptions underlying the Liquidation Analysis and the reliability of the Liquidation Analysis.

c. Application of the Best Interests Test

The Debtors believe that the continued operation of the Debtors as a going concern satisfies the Best Interests Test for the Impaired Classes. Notwithstanding the difficulties in quantifying recoveries to holders of Claims and Interests with precision, the Debtors believe that, based on the Liquidation Analysis, the Plan meets the Best Interests Test. As the Plan and Appendix B indicate, Confirmation of the Plan will provide each holder of an Allowed Claim in an Impaired Class with a greater recovery than the value of any distributions if the Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code.

The Plan and the Rights Offerings represent the culmination of several months of negotiations concerning investments in the Debtors. Throughout the process, the Debtors and their advisors have actively sought investors and responded to all inbound investment inquiries. Pursuant to the Plan, the Backstop Parties are providing $250 million of capital.

The Debtors and Blackstone believe the Rights Offerings and post-reorganization capital structure contemplated by the Plan is currently the best measure of the Debtors' value in light of, among other things, (a) the Debtors' and their advisors' belief that a substantial capital infusion is necessary for the Debtors to reorganize and the Rights Offerings contemplated by the Plan will provide, in part, for that necessary capital, (b) the robust and comprehensive negotiations that culminated in the Rights Offerings Term Sheet, (c) the Rights Offerings being subject to Bankruptcy Court approval and the plan confirmation and disclosure statement requirements in the Bankruptcy Code, and (d) the absence of viable alternative proposals received by the

Debtors, which, given the high profile of the Chapter 11 Cases, and the fact that the Debtors filed for bankruptcy protection over a year ago, makes it unlikely that additional parties with serious interest in providing the Debtors with the needed level of capital will emerge. In particular, the Debtors and the Creditors' Committee may, subject to certain conditions, accept a bona fide alternative offer that provides a higher and better economic recovery to the Estates than that proposed in the Rights Offerings Term Sheet.

Blackstone's views as to the value of the Reorganized Debtors based on the capital to be provided pursuant to the Rights Offerings and the post-reorganization capital structure do not constitute a recommendation to any holder of Claims against the Debtors as to how to vote on the Plan and do not constitute an opinion as to the fairness from a financial point of view of the consideration to be received under the Plan or of the terms and provisions of the Plan.

Section 6.4 Financial Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires, as a condition to Confirmation, that the Bankruptcy Court find that Confirmation is not likely to be followed by the liquidation of the Debtors or the need for further financial reorganization, unless such liquidation is contemplated by the Plan. For purposes of demonstrating that the Plan meets this "feasibility" standard, the Debtors, with the assistance of Blackstone, have analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan and to retain sufficient liquidity and capital resources to conduct their businesses. As part of this analysis, the Debtors have prepared the financial projections, as set forth in Appendix C (the "**Financial Projections**").

As noted in Appendix C, the Financial Projections present information with respect to all the Reorganized Debtors. These Financial Projections do not reflect the full impact of "fresh start reporting" in accordance with American Institute of Certified Public Accountants Statement of Position 90-7 "Financial Reporting by Entities in Reorganization under the Bankruptcy Code." Fresh start reporting may have a material impact on the analysis.

The Debtors have prepared the Financial Projections solely for the purpose of providing "adequate information" under section 1125 of the Bankruptcy Code to enable the holders of Claims and Interests entitled to vote under the Plan to make an informed judgment about the Plan and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors.

In addition to the cautionary notes contained elsewhere in this Disclosure Statement and in the Financial Projections, it is underscored that the Debtors make no representation as to the accuracy of the Financial Projections or their ability to achieve the projected results. Many of the assumptions on which the Financial Projections are based are subject to significant uncertainties. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the financial results. Therefore, the actual results achieved throughout the Projection Period (as defined in the Financial Projections) may vary from the Financial Projections and the variations may be material. Also as noted above, the Financial Projections currently do not reflect the full impact of any "fresh start reporting," and its impact on the

Reorganized Debtors' "Consolidated Balance Sheets" and prospective "Results of Operations" may be material. All holders of Claims in the Impaired Classes are urged to examine carefully all of the assumptions on which the Financial Projections are based in connection with their evaluation of, and voting on, the Plan.

Based upon the Financial Projections, the Debtors believe that they will be able to make all distributions and payments under the Plan and that Confirmation of the Plan is not likely to be followed by liquidation of the Debtors or the need for further restructuring.

Section 6.5 Acceptance by Impaired Classes

Except as described in Section 6.6 below, the Bankruptcy Code also requires, as a condition to Confirmation, that each Impaired Class accept the Plan. A Class of Claims or Interests that is Unimpaired under the Plan is deemed to have accepted the Plan and, therefore, solicitation of acceptances with respect to such Class is not required. A Class is Impaired unless the Plan (i) leaves unaltered the legal, equitable and contractual rights to which the Claim or Interest entitles the holder of such Claim or Interest or (ii) cures any default, Reinstates the original terms of the obligation and does not otherwise alter the legal, equitable or contractual rights to which the Claim or Interest entitles the holder of such Claim or Interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of the Plan by an Impaired Class as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of Claims in that Class; only those holders that are eligible to vote and that actually vote to accept or reject the Plan are counted for purposes of determining whether these dollar and number thresholds are met. Thus, a Class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number that actually vote cast their ballots in favor of acceptance. Under section 1126(d) of the Bankruptcy Code, a Class of Interests has accepted the Plan if holders of such Interests holding at least two-thirds in amount that actually vote have voted to accept the Plan. Holders of Claims or Interests who fail to vote are not counted as either accepting or rejecting the Plan.

Section 6.6 Confirmation without Acceptance by All Impaired Classes

To obtain nonconsensual confirmation of the Plan, it must be demonstrated to the Bankruptcy Court that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each impaired, nonaccepting class. The Bankruptcy Code provides a non-exclusive definition of the phrase "fair and equitable." In order to determine whether the Plan is "fair and equitable," the Bankruptcy Code establishes "cram down" tests for secured creditors, unsecured creditors and equity holders, as follows:

- Secured Creditors. Either (i) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred Cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the "indubitable equivalent" of its allowed secured claim or (iii) the property securing the claim is sold free and clear of liens with such liens

to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (i) or (ii) above.

- Unsecured Creditors. Either (i) each impaired unsecured creditor receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

- Equity Interests. Either (i) each holder of an equity interest will receive or retain under the plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled or the value of the interest or (ii) the holder of an interest that is junior to the nonaccepting class will not receive or retain any property under the plan.

A plan of reorganization does not "discriminate unfairly" with respect to a nonaccepting class if the value of the Cash and/or securities to be distributed to the nonaccepting class is equal to, or otherwise fair when compared to, the value of the distributions to other classes whose legal rights are the same as those of the nonaccepting class.

The Debtors believe and will demonstrate in connection with Confirmation that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each impaired, nonaccepting Class.

Section 6.7 Classification

The Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan divide the different claims (excluding administrative Claims) against, and equity interests in, a debtor into separate classes based upon their legal nature. Pursuant to section 1122 of the Bankruptcy Code, a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Debtors believe that the Plan classifies all Claims and Interests in compliance with the provisions of the Bankruptcy Code because valid business, factual and legal reasons exist for separately classifying the various Classes of Claims and Interests created under the Plan. Accordingly, the classification of Claims and Interests in the Plan complies with section 1122 of the Bankruptcy Code.

However, a holder of a Claim or Interest could challenge the Debtors' classification and the Bankruptcy Court could determine that different bankruptcy classification is required. For example, the Bankruptcy Court could determine that Senior Notes Parent Claims (Class 1C) should be treated in Class 1E (General Unsecured Claims). If the Bankruptcy Court were to make such determination, Senior Notes Parent Claims could substantially dilute recoveries to General Unsecured Claims.

ARTICLE 7
VOTING PROCEDURES

The Bankruptcy Court can confirm the Plan only if it determines that the Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code. One of these technical requirements is that the Bankruptcy Court find, among other things, that the Plan has been accepted by the requisite votes of all Classes of Impaired Claims and Interests unless approval will be sought under section 1129(b) of the Bankruptcy Code in spite of the nonacceptance by one or more such Classes. On November [•], 2013, the Bankruptcy Court entered its Approval Order that, among other things, approved this Disclosure Statement, approved procedures for soliciting votes on the Plan, approved the form of the solicitation documents and various other notices, set the Voting Record Date, the Voting Deadline and the date of the Confirmation Hearing, and established the relevant objection deadlines and procedures associated with Confirmation of the Plan.

A copy of the Approval Order is hereby incorporated by reference as though fully set forth herein. THE APPROVAL ORDER SHOULD BE READ IN CONJUNCTION WITH THIS ARTICLE 7 OF THE DISCLOSURE STATEMENT.

If you have any questions about (i) the procedures for voting your Claim or Interest or with respect to the packet of materials that you have received or (ii) the amount of your Claim or Interest, please contact the Debtors' Solicitation Agent at (877) 600-6531 or, for international callers, (336) 542-5677. If you wish to obtain (at no charge) an additional copy of the Plan, this Disclosure Statement or other solicitation documents, you can obtain them from the Debtors' Case Information Website at http://www.PatriotCaseInfo.com or by requesting a copy from the Debtors' Solicitation Agent, which can be reached at (877) 600-6531 or, for international callers, (336) 542-5677.

Section 7.1 Who Is Entitled to Vote on the Plan?

In general, a holder of a Claim or Interest may vote to accept or reject a plan of reorganization if (i) no party in interest has objected to such Claim or Interest (or the Claim or Interest has been Allowed subsequent to any objection or estimated for voting purposes), (ii) the Claim or Interest is Impaired by the plan and (iii) the holder of such Claim or Interest will receive or retain property under the plan on account of such Claim or Interest. The holders of Claims in the following Classes are entitled to vote on the Plan:

- Class 1C (Senior Notes Parent Claims)
- Class 1D (Convertible Notes Claims)
- Class 1E (General Unsecured Claims)
- Class 1F (Convenience Class Claims)
- Classes 2C-100C (Senior Notes Guarantee Claims)
- Classes 2D-101D (General Unsecured Claims)

- Classes 2E-101E (Convenience Class Claims)

In general, if a Claim or Interest is Unimpaired under a plan, section 1126(f) of the Bankruptcy Code deems the holder of such Claim or Interest to have accepted the plan and thus the holders of Claims in such Unimpaired Classes are not entitled to vote on the plan. Because the following Classes are Unimpaired under the Plan, the holders of Claims in these Classes are not entitled to vote:

- Class 1A (Other Priority Claims)
- Class 1B (Other Secured Claims)
- Classes 2A-101A (Other Priority Claims)
- Classes 2B-101B (Other Secured Claims)

In general, if the holder of an Impaired Claim or Impaired Interest will not receive any distribution under a plan in respect of such Claim or Interest, section 1126(g) of the Bankruptcy Code deems the holder of such Claim or Interest to have rejected the plan, and thus the holders of Claims in such Classes are not entitled to vote on the Plan. The holders of Claims and Interests in the following Classes are conclusively presumed to have rejected the Plan and are therefore not entitled to vote:

- Class 1G (Section 510(b) Claims)
- Class 1H (Interests in Patriot Coal)
- Classes 2F-101F (Section 510(b) Claims)
- Classes 2G-101G (Interests in Subsidiary Debtors)

For a more detailed discussion of the procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, please review the Approval Order.

Section 7.2 Solicitation Packages for Voting Classes

The following materials shall constitute the "**Solicitation Packages**":

(a) a cover letter describing the contents of the Solicitation Package, the contents of the enclosed CD-ROM and instructions for obtaining printed copies of any materials provided on the CD-ROM at no charge;

(b) a CD-ROM containing the following:

(i) the Disclosure Statement (with the Plan annexed thereto and other exhibits); and

(ii) the Approval Order (without exhibits);

(c) the Confirmation Hearing Notice (as defined in the Approval Order);

(d) a Ballot or Beneficial Ballot, as appropriate, together with a pre-addressed postage-paid envelope; and

(e) such other materials as the Bankruptcy Court may direct.

Section 7.3 Solicitation and Solicitation Packages for Non-Voting Classes

a. Unimpaired Classes of Claims and Interests Not Eligible to Vote

Under section 1126(f) of the Bankruptcy Code, classes that are not impaired under a plan of reorganization are deemed to accept the plan. The following Classes are Unimpaired under the Plan and deemed under section 1126(f) of the Bankruptcy Code to accept the Plan: Class 1A, Class 1B, Classes 2A-101A and Classes 2B-101B. Their votes to accept or reject the Plan will not be solicited. Pursuant to the Approval Order, the Solicitation Packages distributed to these parties shall not contain a Ballot but shall instead contain a "Notice of Non-Voting Status with Respect to Unimpaired Classes Deemed to Accept the Plan."

b. Impaired Class of Interests Not Eligible to Vote

Under section 1126(g) of the Bankruptcy Code, classes that are not entitled to receive or retain any property under a plan of reorganization are deemed to reject the plan. Class 1G and Classes 2F-101F receive no property under the Plan and are deemed under section 1126(g) of the Bankruptcy Code to reject the Plan. The votes of holders of Interests in Class 1H and Classes 2G-101G will not be solicited. Pursuant to the Approval Order, the Solicitation Packages distributed to these parties shall not contain a cover letter, CD-ROM or Ballot but shall instead contain a "Notice of Non-Voting Status with Respect to Impaired Classes Deemed to Reject the Plan."

Section 7.4 Voting Procedures

IN THE CASE OF ALL VOTERS OTHER THAN BENEFICIAL HOLDERS, BALLOTS MUST BE RECEIVED BY THE SOLICITATION AGENT BY THE VOTING DEADLINE AT THE FOLLOWING ADDRESSES:

If by U.S. mail:

Patriot Coal Claims Processing Center
c/o GCG, Inc.
P.O. Box 9898
Dublin, OH 43017-5798

If by courier/hand delivery:

Patriot Coal Claims Processing Center
c/o GCG, Inc.
5151 Blazer Parkway, Suite A
Dublin, OH 43017

IF YOU HAVE ANY QUESTIONS REGARDING VOTING PROCEDURES, PLEASE CALL THE SOLICITATION AGENT AT (877) 600-6531 OR, FOR INTERNATIONAL CALLERS, (336) 542-5677.

IN THE CASE OF BENEFICIAL HOLDERS, IF YOU RECEIVED A RETURN ENVELOPE ADDRESSED TO YOUR NOMINEE, PLEASE RETURN YOUR BENEFICIAL BALLOT TO YOUR NOMINEE SO THAT IT WILL BE RECEIVED BY THE NOMINEE IN SUFFICIENT TIME SO AS TO ENABLE THE NOMINEE TO PROCESS THE BENEFICIAL BALLOT, INCORPORATE THE RESULTS IN A MASTER BALLOT AND RETURN SAME TO GCG, INC. BY THE VOTING DEADLINE.

Ballots received after the Voting Deadline will not be counted by the Debtors in connection with the Debtors' request for Confirmation of the Plan. The method of delivery of Ballots to be sent to the Solicitation Agent is at the election and risk of each holder of a Claim or Interest. Except as otherwise provided in the Plan, such delivery will be deemed made only when the original executed Ballot is actually received by the Solicitation Agent. In all cases, sufficient time should be allowed to assure timely delivery. Original executed Ballots are required. Delivery of a Ballot to the Solicitation Agent by facsimile, email or any other electronic means will not be accepted. No Ballot should be sent to the Debtors, their agents (other than the Solicitation Agent), any indenture trustee (unless specifically instructed to do so) or the Debtors' financial or legal advisors, or the Creditors' Committee or their financial or legal advisors, and if so sent will not be counted. If no holders of Claims in a particular Class that is entitled to vote on the Plan vote to accept or reject the Plan, then such Class shall be deemed to accept the Plan.

Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, and those restrictions on modifications set forth in the Plan, the Debtors may alter, amend or modify the Plan, without additional disclosure pursuant to section 1125 of the Bankruptcy Code; *provided, however*, that the Debtors shall consult with the DIP Agents and the Creditors' Committee with respect to any proposed alteration, amendment or modification of the Plan. If the Debtors make material changes in the terms of the Plan or if the Debtors waive a material condition, the Debtors will disseminate additional solicitation materials and will extend the solicitation, in each case to the extent directed by the Bankruptcy Court. After the Confirmation Date and prior to substantial consummation of the Plan, the Debtors may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes of the Plan.

Section 7.5 Releases under the Plan

Each Ballot advises Creditors in bold and capitalized print that Creditors who (a) vote to accept or reject the Plan and (b) do not elect to opt out of the release provisions contained in Section 11.8 of the Plan shall be deemed to have conclusively, absolutely, unconditionally,

irrevocably and forever released and discharged the Released Parties from any and all Causes of Action. Creditors who do not grant the releases contained in Section 11.8 of the Plan will not receive the benefit of the releases set forth in Section 11.8 of the Plan.

ARTICLE 8
RIGHTS OFFERINGS AND RIGHTS OFFERINGS PROCEDURES[16]

Section 8.1 Overview of the Rights Offerings

Rights to purchase the Rights Offering Notes and the Rights Offering Warrants, at the applicable Subscription Price, will be distributed to the Rights Offerings Participants. The Rights Offerings, in conjunction with the Backstop Rights Purchase Agreement, are designed to raise approximately $250 million of capital for the Debtors. In addition to the Debtors' cash on hand and proceeds that will be made available under the Exit Credit Facilities, the proceeds from the Rights Offerings will be used to consummate the Plan.

The Debtors have designated GCG, Inc. as the "**Subscription Agent**" for the Rights Offerings.

Section 8.2 The Rights Offerings Procedures

The Bankruptcy Court approved the Rights Offerings Procedures on November [ ], 2013. The Rights Offerings Procedures are attached hereto as Appendix H and summarized below.

- Rights Offerings Participants

    - A "**Rights Offerings Participant**" means (i) a Certified Eligible Holder, (ii) a Backstop Party or (iii) an Eligible Affiliate to whom the Rights of such Certified Eligible Holder or Backstop Party were transferred.

    - **A Holder of an Allowed Senior Notes Claim, Convertible Notes Claim and/or General Unsecured Claim that does not duly complete, execute and timely deliver an Eligibility Certificate certifying that it is an Eligible Holder to the Subscription Agent by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)) cannot participate in the Rights Offerings.**

[16] The following is only intended to provide a summary of the Right Offerings Procedures and is qualified in its entirety by the actual terms and conditions of the Rights Offerings Procedures. To the extent of any inconsistency between this summary and the Rights Offerings Procedures, the Rights Offerings Procedures shall govern. Capitalized terms in this Article 8 not otherwise defined in this Disclosure Statement or the Plan shall have the meanings ascribed to them in the Rights Offerings Procedures.

- Initial Allocation

  - Each Certified Eligible Holder (including a Transferee Eligible Holder) will be offered its Pro Rata Share of the Senior Notes Rights or the GUC Rights, as applicable, and each Backstop Party will be offered its Backstop Commitment Percentage of the Backstop Rights Allocation and the Other Senior Notes Rights.

- Subscription

  - In order to exercise Rights, a Rights Offerings Participant must timely deliver a duly completed and executed Subscription Form and the other documents referenced therein and the Subscription Purchase Price (as calculated pursuant to the Subscription Form) by wire transfer or bank or cashier's check, as set forth in the Subscription Form, in accordance with the Rights Offerings Procedures; *provided, however,* that (i) any Backstop Party's Subscription Purchase Price and (ii) any amount in respect of a Backstop Party's Backstop Allocation must each be received on or before the Effective Date.

  - The Subscription Form will indicate each Rights Offerings Participant's Initial Allocation of Rights Offering Notes and Rights Offering Warrants.

  - Any participant in the Notes Rights Offering must also participate in the Warrants Rights Offering (and vice versa) by subscribing for and purchasing a proportionate share of the aggregate Notes Rights or Warrant Rights, as applicable, offered pursuant to the Rights Offerings.

  - Once a Rights Offerings Participant has exercised its Rights in accordance with the Rights Offerings Procedures, such exercise will be irrevocable unless the Rights Offerings are not consummated by the Effective Date.

  - To the extent that any portion of the Subscription Purchase Price paid to the Subscription Agent is not used to purchase Rights Offering Notes and Rights Offering Warrants, the Subscription Agent will return such portion, and any interest accrued thereon from the Subscription Deadline through the date such portion is mailed to the applicable Rights Offerings Participant, to the applicable Rights Offerings Participant within ten (10) Business Days of a determination that such funds will not be used. If the Rights Offerings have not been consummated by the Effective Date, the Subscription Agent will return any payments made pursuant to the Rights Offerings, and any interest accrued thereon from the Subscription Deadline through the date such portion is mailed to the applicable Rights Offerings Participant, to the applicable Rights Offerings Participant within ten (10) Business Days thereafter.

- **Unexercised Rights will be relinquished on the Subscription Deadline.** A Certified Eligible Holder shall be deemed to have relinquished and waived all rights to participate in the Rights Offerings to the extent the Subscription Agent for any reason does not receive from such Certified Eligible Holder, on or before the Subscription Deadline, a duly completed and executed Subscription Form and the other documents referenced therein and the Subscription Purchase Price (as calculated pursuant to the Subscription Form) by wire transfer or bank or cashier's check, as set forth in the Subscription Form, with respect to such Certified Eligible Holder's Rights.

- All questions concerning the timeliness, viability, form and eligibility of any exercise of Rights will be determined by the Debtors or Reorganized Debtors, as applicable, whose good faith determinations absent manifest error will be final and binding.

- Oversubscription Procedures

  - The Unsubscribed Rights, if any, shall be allocated according to the following process, which shall be repeated until all Oversubscriptions are fulfilled or no Rights remain unsubscribed: 60% of the Unsubscribed Rights, if any, shall be allocated to Rights Offerings Participants that have submitted an Oversubscription, of which (i) 92.3% shall be allocated among oversubscribing Rights Offerings Participants who are holders of Allowed Senior Notes Claims or who have subscribed for Other Senior Notes Rights in proportion to their Initial Rights Allocations and (ii) 7.7% shall be allocated among oversubscribing Certified Eligible Holders of Allowed General Unsecured Claims and Allowed Convertible Notes Claims in proportion to their Initial Rights Allocations. The remaining 40% of the Unsubscribed Rights, if any, shall be allocated to the Backstop Parties in accordance with their respective Backstop Commitment Percentage.

  - If, after applying the procedures set forth the preceding paragraph there remain any Unsubscribed Rights, such Unsubscribed Rights shall be automatically, and without further action by any party, deemed transferred to the Backstop Parties in accordance with their Backstop Commitment Percentages, and each of the Backstop Parties shall purchase, at the applicable Subscription Purchase Price, the number of Rights Offering Notes and Rights Offering Warrants equal to its Backstop Commitment Percentage multiplied by the number of remaining Rights Offering Notes and Rights Offering Warrants in accordance with the terms and conditions of the Backstop Rights Purchase Agreement.

- Transfer Procedures and Restrictions

  - In order for a Transferee Eligible Holder to receive Rights with respect to a Claim transferred to it during the Certification Period, (i) such transfer and all preceding transfers, if any, beginning with the transfer by the Holder holding such Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim as of the Rights Offerings Record Date, must be evidenced by a Certification Period Transfer Notice delivered to the Subscription Agent by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)) and (ii) such Transferee Eligible Holder must submit an Eligibility Certificate by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)).

  - A Rights Offerings Participant's Rights shall not be transferable, other than to an Eligible Affiliate, or as provided in the Backstop Purchase Agreement, or in connection with the transfer by a Certified Eligible Holder of the underlying Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim to another Certified Eligible Holder, as evidenced by a Post-Certification Period Transfer Notice delivered to the Subscription Agent by the Subscription Deadline; *provided, however*, that the Rights Offering Notes issued to any Backstop Party shall be issued to funds designated by them, provided that each such fund certifies that it is an Eligible Holder (or would be an Eligible Holder if such fund were a holder of an Allowed Claim), and the Rights Offering Warrants issued to any Backstop Party shall be issued to one or more Eligible Affiliates of such Backstop Party.

  - **IF ANY PORTION OF A SENIOR NOTES CLAIM, CONVERTIBLE NOTES CLAIM OR GENERAL UNSECURED CLAIM OR ANY RIGHTS HAVE BEEN TRANSFERRED NOT IN ACCORDANCE WITH THE RIGHTS OFFERINGS PROCEDURES, SUCH CORRESPONDING RIGHTS WILL BE CANCELLED, AND NEITHER THE TRANSFEROR NOR THE TRANSFEREE OF SUCH CLAIM OR SUCH RIGHTS WILL RECEIVE RIGHTS OFFERING NOTES OR RIGHTS OFFERING WARRANTS IN CONNECTION WITH SUCH CLAIM OR RIGHTS.**

- Duration of the Rights Offerings

  - The Rights Offerings will commence on the day upon which the Subscription Agent completes the distribution of Subscription Forms to Certified Eligible Holders and the Backstop Parties, which the Debtors estimate to be no later than December 3 , 2013.

  - The Rights Offerings will expire on the Subscription Deadline (December 10, 2013 at 5:00 p.m. (prevailing Central Time)), or such later time as determined by the Debtors in their sole discretion.

- Exemption from Securities Act Registration

    - Each Right is being distributed and issued by the Debtors without registration under the Securities Act, in reliance upon federal, state and foreign exemptions from registration requirements for transactions not involving any public offering.

    - Each Rights Offering Note and Rights Offering Warrant is being distributed and issued by the Debtors without registration under the Securities Act, in reliance upon federal, state and foreign exemptions from registration requirements for transactions not involving any public offering.

Please refer to Section 9.1(q) below and Article 10 of the Plan for a more detailed discussion of securities law considerations related to the securities to be issued pursuant to the Rights Offerings.

ARTICLE 9
CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING

HOLDERS OF CLAIMS AND INTERESTS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH, REFERRED TO OR INCORPORATED BY REFERENCE HEREIN, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

Section 9.1 Certain Bankruptcy Considerations

a. Plan Confirmation

The Debtors can make no assurances that the conditions to Confirmation will be satisfied or waived or that they will receive the requisite acceptances to confirm the Plan. Further, if the requisite acceptances are not received, the Debtors may seek to accomplish an alternative restructuring and obtain acceptances to an alternative plan of reorganization for the Debtors, or otherwise, that may not have the support of the Creditors and/or may be required to liquidate these Estates under chapter 7 or 11 of the Bankruptcy Code. There can be no assurance that the terms of any such alternative restructuring arrangement or plan would be similar to or as favorable to Creditors as those proposed in the Plan.

Even if the Debtors receive the requisite acceptances, there is no assurance that the Bankruptcy Court will confirm the Plan. Even if the Bankruptcy Court determined that the Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for

confirmation had not been met. Moreover, there can be no assurance that modifications to the Plan will not be required for Confirmation or that such modifications would not necessitate the resolicitation of votes. If the Plan is not confirmed, it is unclear what distributions holders of Claims or Interests ultimately would receive with respect to their Claims or Interests in a subsequent plan of reorganization.

b. Objections to Classification of Claims

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a class or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code, but it is possible that a holder of a Claim or Interest may challenge the classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, the Debtors intend, to the extent permitted by the Bankruptcy Court and the Plan, to make such reasonable modifications of the classifications under the Plan to permit Confirmation and to use the Plan acceptances received in this solicitation for the purpose of obtaining the approval of the reconstituted Class or Classes of which the accepting holder is ultimately deemed to be a member. Any such reclassification could adversely affect the Class in which such holder was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

c. Failure to Consummate the Plan

As of the date of this Disclosure Statement, there can be no assurance that the conditions to consummation of the Plan will be satisfied or waived. Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the restructuring completed.

d. Undue Delay in Confirmation May Disrupt Operations of the Debtors

Although the Plan is designed to minimize the length of the Chapter 11 Cases, it is impossible to predict with certainty the amount of time that the Debtors may spend in bankruptcy or to assure parties-in-interest that the Plan will be confirmed.

The continuation of the Chapter 11 Cases, particularly if the Plan is not confirmed in the time frame currently contemplated, could adversely affect operations and relationships with the Debtors' customers, vendors, employees, regulators and partners. If Confirmation and consummation of the Plan do not occur expeditiously, the Chapter 11 Cases could result in, among other things, increased costs for professional fees and similar expenses. In addition, prolonged Chapter 11 Cases may make it more difficult to retain and attract management and other key personnel and would require senior management to spend a significant amount of time and effort dealing with the Debtors' financial reorganization instead of focusing on the operation of the Debtors' businesses.

e. Allowance of Claims May Substantially Dilute the Recovery to Holders of Claims under the Plan

There can be no assurance that the estimated Claim amounts set forth in this Disclosure Statement are correct, and the actual allowed amounts of Claims may differ from the estimates. The estimated amounts are based on certain assumptions with respect to a variety of factors, including with respect to the Disputed, Contingent and Unliquidated Claims. Should these underlying assumptions prove incorrect, the actual allowed amounts of Claims may vary from those estimated herein. Because distributions to holders of Unsecured Claims under the Plan are linked to the amount and value of Allowed Unsecured Claims, any material increase in the amount of Allowed Unsecured Claims over the amounts estimated by the Debtors would materially reduce the recovery to holders of Unsecured Claims under the Plan.

f. Plan Releases May Not Be Approved

There can be no assurance that the Plan releases, as provided in Article 11 of the Plan, will be granted. Failure of the Bankruptcy Court to grant such relief may result in a plan of reorganization that differs from the Plan.

g. Access to Exit Financing

The volatility of the financial markets may prevent the Debtors from obtaining the financing necessary to complete the reorganization as contemplated in the Plan. In order to reorganize, the Debtors will require access to the financial markets. Financial markets remain fragile and are heavily influenced by changing government policies and interventions, which may ultimately limit the terms, availability and affordability of financing necessary for the Debtors to reorganize.

There can be no assurance that the Rights Offerings contemplated by the Plan will be consummated. In addition, there can be no assurance that the Exit Credit Facilities contemplated by the Plan will be consummated. The Debtors have not secured a commitment from any party to provide the financing contemplated by the Exit Credit Facilities and, therefore, cannot determine whether they will have access to the funds necessary to emerge from bankruptcy. Failure to finance the Exit Credit Facilities may result in the inability of the Debtors to consummate the Plan and non-occurrence of the Effective Date. Further, the Backstop Rights Purchase Agreement contains, and the Exit Credit Facilities Documents may contain, certain conditions and there can be no assurance that the Debtors will be able to meet such conditions, which may result in the inability of the Debtors to obtain the financing necessary to emerge from bankruptcy prior to maturity of the DIP Facilities.

h. The Exit Credit Facilities May Include Financial and Other Covenants that Impose Substantial Restrictions on the Debtors' Finances and Business Operations.

The Exit Credit Facilities may include restrictive covenants that could limit the Reorganized Debtors' ability to react to market conditions, satisfy any extraordinary capital needs, or otherwise restrict the Reorganized Debtors' financing and operations. There can be no

assurance that the Reorganized Debtors will be able to comply with these potential covenants. If the Reorganized Debtors fail to comply with such covenants and terms, the Reorganized Debtors would be required to obtain waivers from the lenders under the Exit Credit Facilities and, if such waivers are not obtained, there could be a material adverse effect on the Reorganized Debtors' financial condition and future performance.

i. Compliance with the DIP Facilities

The DIP Facilities are scheduled to mature on December 31, 2013 (the "**DIP Maturity Date**"). There can be no assurance that the Plan will be confirmed and consummated by the DIP Maturity Date, and there can be no assurance that the DIP Lenders would extend the DIP Maturity Date or forbear from exercising their rights and remedies under the DIP Facilities, which may result in the inability of the Debtors to consummate the Plan.

Beneficiaries of L/Cs may have the right to draw on such L/Cs within specified time periods prior to the DIP Maturity Date, and no assurance can be given that such beneficiaries will not draw. If beneficiaries of L/Cs draw on such L/Cs, the Debtors may not be able to achieve confirmation and consummation of the Plan and may not be able to secure the financing necessary to emerge from bankruptcy.

In addition, the DIP Facilities contain financial and other covenants regarding, among other things, the Debtors' liquidity and earnings. There can be no assurance that the Debtors will be able to comply with these covenants. If the Debtors fail to comply with such covenants and terms, the Debtors would be required to obtain waivers or forbearance from the lenders under the DIP Facilities and, if such waivers or forbearance are not obtained, there could be a material adverse effect on the Debtors' financial condition and the Debtors may not be able to consummate the Plan.

j. Failure to Satisfy the Terms and Conditions in the Backstop Rights Purchase Agreement May Prevent the Debtors' Successful Reorganization.

On October 9, 2013, the Debtors and the Backstop Parties entered into the Rights Offerings Term Sheet, which provides an outline of the Rights Offerings backstopped by the Backstop Parties. On November 4, 2013, the Debtors and the Backstop Parties entered into the Backstop Rights Purchase Agreement. The Backstop Rights Purchase Agreement is subject to certain conditions described in more detail in Section Section 4.2(q) above. Consummation of the transactions contemplated under the Backstop Rights Purchase Agreement is a condition precedent to effectiveness of the Plan. If the Backstop Rights Purchase Agreement is terminated prior to the Effective Date, the Debtors may not have sufficient funds to satisfy the Claims of holders of Claims, which may delay or prevent the successful restructuring of the Debtors as a going concern.

k. Failure to Satisfy the Terms and Conditions in the Arch Settlement and/or the Peabody Settlement May Prevent the Debtors' Successful Reorganization.

On October 23, 2013 and October 24, 2013, the Debtors entered into the Arch Settlement and the Peabody Settlement, respectively. These settlements are subject to terms and conditions described in more detail in Sections 4.2(n)(2) and (o)(2) above. The effectiveness of the settlements on or prior to the Effective Date is a condition precedent to consummation of the transactions contemplated under the Backstop Rights Purchase Agreement. There can be no assurance that these settlements will be effective on or prior to the Effective Date. If one or both of these settlements do not become effective on or prior to the Effective Date, the Debtors may not have sufficient funds to satisfy the Claims of holders of Claims, which may delay or prevent the successful restructuring of the Debtors as a going concern.

l. The Reorganized Debtors May Not Be Able to Achieve Their Projected Financial Results.

Actual financial results may differ materially from the Financial Projections. If the Reorganized Debtors do not achieve projected revenue or cash flow levels, the Reorganized Debtors may lack sufficient liquidity to continue operating their businesses consistent with the Financial Projections after the Effective Date. The Financial Projections represent management's view based on currently known facts and hypothetical assumptions about their future operations; they do not guarantee the Reorganized Debtors' future financial performance.

m. The Debtors' Financial Projections Are Subject to Inherent Uncertainty Due to the Numerous Assumptions Upon Which They Are Based.

The Financial Projections are based on numerous assumptions including, without limitation, the timing, Confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of the Reorganized Debtors, coal industry performance, general business and economic conditions, and other matters, many of which are beyond the control of the Reorganized Debtors and some or all of which may not materialize, particularly given the current difficult economic environment. In addition, unanticipated events and circumstances occurring subsequent to the approval of this Disclosure Statement by the Bankruptcy Court, including, without limitation, any natural disasters, terrorism or health epidemics, may affect the actual financial results of the Reorganized Debtors' operations. Because the actual results achieved throughout the periods covered by the Financial Projections may vary from the projected results, the Financial Projections should not be relied upon as an assurance of the actual results that will occur.

Except with respect to the Financial Projections and except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that might occur subsequent to the date hereof. Such events could have a material impact on the information contained in this Disclosure Statement. Neither the Debtors nor the Reorganized Debtors intend to update the Financial Projections. The Financial Projections, therefore, will not reflect the

impact of any subsequent events not already accounted for in the assumptions underlying the Financial Projections.

n. Liquid Trading Markets for the New Securities May Not Develop.

It is anticipated that the Reorganized Debtors will not be a reporting company under the Exchange Act or other applicable law or be registered on any public exchange as of Effective Date, and that there will be no active trading market for the New Securities. The New Certificate of Incorporation and the New Stockholders' Agreement will contain restrictions on holders' ability to transfer New Common Stock and other New Securities designed to ensure that the number of holders of such securities does not exceed the threshold at which Reorganized Patriot Coal would be required to become a reporting company under the Exchange Act. Among other things, the New Certificate of Incorporation will require notice to Reorganized Patriot Coal of any proposed transfer of New Common Stock or other New Securities and will restrict such transfer if Reorganized Patriot Coal determines that the transfer would, if effected, result in Reorganized Patriot Coal potentially having 2000 or more holders of record of New Common Stock or 500 or more non-accredited holders of record of New Common Stock (in each case as determined under the Exchange Act). Although the Debtors may under certain circumstances be required to register the sale of New Securities under the Securities Act pursuant to the provisions of the New Stockholders' Agreement, they have no present intention to voluntarily register the sale of any of the New Securities or to list any of the New Securities on a securities exchange or trading system. As a result, there can be no assurance that any liquid trading market for the New Securities will exist in the future. The liquidity of any market for the New Securities will depend on, among other things, the number of holders of such securities, the Reorganized Debtors' financial performance, whether such securities become listed on a securities exchange or trading system, and the market for similar securities, none of which can be determined or predicted. The Debtors therefore cannot make assurances regarding the development of an active trading market or, if a market develops, the liquidity or pricing characteristics of that market.

o. As a Result of the Chapter 11 Cases, the Debtors' Historical Financial Information May not be Indicative of its Future Financial Performance.

The Debtors' capital structure will likely be significantly altered under any plan of reorganization ultimately confirmed by the Bankruptcy Court. Under fresh start reporting rules that may apply to the Debtors upon the effective date of a plan of reorganization, the Debtors' assets and liabilities would be adjusted to fair values and its accumulated deficit would be restated to zero. Accordingly, if fresh start reporting rules apply, the Debtors' financial condition and results of operations following its emergence from chapter 11 would not be comparable to the financial condition and results of operations reflected in its historical financial statements. In connection with the Chapter 11 Cases and the development of a plan of reorganization, it is also possible that additional restructuring and related charges may be identified and recorded in future periods. Such charges could be material to the Debtors' consolidated financial position and results of operations in any given period.

p. Due to Fresh Start Reporting Rules, the Reorganized Debtors' Financial Statements Will Not Be Comparable to the Debtors' Historical Financial Statements.

Due to fresh start reporting rules, the Debtors' consolidated financial statements will not be comparable to their consolidated historical financial statements.

As a result of the consummation of the Plan and the transactions contemplated thereby, the Reorganized Debtors will be subject to the fresh start reporting rules required by the Financial Accounting Standards Board Accounting Standards Codification Topic 852, Reorganizations. Accordingly, the Reorganized Debtors' consolidated financial condition and results of operations from and after the Effective Date will not be comparable to the financial condition or results of operations reflected in Patriot Coal's or the Debtors' consolidated historical financial statements.

In addition, the Financial Projections do not currently reflect the full impact of fresh start reporting, which may have a material impact on the Financial Projections.

q. Applicable Securities Laws May Restrict Transfers or Sales of the New Securities.

The Plan provides that, to the maximum extent allowable, the New Securities will be issued pursuant to the exemption from registration set forth in section 1145(a) of the Bankruptcy Code and will therefore be exempt from, among other things, the registration and prospectus delivery requirements of Section 5 of the Securities Act and any other applicable state and federal law requiring registration and/or delivery of a prospectus prior to the offering, issuance, distribution or sale of securities. However, the Rights, the Rights Offering Notes, the Rights Offering Warrants and the securities issuable upon exercise of the Rights Offering Warrants will be issued and distributed in reliance on other exemptions from registration under the Securities Act.

New Securities that are not issued pursuant to section 1145(a) of the Bankruptcy Code will be deemed "restricted securities" and may not be sold, exchanged, assigned or otherwise transferred unless they are registered, or an exemption from registration applies, under the Securities Act. Except as provided in the New Stockholders' Agreement, holders of such New Securities will not be entitled to have their New Securities registered and will be required to agree not to resell them except in accordance with the exemption from registration provided by Rule 144 under the Securities Act, when available. Rule 144 permits the public resale of restricted securities if certain conditions are met, and these conditions vary depending on whether the holder of the restricted securities is an "affiliate" of the issuer, as defined in Rule 144. A non-affiliate who has not been an affiliate of the issuer during the preceding three months may resell restricted securities after a six-month holding period unless certain current public information regarding the issuer is not available at the time of sale, in which case the non-affiliate may resell after a one-year holding period. An affiliate may resell restricted securities after a six-month holding period but only if certain current public information regarding the issuer is available at the time of the sale and only if the affiliate also complies with the volume,

manner of sale and notice requirements of Rule 144. However, Reorganized Patriot Coal has no current plans to make the information required by Rule 144 publicly available for the foreseeable future. This will eliminate the ability of a holder of New Securities that are restricted securities who is an "affiliate" of Reorganized Patriot Coal to avail themselves of Rule 144.

To the extent that the New Securities are issued under the Plan and are covered by section 1145(a)(1) of the Bankruptcy Code, they may be resold by a holder thereof without registration unless, as more fully described below, the holder is an "underwriter" with respect to such securities. Generally, section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who:

(i) purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if such purchase is with a view to distributing any security received in exchange for such a claim or interest;

(ii) offers to sell securities offered under a plan for the holders of such securities;

(iii) offers to buy such securities from the holders of such securities, if the offer to buy is:

(A) with a view to distributing such securities; and

(B) under an agreement made in connection with the plan, the consummation of the plan, or with the offer or sale of securities under the plan; or

(iv) is an "issuer" with respect to the securities, as the term "issuer" is defined in section 2(11) of the Securities Act.

Under section 2(11) of the Securities Act, an "issuer" includes any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control of the issuer.

To the extent that any Persons who receive New Securities pursuant to the Plan are deemed to be "underwriters" as defined in section 1145(b) of the Bankruptcy Code, resales of New Securities by such Persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such Persons would be permitted to sell New Securities or other securities without registration if they comply with the provisions of Rule 144 under the Securities Act. These rules permit the public sale of securities received by such Person if current information regarding the issuer is publicly available and if volume limitations and certain other conditions are met. However, Reorganized Patriot Coal has no current plans to make the information required by Rule 144 publicly available for the foreseeable future. This will eliminate the ability of a holder of New Securities issued pursuant to section 1145(a) of the Bankruptcy Code who is an "underwriter" pursuant to section 1145(b) of the Bankruptcy Code to avail themselves of Rule 144.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the New Securities or other securities to be issued pursuant to the Plan would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any particular Person receiving New Securities or other securities under the Plan would be an "underwriter" with respect to such New Securities or other securities.

Pursuant to the New Stockholders' Agreement, Reorganized Patriot Coal will, under certain circumstances, be obligated to use its commercially reasonable efforts to register at a later date, post-bankruptcy, the resale of certain New Securities held by the Backstop Parties under the Securities Act or under equivalent state securities laws such that the holders of such New Securities would be able to resell such securities pursuant to an effective registration statement.

Reorganized Patriot Coal will, under certain circumstances, be obligated to use its commercially reasonable efforts to register at a later date, post-bankruptcy, the resale of any of New Securities under the Securities Act or under equivalent state securities laws such that certain of the recipients of the New Securities would be able to resell such securities pursuant to an effective registration statement.

See Article 10, "Securities Law Matters," for additional information regarding restrictions on resale of the New Securities.

r. Allowance of Claims May Substantially Dilute the Recovery to Holders of Claims under the Plan.

There can be no assurance that the estimated Claim amounts set forth in this Disclosure Statement are correct, and the actual Allowed amounts of Claims may differ from these estimates. These estimated amounts are based on certain assumptions with respect to a variety of factors. Should these underlying assumptions prove incorrect, the actual Allowed amounts of Claims may vary from those estimated herein. Because certain distributions under the Plan are linked to the amount and value of Allowed Claims, any material increase in the amount of Allowed Claims over the amounts estimated by the Debtors would materially reduce the recovery to certain holders of Allowed Claims under the Plan.

s. If the Rights Offering Warrants to purchase shares of the New Class A Common Stock are exercised, then interests of holders of New Common Stock would be substantially diluted.

The exercise of the Rights Offering Warrants and the sale of shares underlying such Rights Offering Warrants could have an adverse effect on the market for the New Common Stock, including the price that an investor could obtain for their shares. The issuance of shares of New Class A Common Stock upon exercise of the Rights Offering Warrants would result in material dilution to the interests of other holders of New Common Stock.

Section 9.2 Factors Affecting the Debtors' Business, Operations and Financial Condition

a. Any Change in Coal Consumption Patterns Could Result in a Decrease in the Demand for the Debtors' Coal by Customers, which Could Result in Lower Prices for the Debtors' Coal, and a Reduction in the Debtors' Revenues and the Value of the Debtors' Coal Reserves, as well as an Adverse Impact on the Debtors' Results of Operations.

Metallurgical coal accounted for approximately 25%, 24% and 22% of Patriot's coal sales volume during the years ended December 31, 2012, 2011 and 2010, respectively. Metallurgical coal is sold to domestic and international steel producers and to steel producers in the global export markets. Industry-wide global export markets are primarily driven by steel production in growing countries such as China and India, as well as Europe, Brazil and the U.S., and are impacted by the availability of metallurgical coal from coal producing countries such as Australia. The majority of the Debtors' metallurgical coal production is priced annually, and as a result, a decrease in near term metallurgical coal prices could reduce the Debtors' profitability.

The steel industry also relies on electric arc furnaces or pulverized coal processes to make steel. These processes do not use furnace coke, an intermediate product produced from metallurgical coal. Therefore, growth in future steel production may not be directly correlated to increased demand for metallurgical coal. If the demand or pricing for metallurgical coal decreases in the future, the amount of metallurgical coal the Debtors sell and prices that the Debtors receive for it could decrease, thereby reducing the Debtors' revenues and adversely impacting the Debtors' earnings and the value of the Debtors' coal reserves.

Thermal coal accounted for approximately 75%, 76% and 78% of Patriot's coal sales volume during the years ended December 31, 2012, 2011 and 2010, respectively. The majority of Patriot's sales of thermal coal were to U.S. electric power generators with an increasing percentage sold into the global export market. The amount of coal consumed for U.S. electric power generation is affected primarily by the overall demand for electricity; the location, availability, quality and price of competing fuels for power such as natural gas, nuclear, fuel oil and alternative energy sources such as wind and hydroelectric power; technological developments; limitations on financings for coal-fueled power plants; and governmental regulations, including greater difficulties in obtaining permits for coal-fueled power plants and more burdensome restrictions in the permits received for such facilities. The increasingly stringent requirements of the Clean Air Act and other laws and regulations, including tax credits

that have been or may be provided for alternative energy sources and renewable energy mandates that have been or may be imposed on utilities, may result in more electric power generators shifting away from coal-fueled generation, the closure of existing coal-fueled plants and the building of more non-coal fueled electrical generating sources in the future. Recent developments in natural gas production processes have lowered the cost and increased the supply, resulting in greater use of natural gas for electricity generation. All of the foregoing could reduce demand for the Debtors' coal, which could reduce the Debtors' revenues, earnings and the value of the Debtors' coal reserves.

During 2012, coal demand was negatively impacted by low natural gas prices, mild weather and weak international and domestic economies. The demand for metallurgical coal is dependent on the strength of the global economy and, in particular, on steel production in countries such as China and India as well as Europe, Brazil and the U.S. In response to the global economic downturn, the demand for steel declined, and as a result, the demand and price for metallurgical coal also declined.

Weather patterns can greatly affect electricity generation. Extreme temperatures, both hot and cold, cause increased power usage and, therefore, increased generating requirements from all sources. Mild temperatures, on the other hand, result in lower electricity demand. Accordingly, significant changes in weather patterns impact the demand for the Debtors' coal.

Overall economic activity and the associated demands for power by industrial users can also have significant effects on overall electricity demand. Deterioration in U.S. electric power demand reduces the demand for the Debtors' thermal coal.

Any decrease in coal demand and/or prices, whether due to increased use of alternative energy sources, changes in weather patterns, decreases in overall demand or otherwise, would reduce the Debtors' revenues and likely adversely impact the Debtors' earnings and the value of the Debtors' coal reserves. Additionally, if global recessions or general economic downturns result in sustained decreases in the global demand for electricity and steel production, the Debtors' financial condition, results of operations and cash flows may be materially and adversely affected.

b. Prolonged Global Recessionary Conditions Could Impact the Debtors' Customers' Ability to Perform under the Debtors' Contracts with them and Adversely Affect the Debtors' Financial Condition and Results of Operations.

Because the Debtors sell substantially all of their coal to electricity generators and steel producers, the Debtors' business and results of operations are closely linked to global demand for electricity and steel production. Historically, global demand for basic inputs, including demand for electricity and steel production, has decreased during periods of economic downturn. Prolonged decreases in global demand for electricity and steel production could adversely affect the Debtors' financial condition and results of operations. A worsening of global and U.S. economic and financial market conditions and additional tightening of global credit markets, as

experienced in Greece and certain other European countries, would cause demand for electricity and steel production to suffer.

The slowing global economic growth and distressed European financial markets experienced in late 2011 and early 2012 created economic uncertainty, and steel producers and electricity generators responded by decreasing coal purchases. As the demand for coal declines, certain of the Debtors' customers may request delays in shipments or request deferrals pursuant to existing long-term coal supply agreements. During the first half of 2012, the Debtors were approached by certain customers seeking to cancel or delay shipments of coal contracted for delivery under coal supply agreements. In addition, two of the Debtors' customers defaulted on their contractual obligations to purchase the Debtors' coal. The Debtors filed legal actions for damages resulting from these breached contracts. Customer deferrals could affect the amount of revenue the Debtors recognize in a certain period and could adversely affect the Debtors' results of operations and liquidity if the Debtors do not receive equivalent value from such customers and are unable to sell committed coal at the contracted prices under existing coal supply agreements. To the extent the Debtors or a customer do not fully perform under contracts, the Debtors' results of operations and operating profit in the reporting period during which such non-performance occurs would be materially and adversely affected.

c. Increased Competition Both Within the Coal Industry and Outside of It, such as Competition from Alternative Fuel Providers, May Adversely Affect the Debtors' Ability to Sell Coal, and any Excess Production Capacity in the Industry Could Put Downward Pressure on Coal Prices.

The coal industry is intensely competitive both within the industry and with respect to alternative fuel sources. The most important factors with which the Debtors compete are price, coal quality and characteristics, transportation costs from the mine to the customer and reliability of supply. The Debtors' principal competitors include Alliance Resource Partners, L.P., Alpha Natural Resources, Inc., Arch, CONSOL Energy, Inc., James River Coal Company, Peabody Energy Corporation and Walter Energy, Inc. The Debtors also compete directly with all other Central Appalachian coal producers, as well as producers from other basins including Northern and Southern Appalachia, the Illinois Basin, and the Western U.S., and foreign countries, including Australia, Colombia, Venezuela and Indonesia.

Depending on the strength of the U.S. dollar relative to currencies of other coal-producing countries, coal from other countries could enjoy cost advantages that the Debtors do not have. Several domestic coal-producing regions have lower-cost production than Central Appalachia, including the Illinois Basin and the Powder River Basin. Coal with lower delivered costs shipped east from these regions and from offshore sources can result in increased competition for coal sales in regions historically sourced from Appalachian producers.

The Debtors could experience decreased profitability if future coal production is consistently greater than coal demand. Lower demand for coal in recent years has resulted in the idling of coal production capacity, much of which, however, could be put back into production

should demand increase. Any resulting overcapacity from existing or new competitors could reduce coal prices and, therefore, the Debtors' revenue and profitability.

The Debtors also face competition from renewable energy providers, like biomass, wind and solar, and other alternative fuel sources, like natural gas and nuclear energy. Should renewable energy sources become more competitively priced, which may be more likely to occur given the federal tax incentives for alternative fuel sources that are already in place and that may be expanded in the future, or sought after as an energy substitute for fossil fuels, increased demand for such fuels may adversely impact the demand for coal. Existing fuel sources also compete directly with coal. For example, weak natural gas prices have caused certain utilities to increase electricity generation from their natural gas-fueled plants instead of generation from their coal-fueled plants.

d. New Developments in the Regulation of Greenhouse Gas and Other Air Emissions, Coal Ash and Other Environmental Matters Could Materially Adversely Affect the Debtors' Customers' Demand for Coal and the Debtors' Financial Condition, Results of Operations and Cash Flows.

One by-product of burning coal is carbon dioxide, which has been reported in certain studies to be a contributor to climate change. Legislators have considered the passage of significant new laws to address climate change, including, among others, those that would impose a nationwide cap on carbon dioxide and other greenhouse gas emissions and require large sources, including coal-fueled power plants, to obtain "emission allowances" to meet that cap, with the ultimate goal of reducing greenhouse gas emissions. The EPA and other regulators are using existing laws, including the federal Clean Air Act, to impose obligations, including emission limits and technology-based requirements, on carbon dioxide and other greenhouse gas emissions. For example, in September 2013, the EPA proposed new source performance standards for emissions of carbon dioxide from certain new power plants. The proposal anticipates that affected new-build, coal-fueled plants generally would need to rely upon partial implementation of carbon capture and storage technology, which currently is not economically feasible, or other expensive control technology to meet the proposed standard. In addition, in June 2013, President Obama announced additional initiatives intended to reduce greenhouse gas emissions globally, including curtailing U.S. government support for public financing of new coal-fired power plants overseas and promoting fuel switching from coal to natural gas or renewable energy sources. Although it is not yet possible to predict the effect of existing greenhouse gas reporting and permitting requirements or the proposed or any future greenhouse gas performance standards or emission guidelines, such initiatives may cause a reduction in the amount of coal that the Debtors' customers purchase from the Debtors, which could adversely affect the Debtors' results of operations.

In addition, more than half of the states in the U.S. have implemented renewable portfolio standards, which generally mandate that a specified percentage of electricity sales in the state be attributable to renewable energy sources, and Congress has considered legislation that would impose a similar federal mandate. Further, governmental agencies have been providing grants and other financial incentives to entities developing or selling alternative energy sources with

lower levels of greenhouse gas emissions, which may lead to more competition from those subsidized entities. Global treaties are also being considered that place restrictions on carbon dioxide and other greenhouse gas emissions.

In addition, several regulations under the Clean Air Act were recently finalized or are expected to be finalized in 2013 that regulate emissions of sulfur dioxide, nitrogen oxide, mercury and other air pollutants from power plants and industrial boilers. The regulations include "CAIR," which established a cap and trade system for emissions of sulfur dioxide and nitrogen oxide from power plants in 27 eastern states, the Mercury and Air Toxics Standards, which regulate emissions of mercury and other heavy metals from power plants, and National Emission Standards for Hazardous Air Pollutants, which regulate emissions of mercury and other metals and organic air toxics from industrial, commercial and institutional boilers. The EPA is also expected to issue a new rule to replace CAIR in regulating the interstate transport of sulfur dioxide and nitrogen oxide emissions. Any such replacement rule could impose significant obligations on the Debtors' customers, which could reduce the demand for coal.

A well-publicized failure in December 2008 of a coal ash slurry impoundment maintained by the Tennessee Valley Authority prompted the EPA to propose regulations governing coal combustion residuals. These regulations, if finalized, may impose significant obligations on the Debtors and their customers, which could reduce demand for coal.

These current and potential future international, federal, state, regional or local laws, regulations or court orders addressing greenhouse gas emissions and/or coal ash, or emissions of sulfur dioxide, nitrogen oxides, mercury and other hazardous air pollutants and/or particulate matter, will likely require additional controls on coal-fueled power plants and industrial boilers and may cause some users of coal to close existing facilities, reduce construction of new facilities or switch from coal to alternative fuels. These ongoing and future developments may have a material adverse impact on the global supply and demand for coal, and as a result could materially adversely affect the Debtors' financial condition, results of operations and cash flows. Even in the absence of future regulatory developments, increased awareness of, and any adverse publicity regarding, greenhouse gas and other air emissions and coal ash disposal associated with coal and coal-fueled power plants, could adversely affect the Debtors and the Debtors' customers' reputations and reduce demand for coal.

e. Like Many of the Debtors' Competitors, the Debtors Have Difficulty Complying with Permit Restrictions Relating to the Discharge of Selenium into Surface Water, which Has Led to Court Challenges and Related Orders and Settlements, the Debtors' Payment of Fines and Penalties and the Imposition of Requirements that May in the Future Require the Debtors to Incur Material Additional Costs and May be Difficult to Resolve or Satisfy on a Timely Basis Given Current Technology.

Selenium is a naturally occurring element that is encountered in earthmoving operations. The extent of selenium occurrence varies depending upon site specific geologic conditions. Selenium is encountered globally in coal mining, phosphate mining and agricultural operations. In coal mining applications, selenium can be discharged to surface water when mine tailings are

exposed to rain and other natural elements. Selenium effluent limits are included in permits issued to certain of the Debtors and other coal mining companies.

The Debtors have established a liability for the treatment of outfalls with known selenium exceedances. The liability reflects the estimated total costs of implementing and maintaining selected or planned selenium treatment systems for these outfalls. Selenium treatment technologies are developing rapidly and the liability is based upon treatment installation and operating assumptions that may change.

For example, the Fluidized Bed Reactor ("**FBR**") water treatment facility for three Apogee outfalls is the first such facility constructed for selenium removal on a commercial scale. The FBR technology had not been proven effective on a full-scale commercial basis at coal mining operations prior to its installation at Apogee, and there can be no assurance that this technology will be successful under all variable conditions experienced at certain Debtors' mining operations.

If the selected or planned treatment systems are not ultimately successful in treating the effluent selenium exceedances at the covered outfalls, certain Debtors may be required to install alternative treatment solutions and may be subject to penalties or further litigation. Alternative technology solutions that the Debtors may ultimately select are still in the early phases of development and their related costs cannot be reasonably estimated at this time. The cost of other water treatment solutions could be materially different than the costs reflected in the Debtors' liability. Furthermore, costs associated with potential modifications to currently selected or planned systems or the scale of certain Debtors' currently selected or planned treatment systems could also cause the costs to be materially different than the costs reflected in the Debtors' liability. The Debtors cannot provide an estimate of the possible additional range of costs associated with alternate treatment solutions at this time. Potential installations of selenium treatment alternatives are further complicated by the variable geological, topographical and water flow considerations of each individual outfall.

While the Debtors are actively continuing to explore treatment options, there can be no assurance as to if or when a definitive solution will be identified and implemented for outfalls covered by legal actions against certain Debtors. As a result, actual costs may differ from the Debtors' current estimates. The Debtors will make additional adjustments to their liability when it becomes probable that they will utilize a different technology or modify the current technology, whether due to developments in ongoing research, technology changes, modifications pursuant to the comprehensive consent decree or other legal obligations to do so. Additionally, there can be no assurance that certain Debtors will meet the timetable stipulated in the various court orders, consent decrees and permits to which certain Debtors are subject.

With respect to all outfalls with known exceedances for selenium or any other parameter, including the specific sites discussed above, any failure to meet the deadlines set forth in the consent decrees or established by the federal government, the U.S. District Court for the Southern District of West Virginia or the State of West Virginia or to otherwise comply with permits could result in further litigation, an inability to obtain new permits or to maintain

existing permits, which could impact certain Debtors' ability to mine their coal reserves, and the imposition of significant and material fines and penalties or other costs and could otherwise materially adversely affect certain Debtors' financial condition, results of operations and cash flows.

In addition to the uncertainties related to technology discussed above, future changes to legislation, compliance with judicial rulings, consent decrees and regulatory requirements, discovery of additional selenium exceedances, findings from current research initiatives and the pace of future technological progress could result in costs that differ from the Debtors' current estimates. Any of the foregoing could have a material adverse effect on certain Debtors' financial condition, results of operations and cash flows.

Certain Debtors may incur additional costs relating to the selenium litigation, including potential fines and penalties relating to selenium matters. Additionally, as a result of these ongoing litigation matters and federal regulatory initiatives related to water quality standards that affect valley fills, impoundments and other mining practices, including the selenium discharge matters described above, the process of applying for new permits has become more time-consuming and complex, the review and approval process is taking longer, and in certain cases, permits may not be issued.

f. The Environmental, Health and Safety Regulations Applicable to the Debtors' Mining Operations Impose Significant Costs, and Future Regulations or Changes in the Interpretation or Application or Enforcement of Existing Regulations Could Increase those Costs and Limit the Debtors' Ability to Produce Coal.

Federal and state authorities regulate the coal mining industry with respect to matters such as employee health and safety, permitting and licensing requirements, the protection of the environment, plants and wildlife, reclamation and restoration of mining properties after mining is completed, surface subsidence from underground mining and the effects that mining has on groundwater quality and availability. Federal and state authorities inspect the Debtors' operations, and in the aftermath of the April 5, 2010 accident at a competitor's underground mine in Central Appalachia, the Debtors and other mining companies have experienced, and may in the future continue to experience, a significant increase in the frequency and scope of these inspections. Numerous governmental permits and approvals are required for mining operations. The Debtors are required to prepare and present to federal, state and/or local authorities data pertaining to the effect or impact that any proposed exploration for or production of coal may have upon the environment. In addition, significant legislation mandating specified benefits for retired coal miners affects the coal industry. The Debtors have in the past, and will in the future, be required to incur significant costs to comply with these laws and regulations.

Future legislation and regulations may become increasingly restrictive, and there may be more rigorous enforcement of existing and future laws and regulations. For example, Congress is currently considering legislation to enhance mine safety laws, which could result in additional or enhanced mine safety equipment and procedure requirements, more frequent mine inspections, stricter enforcement practices, enhanced reporting and miner training requirements,

higher penalties for certain violations of safety rules and increased authority for the Mine Safety and Health Administration ("**MSHA**"). West Virginia regulatory authorities are also considering enhanced mine safety laws, which could potentially result in more stringent equipment and procedure requirements.

The costs, liabilities and requirements associated with addressing the outcome of inspections and complying with these environmental, health and safety requirements are often significant and time-consuming and may delay commencement or continuation of exploration or production. New or revised legislation or administrative regulations (or a change in judicial or administrative interpretation, application or enforcement of existing laws and regulations), including proposals related to the protection of the environment or employee health and safety, that would further regulate and tax the coal industry and/or users of coal, may also require the Debtors or their customers to change operations significantly or incur increased costs, which may materially adversely affect the Debtors' mining operations and their cost structure. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal fines or penalties, the acceleration of cleanup and site restoration costs, the issuance of injunctions to limit or cease operations and the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from the Debtors' operations. Additionally, MSHA may order the temporary closure of mines in the event of a perceived imminent danger to miners' safety or health or for certain violations of safety rules. The Debtors' customers may challenge the Debtors' issuance of force majeure notices in connection with such closures. If these challenges are successful, the Debtors could be obligated to make up lost shipments, to reimburse customers for the additional costs to purchase replacement coal, or, in some cases, to terminate certain sales contracts. Existing and future environmental, health and safety regulations, and the enforcement thereof, could have a material adverse effect on the Debtors' financial condition, results of operations and cash flows.

On October 24, 2013, MSHA notified the Debtors that a Pattern of Violations ("**POV**") exists at the Brody No. 1 mine, located in Boone County, West Virginia, and owned by Debtor Brody Mining, LLC ("**Brody**"). MSHA issues POV notifications upon its determination that a particular mine demonstrated repeated violations of health or safety standards at the mine that could significantly and substantially contribute to the cause and effect of safety or health hazards pursuant to §104(e) of the Federal Mine Safety Mine and Health Act (an "**S&S Violation**"). Once a POV has been issued for a mine, any additional S&S Violation may result in MSHA issuing an order requiring the affected part of the mine to withdraw, effectively ceasing operations, pending a determination that such violation has been abated.

Brody was acquired by Debtor Black Stallion Coal Company, LLC, effective December 31, 2012. Many of the violations and the severity measure cited in the POV finding took place during the period of time that Brody was owned and operated by its prior owner, an independent company. Immediately following the Debtors' purchase of Brody, on January 3, 2013, the Debtors submitted a Compliance Improvement Plan to MSHA. Since that time, the Brody mine compliance performance (as measured by violations per inspector day) has improved by 40 percent. Additionally, all former officers and key mine-level managers at Brody were replaced shortly after the purchase was concluded. More recently, on September 6, 2013, the Debtors

submitted a Corrective Action Plan to MSHA to further improve safety and compliance at the Brody mine. Subsequently, on September 17, 2013, MSHA approved the submitted Corrective Action Plan.

While the Debtors intend to vigorously contest the POV finding, there can be no assurance as to if or when the Debtors will be successful in these efforts. At this time, the Debtors cannot provide an estimate of the possible additional range of costs associated with contesting the POV finding, complying with the POV-related inspections and the risk of partial or complete mine closure at the Brody mine, which risks could otherwise materially adversely affect certain Debtors' financial condition, results of operations and cash flows, including those of Brody.

g. Increased Focus by Regulatory Authorities and Non-Governmental Organizations on the Effects of Surface Mining on the Environment and Recent Regulatory Developments Related to Surface Mining Operations Could Make it More Difficult or Increase the Debtors' Costs to Receive New Permits or to Comply with Existing Permits to Mine Coal in Appalachia or Otherwise Adversely Affect the Debtors.

Regulatory agencies are increasingly focused on the effects of surface mining on the environment, particularly as it relates to water quality, which has resulted in more rigorous permitting requirements and enforcement efforts.

As is the case with other coal mining companies operating in Appalachia, the Debtors' construction and mining activities, including certain of surface mining operations, frequently require permits under the Clean Water Act. The issuance of permits to construct valley fills and refuse impoundments under the Clean Water Act has been the subject of many court cases and increased regulatory oversight, resulting in additional permitting requirements that are expected to delay or even prevent the opening of new mines.

For example, in July 2011, the EPA issued final comprehensive guidance establishing threshold conductivity levels to be used as a basis for evaluating compliance with narrative water quality standards. As a result of this guidance and the EPA's increased focus on narrative water quality standards, new permit requirements have been added to new or reissued water discharge permits. Though a federal district court set aside this guidance in July 2012, the new permit requirements continue to be incorporated in water discharge permits. Further, the EPA has appealed this decision. If the guidance is reinstated, the Debtors and other mining companies could be subject to more stringent permit requirements. There can be no guarantee that the Debtors would be able to meet these permit requirements or any other standards imposed by the Debtors' permits.

Additionally, in January 2011, the EPA rescinded a Clean Water Act permit held by another coal mining company for a surface mine in Appalachia citing associated environmental damage and degradation. The permit holder challenged the EPA's actions and prevailed in front of a federal district court; however, a federal appeals court reversed the lower court and upheld the EPA's action. While the Debtors' operations were not directly impacted, this could be an

indication that other surface mining water permits could be subject to more substantial review in the future. In addition, the federal Office of Surface Mining and Reclamation is considering rewriting the Stream Protection Rule. As rewritten, this rule could require the Debtors to comply with more stringent mining and reclamation obligations near water sources, or refrain from mining certain of the Debtors' reserves.

The November 2012 Settlement between the Debtors and environmental non-governmental organizations also demonstrates the increased focus on the effects of surface mining and the regulatory impediments to large-scale surface mining operations by both these types of groups and regulatory authorities. In addition, certain environmental non-governmental organizations have recently filed suits against landowners at reclaimed mine sites alleging that these sites have unpermitted discharges of selenium. Although it is too early to determine if the environmental non-governmental organizations' efforts will be successful or if these suits will impact the Debtors, it further illustrates the potential difficulties in operating and reclaiming surface mines.

It is unknown what future changes will be implemented to the permitting review and issuance process or to other aspects of surface mining operations, but increased regulatory focus, future laws and judicial decisions and any other future changes could materially and adversely affect all coal mining companies operating in Appalachia, including the Debtors. In particular, the Debtors will incur additional permitting and operating costs, could be unable to obtain new permits or maintain existing permits and could incur fines, penalties and other costs, any of which could materially adversely affect the Debtors' businesses. If surface coal mining methods are limited or prohibited further, it could significantly increase the Debtors' operational costs and make it more difficult to economically recover coal reserves. In the event that the Debtors cannot increase the price they charge for coal to cover the higher production costs without reducing customer demand for coal, there could be a material adverse effect on the Debtors' financial condition and results of operations. In addition, increased public focus on the environmental, health and aesthetic impacts of surface coal mining could harm the Debtors' reputation and reduce demand for coal.

h. The Debtors' Operations May Impact the Environment or Cause Exposure to Hazardous Substances, and the Debtors' Properties May Have Environmental Contamination, which Could Result in Material Liabilities.

Certain of the Debtors' current and historical coal mining operations have used or involved hazardous materials and, to the extent that such materials are not recycled, they could become hazardous waste. The Debtors may be subject to claims under federal and state statutes and/or common law doctrines for toxic torts and other damages, as well as for natural resource damages and for the investigation and remediation of soil, surface water, groundwater, and other media under environmental laws. Such claims may arise, for example, out of current or former conditions at sites that the Debtors own, lease or operate currently, as well as at sites that the Debtors and companies the Debtors acquired, owned, leased or operated in the past, and at contaminated sites that have always been owned or operated by third parties with whom the Debtors do business. Liability may be without regard to fault and may be strict, joint and

several, so that the Debtors may be held responsible for more than their share of the contamination or related damages, or even for the entire share.

The Debtors maintain coal slurry impoundments at a number of their mines. Such impoundments are subject to extensive regulation. Structural failure of an impoundment can result in extensive damage to the environment and natural resources, such as streams or bodies of water and wildlife, as well as related personal injuries and property damage, which in turn can give rise to extensive liability. Some of the Debtors' impoundments overlie areas where some mining has occurred, which can pose a heightened risk of failure and of damages arising out of failure. If one of the Debtors' impoundments were to fail, the Debtors could be subject to substantial claims for the resulting environmental contamination and associated liability, as well as for fines and penalties.

These and other similar unforeseen impacts that the Debtors' operations may have on the environment, as well as exposures to hazardous substances or wastes associated with the Debtors' operations, could result in costs and liabilities that could adversely affect the Debtors.

i. As the Debtors' Coal Supply Agreements Expire, the Debtors' Revenues and Operating Profits Could Be Negatively Impacted if the Debtors Are Unable to Extend Existing Agreements or Enter New Long-Term Supply Agreements Due to Competition, Changing Coal Purchasing Patterns or Other Variables.

As the Debtors' coal supply agreements expire, the Debtors will compete with other coal suppliers to renew these agreements or to obtain new sales. If the Debtors cannot renew these coal supply agreements or find alternate customers willing to purchase the Debtors' coal, the Debtors' revenue and operating profits could suffer.

The Debtors' customers may decide not to extend existing agreements or enter into new long-term contracts or, in the absence of long-term contracts, may decide to purchase fewer tons of coal than in the past or on different terms, including different pricing. Due to the public perception of the Debtors' financial condition and results of operations, in particular with regard to uncertainties surrounding the Debtors' bankruptcy process and reorganization, some customers could be reluctant to enter into long-term agreements. In recent years, a global recession resulted in decreased demand worldwide for steel and electricity. Decreases in demand may cause the Debtors' customers to delay negotiations for new contracts and/or request lower pricing. Furthermore, uncertainty caused by laws and regulations affecting electricity generators could deter the Debtors' customers from entering into long-term coal supply agreements. Some long-term contracts contain provisions for termination due to environmental changes if these changes prohibit utilities from burning the contracted coal. To the degree that the Debtors operate outside of long-term contracts, the Debtors' revenues are subject to pricing in the spot market that can be significantly more volatile than the pricing structure negotiated through a long-term coal supply agreement. This volatility could adversely affect the profitability of the Debtors' operations if spot market pricing for coal is unfavorable.

Many of the Debtors' long-term thermal coal supply agreements contain price re-opener provisions, under which the parties negotiate contract pricing for future periods. If the Debtors are unable to reach agreement with customers under these provisions, either party may have the right to terminate the contract or submit the dispute to arbitration.

Many of the Debtors' long-term thermal coal supply agreements contain provisions that permit the parties to adjust the contract price for specific events, including inflation and changes in the laws regulating the production, sale or use of coal. Additionally, the majority of the Debtors' long-term coal supply agreements contain provisions that allow a purchaser to terminate the contract if legislation is passed that either restricts the use or type of coal permissible at the purchaser's plant or results in specified increases in the cost of coal or its use.

The Debtors' coal supply agreements also typically contain force majeure provisions that allow the temporary suspension of performance by the affected party during the duration of specified events beyond the affected party's control.

In addition, most of the Debtors' coal supply agreements contain provisions that require the Debtors to deliver coal within certain ranges for specific coal characteristics such as heat content (Btu), sulfur and ash content, moisture, grindability and ash fusion temperature. Failure to meet these specifications could result in economic penalties, including price adjustments, the rejection of deliveries, purchasing replacement coal in a higher priced open market or termination of the contract.

To the extent the Debtors' customers exercise their rights under any of the foregoing provisions, the Debtors' results of operations and operating profit could be adversely affected.

j. The Debtors' Operations Are Subject to Geologic, Equipment and Operational Risks, Including Events Beyond the Debtors' Control, which Could Result in Higher Operating Expenses and/or Decreased Production and Sales and Adversely Affect the Debtors' Results of Operations.

The Debtors' coal mining operations are conducted in underground and surface mines. The level of production at these mines is subject to operating conditions and events beyond the Debtors' control that could disrupt operations, affect production and the cost of mining at particular mines for varying lengths of time and have a significant impact on the Debtors' operating results. Adverse operating conditions and events that coal producers have experienced in the past include changes or variations in geologic conditions, such as the thickness of the coal deposits and the amount of rock embedded in or overlying the coal deposit; mining and processing equipment failures and unexpected maintenance problems; adverse weather and natural disasters, such as snowstorms, ice storms, heavy rains and flooding; accidental mine water inflows; and unexpected suspension of mining operations to prevent, or due to, a safety accident, including fires and explosions from methane and other sources.

If any of these conditions or events occur in the future at any of the Debtors' mines or affect deliveries of the Debtors' coal to customers, they may increase the Debtors' cost of mining, delay or halt production at particular mines, or negatively impact sales to customers

either permanently or for varying lengths of time, which could adversely affect the Debtors' financial condition, results of operations and cash flows. The Debtors cannot provide assurance that these risks would be covered by the Debtors' insurance policies.

In addition, the geological characteristics of underground coal reserves in Appalachia and the Illinois Basin, such as thinning coal seam thickness, rock partings within a coal seam, weak roof or floor rock, sandstone channel intrusions, groundwater and increased stresses within the surrounding rock mass due to over mining, under mining and overburden changes, make these coal reserves complex and costly to mine. As mines become depleted, replacement reserves may not be mineable at costs comparable to those characteristic of the depleting mines. These factors could materially and adversely affect the mining operations and the cost structures of the Debtors' mining complexes and customers' willingness to purchase the Debtors' coal.

k. Employee Strikes and Other Labor-Related Disruptions May Adversely Affect the Debtors' Operations, and the UMWA Settlement is Subject to Certain Conditions.

The Debtors' operations are labor intensive, utilizing large numbers of union-represented employees. As of September 30, 2013, 42% of the Debtors' workforce is unionized. Strikes or labor disputes with the Debtors' unionized employees may adversely affect their mining activity and results of operations. In addition, notwithstanding the Bankruptcy Court's approval of the UMWA Settlement, the UMWA may terminate the UMWA Settlement under certain circumstances, including the failure to agree on an amendment to the VFA, and certain aspects of the UMWA Settlement will not be effective until the Effective Date or, possibly, after the Effective Date. In the event the UMWA Settlement is properly terminated, the UMWA and the Debtors shall each have the right to exercise all rights under applicable law.

l. The Debtors' Obligations to the 1974 Pension Plan and Statutory Retiree Healthcare Plans May Increase in the Future.

Certain of the Debtors participate in the 1974 Pension Plan, a multi-employer pension fund, that was established as a result of collective bargaining with the UMWA. The plan provides pension and disability pension benefits to qualifying represented employees upon retirement. The funding is based on an hourly rate for active UMWA workers. The 2011 NBCWA requires funding at $5.50 per hour for certain UMWA workers. As of May 25, 2012, the 1974 Pension Plan adopted a funding improvement plan under which the contribution rate is scheduled to increase in stages, possibly materially beginning in 2017. Certain other Debtors have entered into other labor agreements with the UMWA that contain terms that differ from the terms of the 2011 NBCWA and that do not provide for participation in or contribution to the 1974 Pension Plan.

The Surface Mining Control and Reclamation Act Amendments of 2006 (the "**2006 Act**") authorized $490 million in general fund revenues to pay for certain benefits, including the healthcare costs under the UMWA Combined Fund and the 1992 Benefit Plan for former employees of defunct entities (orphans) who are retirees and their dependents. Under the 2006 Act, these orphan benefits will be the responsibility of the federal government on a phased-in

basis through 2012. If Congress were to amend or repeal the 2006 Act or if the $490 million authorization were insufficient to pay for these healthcare costs, certain of our subsidiaries, along with other contributing employers and their affiliates, would be responsible for the excess costs.

m. If the Debtors' Actual Benefit Plan Costs Vary from their Estimates, then Expenditures for these Benefits Could be Materially Higher than Estimated and Could Adversely Affect the Debtors' Financial Condition and Results of Operations.

The Debtors provide various health and welfare benefits to eligible active employees. The Debtors make assumptions in order to calculate their obligations for future spending related to these employee benefit plans, including costs related to the Patient Protection and Affordable Care Act, and a companion bill, the Health Care and Education Reconciliation Act of 2010 (collectively, the "**2010 Healthcare Legislation**"). The 2010 Healthcare Legislation impacts the Debtors' costs to provide healthcare benefits to their eligible active employees and to provide workers' compensation benefits related to occupational disease resulting from black lung disease. Beginning in 2018, the 2010 Healthcare Legislation will impose a 40% excise tax on employers to the extent that the value of their healthcare plan coverage exceeds certain dollar thresholds. It is anticipated that certain government agencies will provide additional regulations or interpretations concerning the application of this excise tax. Until these regulations or interpretations are published, it is impractical to reasonably estimate the ultimate impact of the excise tax on our future healthcare costs.

Additional regulations or interpretations concerning the 2010 Healthcare Legislation could have a material adverse impact on the Debtors' healthcare costs. Additionally, if the Debtors' actual experience does not match their assumptions, it could have a material adverse impact on the Debtors' financial condition, results of operations and cash flows and the Debtors' cash expenditures and costs incurred for employee benefit plans could be materially higher.

n. The Debtors Could be Liable for Certain Retiree Healthcare Obligations Assumed by a Peabody Subsidiary in Connection with the Spin-Off.

In connection with the Spin-Off, a Peabody subsidiary assumed and agreed to pay certain retiree healthcare obligations of Patriot and its subsidiaries having a present value of $637.6 million as of December 31, 2012. These obligations arise under the Coal Act, the 2007 NBCWA and predecessor and successor agreements and a Patriot subsidiary's salaried retiree healthcare plan.

Although the Peabody subsidiary is obligated to pay such obligations, certain Patriot subsidiaries also remain jointly and severally liable for the Coal Act obligations. As a consequence, the Debtors' recorded retiree healthcare obligations and related cash costs could increase substantially if the Peabody subsidiary were to fail to perform its Coal Act obligations. These additional liabilities and costs, if incurred, could have a material adverse effect on our financial condition, results of operations and cash flows.

Additionally, as discussed above, Peabody and one of its subsidiaries and Patriot Coal and Heritage are engaged in litigation regarding the scope of the Peabody subsidiary's obligations with respect to certain of the retiree healthcare liabilities discussed above. The Panel issued a decision holding that the Peabody subsidiary's obligations with respect to such liabilities would not be affected by the 1113/1114 Decision. Peabody has appealed this decision to the United States Court of Appeals for the Eighth Circuit and is seeking its own declaratory judgment through counterclaims filed in the Bankruptcy Court action, pursuant to which Peabody seeks a ruling that its obligations to the Attachment A Retirees have been affected by the New CBAs. As discussed above, the Peabody Settlement, which would resolve the appeal and the underlying action in the Bankruptcy Court, is subject to certain conditions, including Bankruptcy Court approval.

o. A Prolonged Shortage of Skilled Labor and Qualified Managers in the Debtors' Operating Regions Could Pose a Risk to Labor Productivity and Competitive Costs and Could Adversely Affect the Debtors' Profitability.

Efficient coal mining using modern techniques and equipment requires skilled laborers with mining experience and proficiency as well as qualified managers and supervisors. The Debtors are subject to the risk that they will not be able to effectively replace the knowledge and expertise of an aging workforce as those workers retire and that there are not sufficient numbers of younger workers with the requisite skills and knowledge to replace them. Further, due to uncertainties surrounding the Chapter 11 Cases, it may be more difficult for the Debtors to hire new skilled laborers and managers. A prolonged shortage of experienced labor could have an adverse impact on the Debtors' productivity, costs and ability to expand production in the event there is an increase in the demand for the Debtors' coal, all of which could adversely affect the Debtors' profitability.

p. A Decrease in the Availability or Increase in the Costs of Key Supplies, Capital Equipment or Commodities Used in the Debtors' Mining Operations Could Decrease the Debtors' Profitability.

The Debtors' purchases of certain underground mining equipment and steel roof bolts are concentrated with one principal supplier. Further, the Debtors' coal mining operations use significant amounts of steel, diesel fuel, explosives and tires. Steel is used for roof bolts that are required for the room-and-pillar method of mining. If the cost of any of these inputs increases significantly, or if a source for such mining equipment or supplies becomes unavailable to meet replacement demands, the Debtors' profitability could be reduced.

q. Fluctuations in Transportation Costs, the Availability or Reliability of Transportation Facilities and the Debtors' Dependence on a Single Rail Carrier for Transport from Certain of the Debtors' Mining Complexes Could Affect the Demand for the Debtors' Coal or Temporarily Impair the Debtors' Ability to Supply Coal to Customers.

Coal producers depend upon rail, trucks, overland conveyors, barges, river docks, ocean-going vessels and port facilities to deliver coal to customers. While the Debtors' coal

customers typically arrange and pay for transportation of coal from the mine or port to the point of use, disruption of these transportation services because of weather-related problems, infrastructure damage, strikes, lock-outs, lack of fuel or maintenance items, transportation delays, lack of rail or port capacity or other events could temporarily impair the Debtors' ability to supply coal to customers and thus could adversely affect the Debtors' financial condition, results of operations and cash flows.

Transportation costs represent a significant portion of the total cost of coal for the Debtors' customers, and the cost of transportation is an important factor in a customer's purchasing decision. Increases in transportation costs, including increases resulting from emission control requirements and fluctuations in the price of diesel fuel and demurrage, could make coal a less competitive source of energy when compared to alternative fuels such as natural gas, or could make Appalachian and/or Illinois Basin coal production less competitive than coal produced in other regions of the U.S. or abroad.

Significant decreases in transportation costs could result in increased competition from coal producers in other parts of the country and from abroad. Coordination of the many eastern loading facilities, the large number of small shipments, terrain and labor issues all combine to make shipments originating in the eastern U.S. inherently more expensive on a per ton-mile basis than shipments originating in the western U.S. Historically, high coal transportation rates from the western coal producing areas into Central Appalachian markets limited the use of western coal in those markets. However, a decrease in rail rates from the western coal producing areas to markets served by eastern U.S. producers could create major competitive challenges for eastern producers. Increased competition due to changing transportation costs could have an adverse effect on the Debtors' business, financial condition and results of operations.

Coal produced at certain of the Debtors' mining complexes is transported to customers by a single rail carrier. If there are significant disruptions in the rail services provided by that carrier or if the rail rates rise significantly, costs of transportation for the Debtors' coal could increase substantially. Additionally, if there are disruptions of the transportation services provided by the railroad and the Debtors are unable to find alternative transportation providers to ship the coal, the Debtors' business and profitability could be adversely affected.

r. The Debtors' Future Success Depends Upon Their Ability to Develop Existing Coal Reserves and to Acquire Additional Reserves that Are Economically Recoverable.

The Debtors' recoverable reserves decline as they produce coal. The Debtors have not yet applied for many of the permits required or developed the mines necessary to use all of their proven and probable coal reserves that are economically recoverable. Furthermore, the Debtors may not be able to mine all of their proven and probable coal reserves as profitably as they do at current operations. The Debtors' future success depends upon their conducting successful exploration and development activities and acquiring properties containing economically recoverable proven and probable coal reserves. The Debtors' current strategy includes using their existing properties and increasing their proven and probable coal reserves through acquisitions of leases and producing properties.

The Debtors' planned mine development projects and acquisition activities may not result in significant additional proven and probable coal reserves and the Debtors may not have continuing success developing additional mines. A substantial portion of the Debtors' proven and probable coal reserves is not located adjacent to current operations and will require significant capital expenditures to develop. In order to develop the Debtors' proven and probable coal reserves, the Debtors must receive various governmental permits. The Debtors make no assurances that they will be able to obtain the governmental permits that are needed to continue developing their proven and probable coal reserves.

The Debtors' mining operations are conducted on properties they own or lease. The Debtors may not be able to negotiate new leases from private parties or obtain mining contracts for properties containing additional proven and probable coal reserves or maintain their leasehold interest in properties on which mining operations are not commenced during the term of the lease.

s. Inaccuracies in the Debtors' Estimates of Economically Recoverable Coal Reserves Could Result in Lower than Expected Revenues, Higher than Expected Costs or Decreased Profitability.

The Debtors base their proven and probable coal reserve information on engineering, economic and geologic data assembled and analyzed by the Debtors' staff, which includes various engineers, geologists and outside consultants. The reserve estimates as to both quantity and quality are annually updated to reflect production of coal from the reserves and new drilling or other data received. There are numerous uncertainties inherent in estimating quantities and qualities of coal reserves and the costs to mine recoverable reserves, including many factors beyond the Debtors' control. Estimates of economically recoverable coal reserves and net cash flows necessarily depend upon a number of variable factors and assumptions relating to geologic and mining conditions, relevant historical production statistics, the assumed effects of regulation and taxes, future coal prices, operating costs, mining technology improvements, development costs and reclamation costs.

For these reasons, estimates of the economically recoverable quantities and qualities attributable to any particular group of properties, classifications of coal reserves based on risk of recovery and estimates of net cash flows expected from particular reserves prepared by different engineers or by the same engineers at different times may vary substantially. Actual coal tonnage recovered from identified reserve areas or properties, revenues and expenditures with respect to the Debtors' proven and probable coal reserves may vary materially from estimates. These estimates, thus, may not accurately reflect the Debtors' actual coal reserves. Any inaccuracy in the Debtors' estimates related to their proven and probable coal reserves could result in lower than expected revenues, higher than expected costs and decreased profitability.

t. Any Defects in Title of Leasehold Interests in the Debtors' Properties Could Limit Their Ability to Mine These Properties or Could Result in Significant Unanticipated Costs.

The Debtors conduct a significant part of their mining operations on leased properties. These leases were entered into over a period of many years by certain of the Debtors' predecessors and title to the leased properties and mineral rights may not be thoroughly verified until a permit to mine the property is obtained. The Debtors' right to mine some of their proven and probable coal reserves may be materially adversely affected if there were defects in title or boundaries. In order to obtain leases or mining contracts to conduct the Debtors' mining operations on property where these defects exist, the Debtors may in the future have to incur unanticipated costs, which could adversely affect the Debtors' profitability.

u. The Debtors Are Involved in Legal Proceedings, and May Become Subject to Other Legal Proceedings in the Future that, if Determined Adversely to the Debtors, Could Significantly Impact the Debtors' Financial Condition, Results of Operations and Cash Flows.

The Debtors are involved in various legal proceedings that arise in the ordinary course of business and may become subject to other legal proceedings in the future. Some of the lawsuits seek fines or penalties and damages in very large amounts, or seek to restrict the Debtors' business activities. It is currently unknown what the ultimate resolution of these proceedings will be, but the costs of resolving these proceedings could be material, and could result in an obligation to change the Debtors' operations in a manner that could have an adverse effect.

v. The Debtors Have Significant Reclamation and Mine Closure Obligations. If the Debtors' Actual Costs Vary from Estimates, the Debtors Could Be Required to Expend Greater Amounts than Expected.

SMCRA establishes operational, reclamation and closure standards for all aspects of surface mining, as well as most aspects of deep mining. The Debtors calculate the total estimated reclamation and mine-closing liabilities in accordance with accounting principles generally accepted in the U.S. Estimates of the Debtors' total reclamation and mine-closing liabilities are based upon permit requirements and the Debtors' engineering expertise related to these requirements. As of December 31, 2012, the Debtors had accrued reserves of $124.6 million for reclamation liabilities and an additional $164.0 million for mine closure costs, including medical benefits for employees and water treatment due to mine closure. The estimate of ultimate reclamation liability is reviewed annually by the Debtors' management and engineers. The estimated liability could change significantly if actual costs or timing vary from assumptions, if the underlying facts change or if governmental requirements change significantly.

w. Failure to Obtain or Renew Surety Bonds in a Timely Manner and on Acceptable Terms Could Affect the Debtors' Ability to Secure Reclamation and Employee-Related Obligations, which Could Adversely Affect the Debtors' Ability to Mine Coal.

U.S. federal and state laws require the Debtors to secure certain of their obligations relating to reclaiming land used for mining, paying federal and state workers' compensation, and satisfying other miscellaneous obligations. The primary method for the Debtors to meet those obligations is to provide a third-party surety bond or letter of credit. As of December 31, 2012, the Debtors had outstanding surety bonds and letters of credit aggregating $564.9 million, of which $354.5 million was for post-mining reclamation, $132.6 million related to workers' compensation obligations, $54.4 million was for retiree health obligations and $23.5 million was for other obligations (including collateral for surety companies and bank guarantees, road maintenance and performance guarantees). Some of these bonds are renewable on an annual basis and the letters of credit are available through the DIP Facilities.

As of December 31, 2012, Arch posted surety bonds of $34.3 million related to properties acquired by Patriot in the Magnum acquisition, of which $33.1 million related to reclamation. Magnum posted a letter of credit in Arch's favor, as required, for a portion of the outstanding reclamation bonds. As part of the Chapter 11 Cases, the Debtors' prior surety agreement with Arch was terminated and replaced with a new surety agreement.

Economic recession, volatility and disruption in the credit markets could result in surety bond issuers deciding not to continue to renew the bonds or to demand additional collateral upon those renewals. The Debtors' failure to maintain, or inability to acquire, surety bonds or to provide a suitable alternative would have a material adverse effect on the Debtors' businesses. That failure could result from a variety of factors including lack of availability, higher expense or unfavorable market terms of new surety bonds, restrictions on the availability of collateral for current and future third-party surety bond issuers under the terms of the DIP Facilities and the Exit Credit Facilities and the exercise by third-party surety bond issuers of their right to refuse to renew the surety.

x. The Debtors Could Be Adversely Affected by a Decline in the Creditworthiness or Financial Condition of the Debtors' Customers.

The Debtors' ability to receive payment for coal sold and delivered depends on the continued creditworthiness of the Debtors' customers. The Debtors' customer base has changed with deregulation as some utilities have sold their power plants to non-regulated affiliates or third parties. These new customers may have credit ratings that are below investment grade. If the creditworthiness of the Debtors' customers declines significantly and customers fail to make their payments, the Debtors' businesses could be adversely affected.

During and subsequent to economic recessions, many companies struggle to maintain their businesses and are subject to an increased risk of bankruptcy. If the Debtors' customers seek protection under the federal bankruptcy laws, they could terminate all or a portion of their business with the Debtors and/or originate new business with the Debtors' competitors. If the

Debtors' customers are significantly and negatively impacted by the challenging economic conditions, or by other business factors, or if any of the Debtors' significant customers seek bankruptcy protection, the Debtors' financial condition and results of operations could be materially adversely affected.

y. Terrorist Attacks and Threats, Escalation of Military Activity in Response to Such Attacks or Acts of War May Negatively Affect the Debtors' Business, Financial Condition and Results of Operations.

Terrorist attacks against U.S. targets, rumors or threats of war, actual conflicts involving the U.S. or its allies, or military or trade disruptions affecting the Debtors' customers or the economy as a whole may materially adversely affect the Debtors' operations or those of the Debtors' customers. As a result, there could be delays or losses in transportation and deliveries of coal to the Debtors' customers, decreased sales of the Debtors' coal and extension of time for payment of accounts receivable from the Debtors' customers. Strategic targets such as energy-related assets may be at greater risk of future terrorist attacks than other targets in the U.S. In addition, disruption or significant increases in energy prices could result in government-imposed price controls. Any of these occurrences, or a combination of them, could have a material adverse effect on the Debtors' business, financial condition and results of operations.

STATEMENTS IN THIS DISCLOSURE STATEMENT THAT ARE NOT HISTORICAL FACTS, INCLUDING STATEMENTS ABOUT THE DEBTORS' ESTIMATES, EXPECTATIONS, BELIEFS, INTENTIONS, PROJECTIONS OR STRATEGIES FOR THE FUTURE, MAY BE "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. FORWARD-LOOKING STATEMENTS INVOLVE RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM HISTORICAL EXPERIENCE OR THE DEBTORS' PRESENT EXPECTATIONS. HOLDERS OF CLAIMS AND INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. THE DEBTORS UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES THAT MAY ARISE AFTER THE DATE OF THIS DISCLOSURE STATEMENT.

ARTICLE 10
SECURITIES LAW MATTERS

Section 10.1 Rights

The Plan provides for the Reorganized Debtors to issue Rights to the holders of Allowed Convertible Notes Claims, Allowed Senior Notes Claims and Allowed General Unsecured Claims pursuant to Article 3 of the Plan. **The Rights will not be listed or quoted on any public or over-the-counter exchange or quotation system. The Rights are not transferable**

other than (in whole) to an Eligible Affiliate, in connection with the transfer by a Certified Eligible Holder of the underlying Claim(s), or as otherwise provided to the Backstop Parties. The Rights will be distributed and issued only to Certified Eligible Holders, Backstop Parties or Eligible Affiliates to whom the Rights of such Certified Eligible Holders or Backstop Parties were transferred.

Section 10.2 Bankruptcy Code Exemptions from Registration Requirements for the New Securities

a. Issuance of New Securities

The Plan provides for the offer, issuance, sale or distribution of the New Securities. The Debtors believe that each of the New Securities is a "security," as defined in Section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and applicable state securities laws. Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act, and state securities laws if three principal requirements are satisfied: (i) the securities must be offered and sold under a plan of reorganization and must be securities of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (ii) the recipients of the securities must hold prepetition or administrative expense claims against the debtor or interests in the debtor; and (iii) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or principally in exchange for such claim or interest and partly for cash or property. Except for the Rights, the Rights Offering Notes, the Rights Offering Warrants and the securities issuable upon exercise of the Rights Offering Warrants, which will be issued and distributed in reliance on other exemptions from registration under the Securities Act, and except as further noted below, the Debtors believe that the offer and sale of New Securities to the holders of Existing Notes and General Unsecured Claims satisfy the requirements of section 1145(a)(1) of the Bankruptcy Code and are, therefore, exempt from registration under the Securities Act and state securities laws.

b. Subsequent Transfers of New Securities Not Covered by the Section 1145(a)(1) Exemption

New Securities that are not issued pursuant to section 1145(a)(1) of the Bankruptcy Code will be deemed "restricted securities" and may not be sold, exchanged, assigned or otherwise transferred unless they are registered, or an exemption from registration applies, under the Securities Act. Except as provided in the Registration Rights Agreement, holders of such New Securities will not be entitled to have their New Securities registered and will be required to agree not to resell them except in accordance with the exemption from registration provided by Rule 144 under the Securities Act, when available. Rule 144 permits the public resale of restricted securities if certain conditions are met, and these conditions vary depending on whether the holder of the restricted securities is an "affiliate" of the issuer, as defined in Rule 144. A non-affiliate who has not been an affiliate of the issuer during the preceding three months may resell restricted securities after a six-month holding period unless certain current public information regarding the issuer is not available at the time of sale, in which case the non-

affiliate may resell after a one-year holding period. An affiliate may resell restricted securities after a six-month holding period but only if certain current public information regarding the issuer is available at the time of the sale and only if the affiliate also complies with the volume, manner of sale and notice requirements of Rule 144. However, Reorganized Patriot Coal has no current plans to make the information required by Rule 144 publicly available for the foreseeable future. This will eliminate the ability of a holder of New Securities that are restricted securities who is an "affiliate" of Reorganized Patriot Coal to avail themselves of Rule 144.

c. Subsequent Transfers of New Securities Covered by the Section 1145(a)(1) Exemption

The New Securities issued pursuant to the Plan that are covered by the Section 1145(a)(1) exemption may be freely transferred by most recipients following the initial issuance under the Plan, and all resales and subsequent transfers of the New Securities are exempt from registration under the Securities Act and state securities laws, unless the holder is an "underwriter" with respect to such securities. Section 1145(b) of the Bankruptcy Code defines four types of "underwriters":

(i) persons who purchase a claim against, an interest in, or a claim for an administrative expense against the debtor with a view to distributing any security received in exchange for such claim or interest;

(ii) persons who offer to sell securities offered under a plan for the holders of such securities;

(iii) persons who offer to buy such securities from the holders of such securities, if the offer to buy is:

(A) with a view to distributing such securities; and

(B) under an agreement made in connection with the plan, the consummation of the plan, or with the offer or sale of securities under the plan; or

(iv) a person who is an "issuer" with respect to the securities as the term "issuer" is defined in section 2(a)(11) of the Securities Act.

Under section 2(a)(11) of the Securities Act, an "issuer" includes any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control of the issuer.

To the extent that persons who receive New Securities pursuant to the Plan are deemed to be "underwriters," resales by such persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Persons deemed to be underwriters may, however, be permitted to sell such New Securities without registration pursuant to the provisions of Rule 144 under the Securities Act. These rules permit the public sale of securities received by "underwriters" if current information regarding the

issuer is publicly available and if volume limitations and certain other conditions are met. However, Reorganized Patriot Coal has no current plans to make the information required by Rule 144 publicly available for the foreseeable future. This will eliminate the ability of a holder of New Securities issued pursuant to section 1145(a)(1) of the Bankruptcy Code who is an "underwriter" pursuant to section 1145(b) of the Bankruptcy Code to avail themselves of Rule 144.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the New Securities or any other security to be issued pursuant to the Plan would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any particular person receiving New Securities or other securities under the Plan would be an "underwriter" with respect to such New Securities or other securities.

Given the complex and subjective nature of the question of whether a particular holder may be an underwriter, the Debtors make no representation concerning the right of any Person to trade in the New Securities or other securities. The Debtors recommend that potential recipients of the New Securities or other securities consult their own counsel concerning whether they may freely trade New Securities or other securities without compliance with the Securities Act, the Securities Exchange Act of 1934 or similar state and federal laws.

Pursuant to the Registration Rights Agreement, Reorganized Patriot Coal will, under certain circumstances, be obligated to use its commercially reasonable efforts to register at a later date, post-bankruptcy, the resale of certain New Securities held by the Backstop Parties under the Securities Act or under equivalent state securities laws such that the holders of such New Securities would be able to resell such securities pursuant to an effective registration statement.

Section 10.3 Other Transfer Restrictions Applicable to New Securities

The New Certificate of Incorporation and the New Stockholders' Agreement will contain restrictions on holders' ability to transfer New Common Stock and other New Securities designed to ensure that the number of holders of such securities does not exceed the threshold at which Reorganized Patriot Coal would be required to become a reporting company under the Exchange Act. Among other things, the New Certificate of Incorporation will require notice to Reorganized Patriot Coal of any proposed transfer of New Common Stock or other New Securities and will restrict such transfer if Reorganized Patriot Coal determines that the transfer would, if effected, result in Reorganized Patriot Coal potentially having 2000 or more holders of record of New Common Stock or 500 or more non-accredited holders of record of New Common Stock (in each case as determined under the Exchange Act).

BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER, NONE OF THE DEBTORS OR THE REORGANIZED DEBTORS MAKES ANY REPRESENTATION CONCERNING THE ABILITY OF ANY PERSON TO DISPOSE OF THE SECURITIES TO BE DISTRIBUTED UNDER THE PLAN. The Debtors recommend that potential recipients of

the New Securities consult their own counsel concerning whether they may freely trade New Securities.

ARTICLE 11
CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

Section 11.1 Introduction

The following summarizes certain U.S. federal income tax consequences expected to result from the consummation of the Plan as they relate to the Debtors and to beneficial owners of Claims (each, a "**Holder**") entitled to vote on the Plan. This summary is intended for general information purposes only, is not a complete analysis of all potential federal income tax consequences that may be relevant to any particular Holder and does not address any tax consequences arising under any state, local or foreign tax laws or federal estate or gift tax laws.

This discussion is based on the Internal Revenue Code, United States Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the IRS, all as in effect on the date of this Disclosure Statement. These authorities may change, possibly with retroactive effect, resulting in federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS, and no legal opinion of counsel will be rendered, with respect to the matters discussed below. There can be no assurance that the IRS will not take a contrary position regarding the federal income tax consequences resulting from the consummation of the Plan or that any contrary position would not be sustained by a court.

This summary does not apply to Holders that are not United States persons for U.S. federal income tax purposes or that are otherwise subject to special treatment under U.S. federal income tax law (including, for example, banks, governmental authorities or agencies, financial institutions, insurance companies, pass through entities, tax exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies and regulated investment companies). Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to the Debtors and Holders based upon their particular circumstances. Holders should consult their tax advisors regarding the U.S. federal income tax consequences to them of the consummation of the Plan, as well as any tax consequences arising under any state, local or foreign tax laws, or any other federal tax laws.

Non-U.S. Holders, particularly those who hold Convertible Notes Claims or will acquire New Common Stock or Rights Offering Warrants in connection with the Plan, are urged to consult their tax advisors regarding the United States federal income tax consequences to them of the exchanges contemplated by the Plan and the subsequent disposition of New Common Stock or Rights Offering Warrants. In particular, we believe that we may be and may remain for the foreseeable future a U.S. real property holding corporation as defined in the Internal Revenue Code, in which case certain non-U.S. Holders may be subject to U.S. federal income tax with respect to gain on disposition of New Common Stock and Rights Offering Warrants under the Foreign Investment in Real Property Tax Act ("**FIRPTA**").

This discussion is limited to the federal tax issues addressed herein. Additional issues may exist that are not addressed in this discussion and that could affect the federal tax treatment of consummation of the Plan. This discussion was written in connection with the promotion or marketing by the Debtors of the Plan, and it cannot be used by any person for the purpose of avoiding penalties that may be asserted against the person under the Internal Revenue Code. Holders should seek their own advice based on their particular circumstances from an independent tax advisor.

Section 11.2 Certain U.S. Federal Income Tax Consequences to the Debtors

a. Cancellation of Debt and Reduction of Attributes

The discharge of a debt obligation for an amount less than the remaining amount due on the obligation (as determined for U.S. federal income tax purposes) generally will give rise to cancellation of indebtedness ("**COD**") income that must be included in the debtor's income, subject to certain exceptions. In particular, under Section 108 of the Internal Revenue Code, COD income will not be included in a debtor's income if the discharge of the debt obligation occurs in a case brought under the Bankruptcy Code, the debtor is under the court's jurisdiction in such case and the discharge is granted by the court or is pursuant to a plan approved by the court (the "**Bankruptcy Exception**"). As a result of the Plan, the amount of the Debtors' aggregate outstanding indebtedness will be substantially reduced. Therefore, the Debtors expect that the consummation of the Plan will produce a significant amount of COD.

Under the Internal Revenue Code, a debtor that excludes COD from income under the Bankruptcy Exception generally must reduce certain tax attributes by a corresponding amount. Attributes subject to reduction include consolidated attributes (such as consolidated net operating losses ("**NOLs**"), NOL carryforwards and certain other losses, credits and carryforwards) attributable to the debtor, attributes that arose in separate return limitation years of the debtor and the debtor's tax basis in its assets (including stock of subsidiaries). A debtor's tax basis in its assets generally may not be reduced below the amount of its liabilities remaining immediately after the discharge of indebtedness.

b. Section 382 Limitation on Net Operating Losses

Section 382 of the Internal Revenue Code generally imposes an annual limitation on the use of NOLs (and certain other tax attributes) if a corporation or a consolidated group with NOLs (a "**loss corporation**") undergoes an "ownership change." In general, an ownership change occurs if the percentage of the value of the loss corporation's stock (including the parent corporation in a consolidated group) owned by one or more direct or indirect "five-percent shareholders" increases by more than fifty percentage points over the lowest percentage of value owned by the five-percent shareholders at any time during the applicable testing period. The testing period generally is the shorter of (i) the three-year period preceding the testing date or (ii) the period of time since the most recent ownership change of the corporation. The Debtors

expect that the consummation of the Plan will result in an ownership change on the Effective Date.

In general, the amount of the annual limitation on a loss corporation's use of its pre-change NOLs (and certain other tax attributes) is equal to the product of the long-term tax-exempt rate (as published by the IRS for the month in which the ownership change occurs) and the value of the loss corporation's outstanding stock immediately before the ownership change, which value is determined under special rules if the ownership change occurs in a case brought under the Bankruptcy Code (the "**Section 382 Limitation**").

In certain cases however, unless the corporation elects otherwise, a special exception under section 382(*l*)(5) of the Internal Revenue Code will prevent application of the annual limitation provided that at least 50% of the stock of the debtor is owned by the shareholders and certain qualified creditors immediately following the reorganization. Under this rule, NOL carryforwards would be subject to a one-time reduction and a second ownership change within two years following the first ownership change would eliminate the Debtors' ability to utilize any NOLs from periods before the first ownership change. A debtor may also elect not to apply section 382(*l*)(5) to an ownership change that otherwise satisfies its requirements. This election must be made on the debtor's federal income tax return for the taxable year in which the ownership change occurs.

If the exchanges contemplated by the Plan do not qualify under section 382(*l*)(5) or if Reorganized Debtors elect not to use that provision, Reorganized Debtors use of their NOLs to offset taxable income earned after consummation of the Plan will be subject to the Section 382 Limitation. However, in that case, section 382(*l*)(6) of the Internal Revenue Code provides that the Reorganized Debtors may elect to have the value of their stock, for the purpose of calculating its Section 382 Limitation, generally determined by reference to the net equity value of the stock immediately after the ownership change has occurred (rather than immediately before the ownership change, as is the case under the general rule for non-bankruptcy ownership changes). In addition, under an applicable IRS notice, a corporation whose assets in the aggregate have a fair market value greater than their tax basis (a "**Net Unrealized Built-in Gain**") is permitted to increase its annual Section 382 Limitation during the five years immediately after the ownership change by an amount determined with reference to the depreciation and depletion deductions that a purchaser of the Debtors' assets would have been permitted to claim if it had acquired the Debtors' assets in a taxable transaction. The Debtors have not yet determined whether they will be eligible for or rely on the special rule under section 382(*l*)(5) or the special rule under section 382(*l*)(6).

Section 11.3 Certain U.S. Federal Income Tax Consequences to the Holders of Claims and Interests

a. Consequences to Holders of Secured Claims, Other Priority Claims and Unsecured Claims

1. *Other Priority Claims*

The receipt of Cash by a Holder of Other Priority Claims generally will be treated as a taxable exchange of such Holder's Claims for Cash. Such Holders generally will recognize gain or loss equal to the difference between: (x) Cash received in exchange for the Claims and (y) the Holder's adjusted basis, if any, in the Claims. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, the nature of the Claim in such Holder's hands, whether the Claim constitutes a capital asset in the hands of the Holder, whether the Claim was purchased at a discount, and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Claim. The U.S. federal income tax consequences of the receipt of Cash allocable to accrued interest may be relevant and are summarized below.

2. *Other Secured Claims*

The Holders of Other Secured Claims may recognize income, gain or loss for U.S. federal income tax purposes with respect to the discharge of their Claims, depending on whether their Claims are Reinstated or, if not Reinstated, on the outcome of their negotiations with the Debtors. A Holder whose Claim is Reinstated pursuant to the Plan generally will not realize income, gain or loss unless either (i) such Holder is treated as having received interest, damages or other income in connection with the Reinstatement or (ii) such Reinstatement is considered a "significant modification" of the Claim. Holders of Other Secured Claims should consult their own tax advisors to determine whether or not a "significant modification" has occurred and its impact to such Holder. A Holder who receives Cash or other property in exchange for its Claim pursuant to the Plan will generally recognize income, gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (i) the amount of Cash or the fair market value of the other property received in exchange for its Claim and (ii) the Holder's adjusted tax basis in its Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, the nature of the Claim in such Holder's hands, whether the Claim constitutes a capital asset in the hands of the Holder, and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Claim. The U.S. federal income tax consequences of the receipt of Cash or other property allocable to accrued interest may be relevant and are summarized below.

3. *Holders of Senior Notes Claims, Convertible Notes Claims and General Unsecured Claims.*

Holders of Senior Notes Claims, Convertible Notes Claims and General Unsecured Claims will receive Rights and New Common Stock (except for certain Holders with respect to

whom New Common Stock will be issued directly to a Voting Trust pursuant to the Plan), or, in the case of any holders of Senior Notes Claims, Convertible Notes Claims or General Unsecured Claims that are not Certified Eligible Holders, Cash, in exchange for their Claims.

The United States federal income tax consequences to Holders of Senior Notes Claims, Convertible Notes Claims and General Unsecured Claims depend, in part, on whether such Claims constitute "securities" of the Debtors for United States federal income tax purposes. Whether an instrument constitutes a security for United States federal income tax purposes is determined based on all the facts and circumstances, but most authorities have held that the term of a debt instrument at the time of its issuance is an important factor in determining whether such instrument is a security for United States federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security. Holders of Claims that will receive Rights or New Common Stock under the Plan are urged to consult their tax advisors to determine whether, given their particular circumstances, their Claim constitutes a security of the Debtors.

With respect to Claims that are (i) treated as securities of the Debtors and (ii) exchanged for shares of New Common Stock and/or Rights, the exchange of such Claims for shares of New Common Stock and/or Rights should be treated as a recapitalization under section 368(a)(1)(E) of the Internal Revenue Code. In such case, Holders of such Claims will not recognize any gain or loss upon the exchange, except that to the extent that the consideration received in exchange for such Claims is treated as attributable to accrued but untaxed interest on such Claims, Holders of such Claims will be required to include such amount in ordinary income. Holders of such Claims will recognize gain, but not loss, realized upon the exchange to the extent they receive Cash, if any, not allocable to accrued but untaxed income. Under the Plan, the Debtors and all Holders of Allowed Claims are required to treat Distributions in full or partial satisfaction of Allowed Claims as allocable first to the principal amount of Allowed Claims, with any excess allocable to unpaid interest that has accrued on such Claims. However, whether this method of allocating distributions will be respected for United States federal income tax purposes is not clear, and the IRS could assert that a different method should be used. Holders of such Claims are advised to consult their own tax advisors as to the allocation rules and the potential tax consequences to them if the IRS were to make such an assertion. A Holder of a Claim that is treated as a security of the Debtors will generally obtain an aggregate tax basis in the shares of New Common Stock, if any, and Rights received in exchange for such Claim equal to its tax basis in such Claim. Notwithstanding the previous sentence, such a Holder will receive a fair market value basis in any shares of New Common Stock and/or Rights which it receives as consideration that is attributable to accrued but untaxed interest on its Claim. Such a Holder will have a holding period in the shares of New Common Stock and/or Rights received in exchange for its Claim equal to its holding period in such Claim, except to the extent such Holder receives such shares of New Common Stock and/or Rights as consideration that is attributable to accrued but untaxed interest on its Claim with respect to which such Holder will have a holding period that begins on the day following the receipt of such consideration.

The discussion above generally assumes that the exchange of Senior Notes Claims, Convertible Notes Claims and General Unsecured Claims for shares of New Common Stock and/or Rights is properly treated as a recapitalization under section 368(a)(1)(E) of the Internal Revenue Code. Holders of Senior Notes Claims, Convertible Notes Claims and General Unsecured Claims are urged to consult their tax advisors regarding the proper characterization of the exchange and the resulting United States federal income tax consequences to them.

With respect to Claims that are not treated as securities of the Debtors and with respect to Convenience Class Claims, a Holder of such Claims generally will be treated as exchanging its Claims for the consideration received for such Claims pursuant to the Plan in a taxable exchange. Accordingly, such a Holder generally will recognize capital gain or loss equal to the difference between (i) the fair market value of the shares of New Common Stock, Rights or Cash received (excluding shares of New Common Stock, Rights or Cash treated as attributable to accrued but untaxed interest on such Claims), and (ii) the Holder's adjusted basis in such Claims, except that any gain recognized with respect to Claims that were acquired with market discount that is attributable to the market discount that accrued while such Claims were considered held by such Holder and was not previously included in income by such Holder will be treated as ordinary income. To the extent that the shares of New Common Stock, Rights or Cash are treated as attributable to accrued but untaxed interest on such Claims, Holders of such Claims will be required to include such amount as ordinary income.

4. *Consequences to Holders of Rights Offering Warrants*

The tax consequences of a cashless exercise of a Rights Offering Warrant acquired pursuant to the exercise of the Rights Offering Warrants are not clear. The exercise of the Rights Offering Warrants may be treated for United States federal income tax purposes either as the exercise of an option to receive a variable number of shares of New Common Stock on exercise with an exercise price of zero or as a recapitalization under section 368(a)(l)(E) of the Internal Revenue Code. Under such treatment, in either case, a Holder generally will not recognize gain or loss upon exercise of a Rights Offering Warrant except that, if the terms of the Rights Offering Warrant provide for the payment of cash in lieu of a fractional share of New Common Stock (and the discussion below so assumes), the receipt of such cash will generally be treated as if the Holder received the fractional share and then received such cash in redemption of such fractional share. Such redemption will generally result in capital gain or loss equal to the difference between the amount of cash received and the Holder's adjusted tax basis in the shares of New Common Stock that is allocable to the fractional share. A Holder will have a tax basis in the shares of New Common Stock received upon the exercise of a Rights Offering Warrant equal to its tax basis in the Rights Offering Warrant, less any amount attributable to any fractional share. If the Rights Offering Warrant is treated as an option to receive a variable number of shares of New Common Stock, the holding period of shares of New Common Stock received upon the exercise of a Rights Offering Warrant will commence on the day the Rights Offering Warrant is exercised (or possibly on the day following the day the Rights Offering Warrant is exercised). If the exercise is treated as a recapitalization, the holding period of shares of New Common Stock received upon the exercise of a Rights Offering Warrant will include the Holder's holding period of the Rights Offering Warrants, as discussed above. Alternate

treatments are possible however, and Holders are urged to consult their tax advisors regarding the particular United States federal income tax consequences of cashless exercise of the Rights Offering Warrants.

Upon the sale, exchange, lapse, or other disposition of a Rights Offering Warrant (other than its exercise), a Holder will generally recognize capital gain or loss equal to the difference between the amount realized and such holder's adjusted tax basis in such Rights Offering Warrant. Such gain or loss will generally be long-term capital gain or loss if the Holder has held its Rights Offering Warrant for more than one year at the time of the sale, exchange, or other disposition, and short-term capital gain or loss otherwise. Depending on the particular circumstances in which the Claim for which the Rights Offering Warrant was exchanged had been acquired and the treatment of the Holder's exchange of its Claim for its Rights Offering Warrant, the sale, exchange or other disposition of the Rights Offering Warrant could result in the recognition of market discount. Holders of Rights Offering Warrants are urged to consult their tax advisors regarding the application of the market discount rules to any gain recognized upon the exercise, sale, exchange, or other disposition of a Rights Offering Warrant.

5. *Consequences to Holders of Rights Offering Notes*

Original Issue Discount. All stated interest on the Rights Offering Notes acquired pursuant to the exercise of Notes Rights will be treated as original issue discount ("**OID**") for United States federal income tax purposes because some of the interest on the Rights Offering Notes will not be unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate. Holders of the Rights Offering Notes will generally be required to include OID in gross income (as ordinary income) as it accrues (on a constant yield to maturity basis) over the term of a Rights Offering Note in advance of the receipt of cash payments attributable to that income.

The amount of OID required to be included in income will generally equal the sum of the "daily portions" of OID with respect to the Rights Offering Note for each day during the taxable year or portion of the taxable year in which the holder held such Rights Offering Note ("**accrued OID**"). The daily portion is determined by allocating to each day in each "accrual period" a pro rata portion of the OID allocable to that accrual period. The "accrual period" for a Rights Offering Note may be of any length and may vary in length over the term of the Rights Offering Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period other than the final accrual period is an amount equal to the excess, if any, of (i) the product of the Rights Offering Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and be properly adjusted for the length of the accrual period) over (ii) the aggregate of all qualified stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price of the Rights Offering Note at the beginning of the final accrual period. The adjusted issue price of a Rights Offering Note at the beginning of any accrual period is equal to its issue price, increased

by the accrued OID for each prior accrual period, and reduced by any payments previously made on the Rights Offering Note. Under these rules, Holders of Rights Offering Notes generally will include in income increasingly greater amounts of OID in successive accrual periods.

A Holder's tax basis in a Rights Offering Note will be increased by the amount of OID included in the holder's gross income and will be decreased by the amount of any payments received by the holder with respect to the note, whether the payments are denominated as principal or interest.

Sale, Retirement or Other Taxable Disposition. A Holder of Rights Offering Notes will recognize gain or loss upon the sale, redemption, retirement or other taxable disposition of the Rights Offering Notes equal to the difference between the amount realized upon the disposition (less a portion allocable to any accrued OID that has not yet been included in income by the Holder, which generally will be taxable as ordinary income) and the Holder's adjusted tax basis in the Rights Offering Notes. Any such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if the Holder has held the Rights Offering Notes for more than one year as of the date of disposition. Holders should consult their tax advisors regarding the applicable tax rates and netting rules for capital gains and losses. There are limitations on the deduction of capital losses by both corporate and noncorporate taxpayers.

6. *Disputed Claims Reserve*

On the Initial Distribution Date or as soon thereafter as is reasonably practicable, the Reorganized Debtors shall hold in reserve the amount of Cash that the Reorganized Debtors determine, in consultation with the Creditors' Committee, would likely have been distributed to the Holders of all Disputed Claims as if such Disputed Claims had been Allowed on the Effective Date, with the amount of such Allowed Claims to be determined, solely for the purposes of establishing reserves and for maximum distribution purposes, to be the lesser of (a) the asserted amount of the Disputed Claim filed with the Bankruptcy Court as set forth in the non-duplicative Proof of Claim, or (if no proof of such Claim was filed) listed by the Debtors in the Schedules, (b) the amount, if any, estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code or ordered by other order of the Bankruptcy Court, or (c) the amount otherwise agreed to by the Debtors or the Reorganized Debtors, as applicable, in consultation with the Backstop Parties, and the Holder of such Disputed Claim for distribution purposes. With respect to all Disputed Claims that are General Unsecured Claims or Convenience Class Claims and are unliquidated or contingent and for which no dollar amount is asserted on a Proof of Claim, the Debtors will reserve Cash adjusted from time to time equal to the amount reasonably determined by the Reorganized Debtors.

The Disbursing Agent may, at the direction of the Debtors or the Reorganized Debtors, adjust the Disputed Claims Reserve to reflect all earnings thereon (net of any expenses relating thereto, such expenses including any taxes imposed thereon or otherwise payable by the reserve), to be distributed on the Distribution Dates, as required by the Plan. The Disbursing Agent shall hold in the Disputed Claims Reserve all dividends, payments and other distributions made on account of, as well as any obligations arising from, the property held in the Disputed Claims

Reserve, to the extent that such property continues to be so held at the time such distributions are made or such obligations arise. The taxes imposed on the Disputed Claims Reserve (if any) shall be paid by the Disbursing Agent from the property held in the Disputed Claims Reserve, and the Reorganized Debtors shall have no liability for such taxes.

After any reasonable determination by the Reorganized Debtors that the Disputed Claims Reserve should be adjusted downward in accordance with Section 8.4(b)(i) of the Plan, the Disbursing Agent shall, at the direction of the Debtors or the Reorganized Debtors, effect a distribution in the amount of such adjustment as required by the Plan, and any date of such distribution will be an Interim Distribution Date.

After all Disputed Claims have become either Allowed Claims or Disallowed Claims and all distributions required pursuant to Section 8.4(c) of the Plan have been made, the Disbursing Agent shall, at the direction of the Reorganized Debtors, effect a final distribution of the consideration remaining in the Disputed Claims Reserve as required by the Plan.

It is expected that the Disbursing Agent will (A) make an election pursuant to United States Treasury Regulations section 1.468B-9 to treat the Disputed Claims Reserve as a "disputed ownership fund" within the meaning of that section and (B) allocate taxable income or loss to the Disputed Claims Reserve with respect to any taxable year that would have been allocated to the Holders of Disputed Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are Disputed Claims). The affected Holders of the Disputed Claims will be bound by such election, if made by the Disbursing Agent. For federal income tax purposes, absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Disbursing Agent will, to the extent permitted by applicable law, report consistently with the foregoing characterization for state and local income tax purposes. All affected Holders of Disputed Claims will report, for income tax purposes, consistently with the foregoing.

7. *Accrued but Untaxed Interest*

To the extent that any Claim is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor and has any accrued but unpaid interest thereon, any distribution received by the Holder of such Claim shall be allocated first to the principal amount of the Claim (as determined for U.S. federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest (including any accrued original issue discount). Any such amount attributable to accrued but unpaid interest should be taxable to the Holder as interest income, if such amount has not been previously included in the Holder's gross income for U.S. federal income tax purposes. Conversely, a Holder may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for bad debts) to the extent that any accrued interest (including any original issue discount) was previously included in the Holder's gross income but was not paid in full by the Debtors.

b. Consequences to U.S. Holders of Interests in Patriot

U.S. Holders of Interests in Patriot, which are being cancelled under the Plan, generally will be entitled to claim a worthless stock deduction (assuming that the Holder held the stock as a capital asset and the taxable year that includes the Plan is the same taxable year in which the stock first became worthless) in an amount equal to the Holder's adjusted basis in the stock. A worthless stock deduction is a deduction allowed to a Holder of a corporation's stock (that is a capital asset in the hands of such Holder) for the taxable year in which such stock becomes worthless, for the amount of the loss resulting therefrom. A worthless stock deduction is treated as a loss from the sale or exchange of a capital asset. Holders of Interests in Patriot are urged to consult their tax advisors regarding the proper characterization of the exchange and the resulting United States federal income tax consequences to them.

c. Information Reporting and Backup Withholding

Distributions or payments made pursuant to the Plan may be subject to backup withholding unless the Holder to which distribution or payment is made: (i) is included in certain exempt categories of persons (which generally include corporations) and, when required, demonstrates that fact or (ii) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding because of a failure to report all dividend and interest income. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against the Holder's U.S. federal income tax liability, provided required information is furnished to the IRS.

Each Debtor and Disbursing Agent will withhold all amounts required by law to be withheld from payments of interest. Each Debtor and Disbursing Agent will comply with all applicable reporting requirements of the Internal Revenue Code.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

ARTICLE 12
RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to the alternatives described herein because it provides for a larger distribution to the holders than would otherwise result in a

liquidation under chapter 7 of the Bankruptcy Code. The Creditors' Committee also supports the Plan. In addition, any alternative other than Confirmation of the Plan could result in extensive delays, increased administrative expenses or potential liquidation, resulting in smaller distributions to the holders of Claims. **Accordingly, the Debtors recommend that holders of Claims entitled to vote on the Plan support Confirmation of the Plan and vote to accept the Plan.**

Dated: St. Louis, Missouri
November 4, 2013

Respectfully submitted,

PATRIOT COAL CORPORATION (for itself and on behalf of its Subsidiary Debtors)

By: */s/ Bennett K. Hatfield*
Name: Bennett K. Hatfield
Title: President and Chief Executive Officer

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

Schedule 2: Debtor Groups

Group 1 Debtors	
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.	Brody Mining, LLC
11.	Brook Trout Coal, LLC
12.	Catenary Coal Company, LLC
13.	Central States Coal Reserves of Kentucky, LLC
14.	Charles Coal Company, LLC
15.	Cleaton Coal Company
16.	Coal Clean LLC
17.	Coal Properties, LLC
18.	Coal Reserve Holding Limited Liability Company No. 2
19.	Colony Bay Coal Company
20.	Cook Mountain Coal Company, LLC
21.	Corydon Resources LLC
22.	Coventry Mining Services, 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.	Gateway Eagle Coal Company, LLC
35.	Grand Eagle Mining, LLC
36.	Heritage Coal Company LLC
37.	Highland Mining Company, LLC
38.	Hillside Mining Company
39.	Hobet Mining, LLC
40.	Indian Hill Company LLC
41.	Infinity Coal Sales, LLC
42.	Interior Holdings, LLC
43.	IO Coal LLC
44.	Jarrell's Branch Coal Company
45.	Jupiter Holdings LLC
46.	Kanawha Eagle Coal, LLC
47.	Kanawha River Ventures I, LLC
48.	Kanawha River Ventures II, LLC
49.	Kanawha River Ventures III, LLC
50.	KE Ventures LLC
51.	Logan Fork Coal Company
52.	Magnum Coal Company LLC
53.	Magnum Coal Sales LLC
54.	Martinka Coal Company, LLC
55.	Midland Trail Energy LLC
56.	Midwest Coal Resources II, LLC
57.	Mountain View Coal Company, LLC
58.	New Trout Coal Holdings II, LLC
59.	North Page Coal Corp.
60.	Ohio County Coal Company, LLC
61.	Patriot Beaver Dam Holdings, LLC
62.	Patriot Coal Company, L.P.
63.	Patriot Coal Corporation
64.	Patriot Coal Sales LLC
65.	Patriot Coal Services LLC
66.	Patriot Leasing Company LLC
67.	Patriot Midwest Holdings, LLC
68.	Patriot Trading LLC
69.	Patriot Ventures LLC
70.	PCX Enterprises, Inc.
71.	Pine Ridge Coal Company, LLC
72.	Pond Creek Land Resources, LLC
73.	Pond Fork Processing LLC
74.	Remington Holdings LLC
75.	Remington II LLC
76.	Remington LLC
77.	Rivers Edge Mining, Inc.
78.	Sentry Mining, LLC
79.	Snowberry Land Company
80.	Speed Mining LLC
81.	Sterling Smokeless Coal Company, LLC
82.	TC Sales Company, LLC
83.	The Presidents Energy Company LLC
84.	Thunderhill Coal LLC
85.	Trout Coal Holdings, LLC
86.	Union County Coal Co., LLC
87.	Viper LLC
88.	Weatherby Processing LLC
89.	Wildcat, LLC
90.	Will Scarlet Properties LLC
91.	Winchester LLC
92.	Winifrede Dock Limited Liability Company
93.	Yankeetown Dock, LLC

Group 2 Debtors	
1.	Coyote Coal Company LLC
2.	Emerald Processing, L.L.C.
3.	Newtown Energy, Inc.
4.	Panther LLC
5.	Wildcat Energy LLC

Group 3 Debtors	
1.	Little Creek LLC
2.	Patriot Reserve Holdings, LLC
3.	Robin Land Company, LLC

Appendix A

Debtors' Joint Plan of Reorganization
Under Chapter 11 of the Bankruptcy Code

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)**

DEBTORS' THIRD AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

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Counsel to the Debtors
and Debtors in Possession

Dated: November 4, 2013

[1] The Debtors and their respective employer tax identification numbers are listed in Schedule A hereto.

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INTRODUCTION

Pursuant to section 1121(a) of the Bankruptcy Code,[2] the Debtors in the above-captioned jointly administered Chapter 11 Cases respectfully propose the Plan. The Debtors are the proponents of the Plan under section 1129 of the Bankruptcy Code.

A complete list of the Debtors is set forth in Schedule A to the Plan. The list identifies each Debtor by its case number in these Chapter 11 Cases and by its Employer Identification Number, and assigns a number and three-letter identifier to each Debtor for classification purposes.

The Plan contemplates the reorganization of the Debtors and the resolution of all outstanding Claims against, and Interests in, the Debtors.

Pursuant to section 1125(b) of the Bankruptcy Code, votes to accept or reject a plan of reorganization cannot be solicited from holders of Claims or Interests entitled to vote on a plan until a disclosure statement has been approved by a bankruptcy court and distributed to such holders. On [•], the Bankruptcy Court entered the Approval Order that, among other things, approved the Disclosure Statement, set voting procedures and scheduled the Confirmation Hearing. The Disclosure Statement that accompanies the Plan contains, among other things, a discussion of the Debtors' history, businesses, properties and operations, projections for those operations, risk factors associated with the Debtors' businesses and the Plan, and a summary and analysis of the Plan and certain related matters.

ARTICLE 1
DEFINITIONS AND RULES OF INTERPRETATION

Section 1.1 Definitions

Unless the context requires otherwise, the following terms used in the Plan shall have the following meanings:

1. "**Additional Debtors**" means Brody Mining, LLC and Patriot Ventures LLC.

2. "**Adjustment Distribution**" has the meaning set forth in Section 8.4(b)(iii) of the Plan.

3. "**Administrative Claim**" means a Claim for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code, including, but not limited to, the Backstop Fees, the Breakup Fee (if any), the Backstop Expense Reimbursement, Other Administrative Claims and Professional Fee Claims (excluding, for the avoidance of doubt, DIP Facility Claims).

[2] Capitalized terms shall have the meanings ascribed to them in Section 1.1 of the Plan.

4. "**Affiliate**" has the meaning set forth in section 101(2) of the Bankruptcy Code.

5. "**Allowed**" means, when used in reference to a Claim, all or that portion, as applicable, of any Claim against any Debtor (i) that has been listed by the Debtors in the Schedules, as such Schedules may be amended by the Debtors from time to time, as liquidated in amount and not disputed or contingent, and for which no contrary or superseding Proof of Claim has been filed, (ii) that has been expressly allowed by Final Order or under the Plan, (iii) that has been compromised, settled or otherwise resolved pursuant to the Claims Settlement Procedures Order, another Final Order of the Bankruptcy Court or Section 8.2 of the Plan or (iv) that the Debtors do not timely object to in accordance with Section 8.1 of the Plan; *provided*, *however*, that Claims allowed solely for the purpose of voting to accept or reject the Plan shall not be considered "Allowed" for any other purpose under the Plan or otherwise, except if and to the extent otherwise determined to be Allowed as provided herein. Unless otherwise specified under the Plan, under the Bankruptcy Code, by order of the Bankruptcy Court or as otherwise agreed by the Debtors, Allowed Claims shall not, for any purpose under the Plan, include any interest, costs, fees or charges on such Claims from and after the Petition Date.

6. "**Approval Order**" means the Order (i) Approving Disclosure Statement; (ii) Approving Solicitation and Notice Materials; (iii) Approving Forms of Ballots; (iv) Establishing Solicitation and Voting Procedures; (v) Establishing Procedures for Allowing and Estimating Certain Claims for Voting Purposes; (vi) Scheduling a Confirmation Hearing and (vii) Establishing Notice and Objection Procedures, entered by the Bankruptcy Court on [•] [ECF No. [•]], together with any supplemental order(s) that may be entered by the Bankruptcy Court in connection therewith.

7. "**Approved Second Out DIP L/C Arrangement**" means the treatment of any Second Out DIP L/C consented to by the Second Out DIP Lenders as provided for in paragraph 23 of the DIP Order.

8. "**Arch**" means Arch Coal, Inc. and its subsidiaries and affiliates.

9. "**Arch Settlement**" means the settlement between the Debtors and Arch approved by the Bankruptcy Court on [•], 2013, the terms of which are incorporated herein by reference.

10. "**Arch Settlement Order**" means the order of the Bankruptcy Court approving the Arch Settlement.

11. "**Assumption Effective Date**" means the date upon which the assumption of an executory contract or unexpired lease under the Plan is deemed effective, which in no case shall be later than the Effective Date unless otherwise agreed by the relevant Assumption Party.

12. "**Assumption Party**" means a counterparty to an executory contract or unexpired lease to be assumed and/or assigned by the Debtors under the Plan.

13. "**Avoidance Actions**" means any and all actual or potential claims and causes of action to avoid a transfer of property or an obligation incurred by any of the Debtors pursuant to any applicable section of the Bankruptcy Code, including sections 544, 545, 547, 548, 549, 550, 551, 553(b) and 724(a) of the Bankruptcy Code, or under similar or related state or federal statutes and common law.

14. "**Backstop Approval Order**" means [•] [ECF No. [•]].

15. "**Backstop Commitment Percentage**" has the meaning set forth in the Backstop Rights Purchase Agreement.

16. "**Backstop Expense Reimbursement**" means the Debtors' obligations (approved by the Bankruptcy Court under the Backstop Approval Order) to reimburse the Backstop Parties' third-party fees and expenses in accordance with the terms of the Backstop Rights Purchase Agreement.

17. "**Backstop Fee**" means the backstop fee approved by the Bankruptcy Court under the Backstop Approval Order and required to be paid to the Backstop Parties in a form in accordance with the Backstop Rights Purchase Agreement.

18. "**Backstop Parties**" has the meaning set forth in the Backstop Rights Purchase Agreement.

19. "**Backstop Rights Purchase Agreement**" means the Backstop Rights Purchase Agreement by and among the Debtors and the Backstop Parties party thereto, and consented to by the Creditors' Committee and the UMWA, dated as of November 4, 2013.

20. "**Ballot**" means the voting form distributed to each holder of an Impaired Claim entitled to vote, on which the holder is to indicate acceptance or rejection of the Plan in accordance with the Voting Instructions and make any other elections or representations required pursuant to the Plan or the Approval Order.

21. "**Bankruptcy Code**" means title 11 of the United States Code, as now in effect or hereafter amended, to the extent applicable to the Chapter 11 Cases.

22. "**Bankruptcy Court**" means the United States Bankruptcy Court with jurisdiction over the Chapter 11 Cases, and, with respect to withdrawal of any reference under section 157 of title 28 of the United States Code and/or order of a district court pursuant to section 157(a) of title 28 of the United States Code, the United States District Court for the Eastern District of Missouri. The term "Bankruptcy Court" shall also refer to the Bankruptcy Court for the Southern District of New York, where applicable.

23. "**Bankruptcy Court's Website**" means *www.moeb.uscourts.gov*.

24. "**Bankruptcy Rules**" means the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, each as now in effect or as hereafter amended, to the extent applicable to the Chapter 11 Cases.

25. "**Bar Date Order**" means (a) with respect to the Initial Debtors, the *Order Establishing Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof*, entered by the Bankruptcy Court on October 18, 2012 [ECF No. 1388]; (b) with respect to Brody Mining, LLC, the *Order Establishing Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof*, entered by the Bankruptcy Court on September 27, 2013 [Case No. 13-48727, ECF No. 14]; and (c) with respect to Patriot Ventures LLC, the *Order Establishing Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof*, entered by the Bankruptcy Court on September 27, 2013 [Case No. 13-48728, ECF No. 14].

26. "**Beneficial Ballots**" means the ballots upon which Beneficial Holders shall indicate to Nominees their acceptance or rejection of the Plan in accordance with the Voting Instructions.

27. "**Beneficial Holder**" or "**Beneficial Ownership**" means, with respect to any security, having "beneficial ownership" of such security (as determined pursuant to Rule 13d-3 of the Exchange Act).

28. "**Board**" means, as of any date prior to the Effective Date, Patriot Coal's then-existing board of directors, including any duly formed committee thereof.

29. "**Breakup Fee**" has the meaning set forth in the Backstop Rights Purchase Agreement.

30. "**Business Day**" means any day other than a Saturday, a Sunday, a "legal holiday" (as defined in Bankruptcy Rule 9006(a)) or any other day on which banking institutions in either New York, New York or St. Louis, Missouri are required or authorized to close by law or executive order.

31. "**Case Management Order**" means, before the Effective Date, the *Order Establishing Notice, Case Management and Administrative Procedures*, entered by the Bankruptcy Court on March 22, 2013 [ECF No. 3361], and, on and after the Effective Date, such order as modified by Section 15.16 hereof.

32. "**Cash**" means legal tender of the United States of America or equivalents thereof, including, without limitation, payment in such tender by check, wire transfer or any other customary payment method.

33. "**Cause of Action**" means, without limitation, any and all actions, proceedings, causes of action, controversies, liabilities, obligations, rights, rights of set-off, recoupment rights, suits, damages, judgments, accounts, defenses, offsets, powers, privileges, licenses, franchises, Claims, and including alter-ego claims and claims under chapter 5 of the

Bankruptcy Code as well as any claims or rights created pursuant to sections 301 and 541 of the Bankruptcy Code upon the commencement of the Petition Date, counterclaims, cross-claims, affirmative defenses and demands of any kind or character whatsoever, whether known or unknown, asserted or unasserted, reduced to judgment or otherwise, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in contract or in tort, in law, in equity or otherwise in any court, tribunal, forum or proceeding, under any local, state, federal, foreign, statutory, regulatory or other law or rule, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases, including through the Effective Date.

34. "**Certified Eligible Holder**" has the meaning set forth in the Rights Offerings Procedures.

35. "**Chapter 11 Cases**" means the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors on the applicable Petition Date, pending in the Bankruptcy Court with the case numbers as set forth in Schedule A to the Plan, that are jointly administered in the case styled *In re: Patriot Coal Corporation*, Case No. 12-51502-659.

36. **"Charging Lien**" means, collectively, the Convertible Notes Charging Lien and the Senior Notes Charging Lien.

37. "**Claim**" means a "claim," as defined in section 101(5) of the Bankruptcy Code.

38. "**Claims Agent**" means GCG, Inc., which is located at 1985 Marcus Ave., Suite 200, Lake Success, New York 11042.

39. "**Claims Objection Deadline**" means 11:59 p.m. (prevailing Central Time) on the 365th calendar day after the Effective Date, subject to further extensions and/or exceptions as may be ordered by the Bankruptcy Court.

40. "**Claims Objection Procedures Order**" means the *Order Establishing Procedures for Claims Objections*, entered by the Bankruptcy Court on March 1, 2013 [ECF No. 3021].

41. "**Claims Settlement Procedures Order**" means the *Order Authorizing and Approving Procedures for Compromise and Settlement of Certain Claims, Litigations and Causes of Action*, entered by the Bankruptcy Court on February 13, 2013 [ECF No. 2821].

42. "**Class**" means any group of Claims or Interests classified by the Plan pursuant to section 1122(a) of the Bankruptcy Code.

43. "**Collateral**" means any property or interest in property of the Debtors subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance and is not otherwise invalid under the Bankruptcy Code or other applicable law.

44. "**Confirmation**" means confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code.

45. "**Confirmation Date**" means the date on which the Confirmation Order is entered by the Bankruptcy Court on its docket.

46. "**Confirmation Hearing**" means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to sections 1128 and 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

47. "**Confirmation Order**" means the order of the Bankruptcy Court entered pursuant to section 1129 of the Bankruptcy Code confirming the Plan.

48. "**Contingent**" means, when used in reference to a Claim, any Claim, the liability for which attaches or is dependent upon the occurrence or happening of, or is triggered by, an event that has not yet occurred as of the date on which such Claim is sought to be estimated or on which an objection to such Claim is filed, whether or not such event is within the actual or presumed contemplation of the holder of such Claim and whether or not a relationship between the holder of such Claim and the applicable Debtor now or hereafter exists or previously existed.

49. **"Contingent DIP Obligations**" means all of the Debtors' obligations under the DIP Documents and the DIP Order that are contingent and/or unliquidated (including, without limitation, those set forth in Section 12.04 of the First Out DIP Facility and Section 10.04 of the Second Out DIP Facility), other than DIP Obligations that are paid in full in Cash (or, in the case of any Outstanding L/C, Paid in Full) on or prior to the Effective Date.

50. "**Convenience Class Claim**" means (i) a Claim against any of the Debtors that would otherwise be a General Unsecured Claim and that is greater than $0 and less than or equal to $500,000 in Allowed amount or (ii) a Claim against any of the Debtors that would otherwise be a General Unsecured Claim in an amount greater than $500,000 but which is reduced to $500,000 by an irrevocable written election of the Holder of such Claim made on a properly executed and delivered Ballot; *provided, however*, that a General Unsecured Claim originally Allowed in an amount in excess of $500,000 may not be sub-divided into multiple Claims of $500,000 or less for purposes of receiving treatment as a Convenience Class Claim.

51. "**Convenience Class Consideration**" means Cash in the amount of $3 million.

52. "**Convertible Notes**" means those certain 3.25% Convertible Senior Notes due 2013 in the aggregate principal amount of $200,000,000 issued pursuant to the Convertible Notes Indenture.

53. "**Convertible Notes Charging Lien**" means the lien of the Convertible Notes Trustee, arising under the Convertible Notes Indenture, upon any distributions relating to or on

account of Convertible Notes, securing the payment of, including without limitation, the fees and expenses of the Convertible Notes Trustee, including fees and expenses of counsel and other professionals engaged by, on behalf of or for the benefit of the Convertible Notes Trustee, whether incurred prepetition, postpetition or before or after the Effective Date, in each case, solely as provided for in the Convertible Notes Indenture.

54. "**Convertible Notes Indenture**" means that certain Indenture, dated as of May 28, 2008, between Patriot Coal and the Convertible Notes Trustee.

55. "**Convertible Notes Trustee**" means U.S. Bank National Association, in its capacity as indenture trustee under the Convertible Notes Indenture.

56. "**Creditor**" means any holder of a Claim.

57. "**Creditors' Committee**" means the statutory committee of unsecured creditors appointed in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code, as constituted from time to time.

58. "**Cure**" means a distribution made in the ordinary course of business following the Effective Date pursuant to an executory contract or unexpired lease assumed under section 365 or 1123 of the Bankruptcy Code (i) in an amount equal to the Proposed Cure (including if such Proposed Cure is zero dollars) or (ii) if a Treatment Objection is filed with respect to the applicable Proposed Cure, then in an amount equal to the unpaid monetary obligations owing by the Debtors and required to be paid pursuant to section 365(b) of the Bankruptcy Code, as may be (x) determined by Final Order or (y) otherwise agreed upon by the parties, in consultation with the Creditors' Committee (if prior to the Effective Date).

59. "**Customer Programs**" means the Debtors' customer programs and practices, including, without limitation, prepayment, true-up, and invoice correction programs, as to which the Debtors were authorized to honor prepetition obligations and to otherwise continue in the ordinary course of business by the *Final Order Authorizing (i) Debtors to Honor Prepetition Obligations to Customers in the Ordinary Course of Business and (ii) Financial Institutions to Honor and Process Related Checks and Transfers*, entered by the Bankruptcy Court on August 2, 2012 [ECF No. 254].

60. "**D&O Liability Insurance Policies**" means all insurance policies for directors', managers' and officers' liability (including employment practices liability and fiduciary liability) maintained by the Debtors issued prior to the Effective Date, including as such policies may extend to employees, and any such "tail" policies.

61. "**Debtor-Weighted**" means (i) with respect to a Convertible Notes Claim or a General Unsecured Claim or Convenience Class Claim against a Group 1 Debtor, the amount of such Claim, (ii) with respect to a General Unsecured Claim or Convenience Class Claim

against a Group 2 Debtor, the amount of such Claim multiplied by two (2) and (iii) with respect to a General Unsecured Claim or Convenience Class Claim against a Group 3 Debtor, the amount of such Claim multiplied by three (3).

62. "**Debtors**" means each of the entities listed in Schedule A of the Plan. To the extent that the context requires any reference to the Debtors after the Effective Date, Debtors shall mean the Reorganized Debtors.

63. "**Debtors' Case Information Website**" means *www.patriotcaseinfo.com*.

64. "**DIP Agents**" means, collectively, the First Out DIP Agent and the Second Out DIP Agent.

65. "**DIP Documents**" has the meaning set forth in the DIP Order.

66. "**DIP Facilities**" means, collectively, the First Out DIP Facility and the Second Out DIP Facility.

67. "**DIP Facility Claim**" means any Claim of any DIP Agent, DIP Lender or L/C Issuer against a Debtor arising out of or related to the DIP Facilities, including, without limitation, the Superpriority Claims and DIP Liens granted pursuant to, and each as defined in, the DIP Order.

68. "**DIP Lender**" means any lender under either of the DIP Facilities as of the Effective Date.

69. "**DIP Order**" means the *Final Order (i) Authorizing Debtors (a) to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 364(e), and (b) to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363 and (ii) Granting Adequate Protection to Pre-Petition Secured Lenders Pursuant to 11 U.S.C. §§ 361, 362, 363 And 364*, entered by the Bankruptcy Court on August 3, 2012 [ECF No. 275], as amended pursuant to the *Supplemental DIP Financing Order Authorizing, Pursuant to 11 U.S.C. §§ 363 and 364, (i) Amendment to the DIP Financing, (ii) Engagement of the First Out DIP Agent in Connection Therewith, (iii) Payment of Fees Related Thereto, and (iv) Waiver of Bankruptcy Rule 6004(h) Stay*, entered by the Bankruptcy Court on August 21, 2013 [ECF No. 4498], and as each of the foregoing has been or is hereafter modified, amended, supplemented or extended from time to time during the Chapter 11 Cases.

70. "**Disallowed**" means, when used in reference to a Claim, all or that portion, as applicable, of any Claim against any Debtor that (i) has been disallowed by a Final Order of the Bankruptcy Court, (ii) is listed in the Schedules as "$0," contingent, disputed or unliquidated and as to which a proof of claim bar date has been established but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or

otherwise deemed timely filed under applicable law, (iii) has been agreed to be equal to "$0" or to be expunged pursuant to the Claims Settlement Procedures Order or otherwise or (iv) is not listed on the Schedules and as to which a proof of claim bar date has been established but no Proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely filed under applicable law.

71. "**Disbursing Agent**" means Reorganized Patriot Coal or any Person or Entity designated or retained by the Reorganized Debtors, in their sole discretion and without the need for any further order of the Bankruptcy Court, to serve as disbursing agent for Claims.

72. "**Disclosure Statement**" means the disclosure statement relating to the Plan, including all exhibits, appendices and schedules thereto, as amended, supplemented or modified from time to time, in each case, as approved pursuant to section 1125 of the Bankruptcy Code by the Bankruptcy Court in the Approval Order.

73. "**Disputed**" means, when used in reference to a Claim, any Claim or any portion thereof that is neither an Allowed Claim nor a Disallowed Claim.

74. "**Disputed Claims Reserve**" has the meaning set forth in Section 8.4(b)(i) of the Plan.

75. "**Distribution Date**" means any of (i) the Initial Distribution Date, (ii) each Interim Distribution Date and (iii) the Final Distribution Date.

76. "**Distribution Record Date**" means the Confirmation Date.

77. "**DTC**" means the Depository Trust Company.

78. "**Effective Date**" means the Business Day selected by the Debtors that is (i) on or after the Confirmation Date and on which date no stay of the Confirmation Order is in effect and (ii) on or after the date on which the conditions to effectiveness of the Plan specified in Section 12.1 of the Plan have been either satisfied or waived as set forth herein.

79. "**Eligibility Certificate Deadline**" means November 27, 2013 at 5:00 p.m. (prevailing Central Time) or such later time as determined by the Debtors in their sole discretion.

80. "**Eligible Affiliate**" means an affiliate of an Eligible Holder or Backstop Party that is also an Eligible Holder (or would be an Eligible Holder if such affiliate were a holder of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim).

81. "**Eligible Holder**" means a holder of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim that is (i) a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act or an entity in which all of the equity owners are such "qualified institutional buyers," or (ii) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6) or (7) of the

Securities Act, or an entity in which all of the equity owners are such "accredited investors."

82. "**Employee Agreement**" means any agreement (other than a standard form acknowledgement or undertaking by newly-hired employees for the benefit of any of the Debtors) between, or any offer letter issued by, any of the Debtors and/to any current or former directors, officers or employees of any of the Debtors.

83. "**Entity**" or "**entity**" means an entity as defined in section 101(15) of the Bankruptcy Code.

84. "**Environmental Law**" means all federal, state and local statutes, regulations, ordinances and similar provisions having the force or effect of law; all judicial and administrative orders, agreements and determinations and all common law concerning pollution or protection of the environment or human health and safety but only as such relates to exposure to hazardous substances, including the Comprehensive Environmental Response, Compensation, and Liability Act; the Clean Water Act; the Clean Air Act; the Emergency Planning and Community Right-to-Know Act; the Federal Insecticide, Fungicide, and Rodenticide Act; the Resource Conservation and Recovery Act; the Safe Drinking Water Act; the Toxic Substances Control Act; and any state or local equivalents.

85. "**Estate**" means, individually, the estate of each of the Debtors and collectively, the estates of all of the Debtors created under section 541 of the Bankruptcy Code. These Estates were jointly administered for procedural purposes only pursuant to the *Order Directing Joint Administration of Chapter 11 Cases* [ECF No. 30], the *Order Directing Joint Administration of Chapter 11 Cases* [Case No. 13-48727, ECF No. 16], and the *Order Directing Joint Administration of Chapter 11 Cases* [Case No. 13-48728, ECF No. 16].

86. "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

87. "**Exculpated Parties**" means the Released Parties.

88. "**Existing Note**s" means, collectively, the Senior Notes and the Convertible Notes.

89. "**Exit ABL Credit Agreement**" means a revolving facility to be entered into by the Reorganized Debtors, the material terms of which are set forth in the Plan Supplement.

90. "**Exit Credit Facilities**" means, collectively, the Exit ABL Credit Agreement, the Exit Term Loan Credit Agreement, the Exit L/C Credit Agreement and/or any additional or alternative sources of exit financing, which shall provide for sufficient financing to repay the DIP Facility Claims in Cash in full (or, in the case of any Outstanding L/C, Paid in Full) prior to or as of the Effective Date.

91. "**Exit Credit Facilities Documents**" means all loan and security documents, intercreditor agreements and other documents and filings, in each case related to the Exit Credit Facilities and as the same may be amended, restated, supplemented or otherwise modified from time to time.

92. "**Exit Credit Facilities Parties**" means the banks, financial institutions and other lenders party to the Exit Credit Facilities from time to time, each in their capacity as such.

93. "**Exit L/C Credit Agreement**" means a letter of credit facility to be entered into by the Reorganized Debtors, the material terms of which are set forth in the Plan Supplement.

94. "**Exit Term Loan Credit Agreement**" means a term loan credit facility to be entered into by the Reorganized Debtors, the material terms of which are set forth in the Plan Supplement.

95. "**Final Distribution Date**" means a date selected by the Reorganized Debtors in their sole discretion that is after the Initial Distribution Date and is no earlier than 20 calendar days after the date on which all Disputed General Unsecured Claims and Disputed Convenience Class Claims have become either Allowed Claims or Disallowed Claims.

96. "**Final Order**" means, as applicable, an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter, which has not been reversed, stayed, modified or amended, and as to which the time to appeal, seek certiorari or move for a new trial, re-argument or rehearing has expired and no appeal, petition for certiorari or motion for a new trial, re-argument or rehearing has been timely filed, or as to which any appeal that has been taken, any petition for certiorari, or motion for a new trial, review, re-argument, or rehearing that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought; *provided, however*, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, as made applicable by Rule 9024 of the Federal Rules of Bankruptcy Procedure, may be filed relating to such order shall not cause such order to not be a Final Order.

97. "**First Out DIP Agent**" means Citibank, N.A. in its capacity as administrative agent under the First Out DIP Facility.

98. "**First Out DIP Facility**" means that certain Superpriority Secured Debtor-in-Possession Credit Agreement, dated as of July 9, 2012, among, *inter alios*, Patriot Coal as Borrower, the lenders party thereto from time to time and the First Out DIP Agent, as approved by the Bankruptcy Court pursuant to the DIP Order, including any amendments, restatements, modifications or extensions thereof.

99. "**Foreign Agreements**" means all executory contracts or unexpired leases as to which the Debtors were authorized to pay their prepetition debts in the ordinary course of business pursuant to the *Final Order Authorizing (i) Debtors to Pay Prepetition Obligations Owed*

to Foreign Creditors and (ii) Financial Institutions to Honor and Process Related Checks and Transfers, entered by the Bankruptcy Court on August 2, 2012 [ECF No. 256].

100. "**General Unsecured Claim**" means any prepetition Claim against any of the Debtors that is not a DIP Facility Claim, Other Administrative Claim, Priority Tax Claim, Other Priority Claim, Other Secured Claim, Senior Notes Claim, Convertible Notes Claim, Convenience Class Claim, Section 510(b) Claim or Intercompany Claim, including any unsecured claims under section 506(a)(1) of the Bankruptcy Code.

101. "**Group 1 Debtors"** means each of the entities listed as a Group 1 Debtor in Schedule B of the Plan.

102. "**Group 2 Debtors"** means each of the entities listed as a Group 2 Debtor in Schedule B of the Plan.

103. "**Group 3 Debtors"** means each of the entities listed as a Group 3 Debtor in Schedule B of the Plan.

104. **"GUC Rights**" means Rights to purchase up to 4.62% of the Rights Offering Notes and up to 4.62% of the Rights Offering Warrants. The aggregate combined Subscription Purchase Price of the GUC Rights shall be $11,551,155.

105. "**GUC Stock Allocation**" means New Class A Stock representing 5% of the New Common Stock, subject to any future dilution by shares of New Class A Common Stock issued in respect of the Rights Offering Warrants and management incentive packages.

106. "**Impaired**" means, when used in reference to a Claim, any Claim that is impaired within the meaning of section 1124 of the Bankruptcy Code.

107. "**Indemnification Obligation**" means any obligation of any Debtor to indemnify directors, officers or employees of any of the Debtors who served in such capacity, with respect to or based upon any act or omission taken or omitted in any of such capacities, or for or on behalf of any Debtor, whether pursuant to agreement, the Debtors' respective articles or certificates of incorporation, corporate charters, bylaws, operating agreements or similar corporate documents or other applicable contract or law in effect as of the Effective Date.

108. "**Indentures**" means, collectively, the Convertible Notes Indenture and the Senior Notes Indenture.

109. "**Indenture Trustees**" means, collectively, the Convertible Notes Trustees and the Senior Notes Trustee.

110. "**Initial Debtors**" means Patriot Coal and the Subsidiary Debtors that filed chapter 11 petitions on July 9, 2012.

111. "**Initial Distribution Date**" means a day selected by the Reorganized Debtors in their sole discretion that is as soon as reasonably practicable after the Effective Date.

112. "**Insurance Plans**" means the Debtors' insurance policies and any agreements, documents or instruments relating thereto entered into before the Petition Date; *provided, however*, that the Insurance Plans shall not include the D&O Liability Insurance Policies.

113. "**Intercompany Claim**" means any Claim by a Debtor against another Debtor.

114. "**Intercompany Contract**" means a contract solely between two or more Debtors entered into before the Petition Date.

115. "**Interest**" means any equity security within the meaning of section 101(16) of the Bankruptcy Code including, without limitation, all issued, unissued, authorized or outstanding shares of stock or other equity interests (including common and preferred), together with any warrants, options, convertible securities, liquidating preferred securities or contractual rights to purchase or acquire any such equity interests at any time and all rights arising with respect thereto.

116. "**Interim Compensation Order**" means the *Order to Establish Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals*, entered by the Bankruptcy Court on August 2, 2012 [ECF No. 262].

117. "**Interim Distribution Date**" means the date that is no later than 180 calendar days after the Initial Distribution Date or the most recent Interim Distribution Date thereafter, with such periodic Interim Distribution Dates occurring until the Final Distribution Date has occurred, it being understood that the Reorganized Debtors may increase the frequency of Interim Distribution Dates in their sole discretion as circumstances warrant.

118. "**Internal Revenue Code**" means the Internal Revenue Code of 1986, as amended.

119. "**IRS**" means the Internal Revenue Service of the United States of America.

120. "**Knighthead**" means Knighthead Capital Management LLC, solely on behalf of certain funds and accounts it manages and/or advises.

121. "**L/C**" means any letter of credit issued under either the First Out DIP Facility or the Second Out DIP Facility.

122. "**L/C Issuer**" means the issuer of an L/C under the First Out DIP Facility or the Second Out DIP Facility, as applicable.

123. "**Lien**" means a "lien," as defined in section 101(37) of the Bankruptcy Code.

124. "**LRPB Lease**" means that certain lease dated September 28, 1984 among LaFollette, Robson, Prichard & Broun, et al., Cedar Coal Co. and The Charleston Bank, N.A., as

Trustee (as amended, assigned (in part or in whole), transferred, extended, subleased or as the rights derived from that certain lease were conveyed or assumed by the Debtors from time to time).

125. "**LRPB Lessors**" means LML Properties, LLC; PRC Holdings, LLC; Wright Holdings, LLC; AAW Holdings, LLC; Kanawha Boone Holdings, LLC; Prichard School, LLC; The Board of Trustees of Prichard School; LML-AAW Holdings LLC; RBL-AAW Holdings LLC; LaFollette Holdings, LTD; Robert B. LaFollette Holdings, LLC; Broun Properties, LLC; City National Bank of West Virginia, as successor Trustee under a trust agreement dated December 30, 1983 with A.M. Prichard, Lewis Prichard III, and Sarah Ann Prichard and their respective spouses; Riverside Park, Inc.; H.A. Robson Trust; Riverside Park, Inc.; James A. LaFollette Holdings, LLC; Latelle M. LaFollette Trust for Alice A. Wright; Latelle M. LaFollette Trust for Marjorie J. Wright; Robert B. LaFollette Trust for Alice A. Wright; Robert B. LaFollette Trust for Marjorie J. Wright; and Alice Ann Wright.

126. "**LRPB Proofs of Claim**" means, collectively, in each case (i) with reference to the proof of claim number assigned by the Debtors' claims and noticing agent and (ii) as filed on or prior to the date hereof, proof of claim numbers 2701, 2702, 2703, 2704, 2705, 2706, 2716, 2717, 2718, 2719, 2720, 2721, 2722, 2723, 2724, 2725, 2726, 2727, 2728, 2729, 2730, 2731, 2732, 2733, 2734, 2735, 2736, 2737, 2738, 2739, 2740, 2741, 2742, 2743, 2744, 2745, 2746, 2919, 2920, 2921, 2934, 2935, 2936, 2969, 2970, 2971, 2972, 2973, 2974, 2975, 2976, 2977, 2978, 2979, 2980, 2981, 2982, 2983, 2984, 2985, 2986, 2987, 2988, 2989, 2990, 2991, 2992, 2993, 2994, 2995, 2996, 2997, 2998, 2999, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3317, 3318 and 3319.

127. "**Master Ballots**" means the master ballots upon which the Nominees of Beneficial Holders shall indicate acceptances and rejections of the Plan in accordance with the Voting Instructions.

128. "**MOU**" means that Memorandum of Understanding between the UMWA and Patriot Coal, dated August 26, 2013, in the form approved by the UMWA Settlement Order, as has been or is hereafter modified, amended or supplemented.

129. "**New Board**" means the board of directors of Reorganized Patriot Coal on the Effective Date.

130. "**New Bylaws**" means the bylaws of Reorganized Patriot Coal, which shall be substantially in the form set forth in the Plan Supplement and in form and substance reasonably acceptable to the Backstop Parties.

131. "**New CBAs**" has the meaning set forth in the UMWA Settlement Order.

132. "**New Certificate of Incorporation**" means the certificate of incorporation of Reorganized Patriot Coal, which shall be substantially in the form set forth in the Plan Supplement and in form and substance reasonably acceptable to the Backstop Parties.

133. "**New Common Stock**" means, collectively, New Class A Common Stock and New Class B Common Stock.

134. "**New Class A Common Stock**" means the shares of common stock, par value $.01 per share, of Reorganized Patriot Coal to be authorized and issued hereunder or for purposes specified herein, which shall be entitled to a single vote per share on all matters on which the New Common Stock is entitled to vote.

135. "**New Class B Common Stock**" means the shares of common stock, par value $.01 per share, of Reorganized Patriot Coal to be authorized and issued hereunder or for purposes specified herein, which shall be entitled to 100 votes per share on all matters on which the New Common Stock is entitled to vote.

136. "**New Securities**" has the meaning set forth in Section 5.2 of the Plan.

137. "**New Stockholders' Agreement**" means the stockholders' agreement substantially in the form included in the Plan Supplement to be entered into by and among Reorganized Patriot Coal, the Backstop Parties and certain other holders of New Class A Common Stock or Rights Offering Warrants whose number of shares of New Class A Common Stock plus the number of shares of New Class A Common Stock into which their Rights Offering Warrants could be exercised for would, in the aggregate, be equal to or greater than five percent of the total number of outstanding shares of New Class A Common Stock (calculated on a fully diluted basis).

138. "**Nominee**" means any broker, dealer, commercial loans institution, financial institution or other nominee (or its mailing agent) in whose name securities are registered or held of record on behalf of a Beneficial Holder.

139. "**Non-Union Retiree Committee**" means the Official Committee of Non-Represented Retirees appointed by the United States Trustee on March 7, 2013 pursuant to section 1114 of the Bankruptcy Code.

140. "**Non-Union Retiree Settlement Order**" means the *Order Authorizing the Modification and Termination of Certain Non-Vested Benefits for Non-Union Retiree Benefit Participants Pursuant to 11 U.S.C. §§ 105(a) and 363(b)*, entered by the Bankruptcy Court on April 26, 2013 [ECF No. 3849], the terms of which are incorporated herein by reference.

141. "**Non-Union Retiree VEBA**" means the voluntary employees' beneficiary association within the meaning of section 501(c)(9) of the Internal Revenue Code, authorized by the Bankruptcy Court to be established by the Non-Union Retiree Committee.

142. "**Notes Rights**" means the subscription rights to purchase the Rights Offering Notes.

143. "**Notes Rights Offering**" means the rights offering for the Rights Offering Notes as described in Section 5.6 of the Plan.

144. "**Notice of Intent to Assume or Reject**" means a notice delivered by the Debtors or by the Reorganized Debtors pursuant to Article 9 of the Plan stating an intent to assume or reject an executory contract or unexpired lease and including a proposed Assumption Effective Date or Rejection Effective Date, as applicable, and, if applicable, a Proposed Cure and/or a proposed assignment.

145. "**Ordinary Course Professionals Order**" means the *Order Authorizing the Debtors to Employ Ordinary Course Professionals Nunc Pro Tunc to the Petition Date*, entered by the Bankruptcy Court on August 2, 2012 [ECF No. 263].

146. "**Other Administrative Claim**" means an Administrative Claim, other than Professional Fee Claims, the Backstop Fees, the Breakup Fee (if any), the Backstop Expense Reimbursement or fees and charges assessed against the Estates pursuant to section 1930 of title 28 of the United States Code and/or section 3717 of title 31 of the United States Code (which shall be paid pursuant to Section 15.4 of the Plan).

147. "**Other Administrative Claim Bar Date**" means the date that is 30 calendar days after the Effective Date.

148. "**Other Priority Claim**" means any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in right of payment pursuant to section 507(a) of the Bankruptcy Code.

149. "**Other Secured Claim**" means any Secured Claim, and for the avoidance of doubt, excludes DIP Facility Claims.

150. "**Outstanding L/C**" means any L/C that is outstanding on the Effective Date.

151. "**Paid in Full**" means (a) in respect of any Outstanding L/C under the First Out DIP Facility, any of the following: (i) such L/C shall have been canceled (as evidenced by return of the original L/C to the applicable L/C Issuer for cancelation or, if no original was issued, written confirmation from the beneficiary of the L/C to the L/C Issuer, via swift or in the form of a release letter, that such Outstanding L/C is no longer in effect) or replaced with a letter of credit issued under the Exit Credit Facilities, (ii) such L/C shall have been collateralized in Cash in an amount equal to 103% of all L/C Obligations (as defined in the First Out DIP Facility) in respect of such L/C, pursuant to documentation in form and substance reasonably satisfactory to the First Out DIP Agent and the applicable L/C Issuer, (iii) a back-to-back letter of credit in an amount equal to 103% of all L/C Obligations (as defined in the First Out DIP Facility) in respect of such L/C shall have been provided to the applicable L/C Issuer on terms and from a financial institution

acceptable to such L/C Issuer or (iv) such other treatment shall have been provided with respect to such L/C as the Debtors, the First Out DIP Agent, the Required Revolving Lenders (as defined in the First Out DIP Facility) and the applicable L/C Issuer shall agree; and (b) in respect of each Outstanding L/C under the Second Out Facility, any of the following: (i) such L/C shall have been canceled (as evidenced by return of the original L/C to the applicable L/C Issuer for cancelation or, if no original was issued, written confirmation from the beneficiary of the L/C to the L/C Issuer, via swift or in the form of a release letter, that such Outstanding L/C is no longer in effect) or replaced with a letter of credit issued under the Exit Credit Facilities, (ii) such L/C shall have been collateralized in Cash in an amount equal to 103% of all L/C Obligations (as defined in the Second Out DIP Facility) in respect of such L/C, pursuant to documentation in form and substance reasonably satisfactory to the Second Out DIP Agent and the applicable L/C Issuer or (iii) any Approved Second Out DIP L/C Arrangement.

152. "**Patriot Coal**" means Patriot Coal Corporation, a Delaware corporation.

153. "**Patriot Retirees VEBA**" means the Patriot Retirees Voluntary Employee Benefit Association.

154. "**Peabody**" means Peabody Energy Corporation and its subsidiaries and affiliates.

155. "**Peabody Settlement**" means the settlement among the Debtors and Patriot Coal's wholly-owned non-debtor subsidiaries and affiliates, the UMWA, on behalf of itself, and as the authorized representative of the UMWA Employees (as defined in the Peabody Settlement) and the UMWA Retirees (as defined in the Peabody Settlement), and Peabody, approved by the Bankruptcy Court on [•], 2013, the terms of which are incorporated herein by reference.

156. "**Peabody Settlement Order**" means the order of the Bankruptcy Court approving the Peabody Settlement.

157. "**Person**" or "**person**" means a person as defined in section 101(41) of the Bankruptcy Code.

158. "**Petition Date**" means, with respect to the Initial Debtors, July 9, 2012, the date on which the Initial Debtors commenced the Chapter 11 Cases, and, where relevant, the time of the filing of the Initial Debtors' chapter 11 petitions on such date, and, with respect to the Additional Debtors, September 23, 2013, the date on which the Additional Debtors commenced the Chapter 11 Cases, and, where relevant, the time of the filing of the Additional Debtors' chapter 11 petitions on such date.

159. "**Plan**" means this Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, including the Plan Supplement and all exhibits, supplements, appendices and schedules to any of the foregoing, as any of them may be amended or modified from time to time hereunder or in accordance with applicable law.

160. "**Plan Documents**" means the agreements, instruments and documents to be executed, delivered, assumed and/or performed in conjunction with the consummation of the Plan on and after the Effective Date, including, without limitation, (i) the New Bylaws, (ii) the New Certificate of Incorporation, (iii) the Reorganized Subsidiary Debtors' Certificates of Incorporation, (iv) the Reorganized Subsidiary Debtors' Bylaws and (v) any other documents listed in the Plan Supplement.

161. "**Plan Supplement**" means, collectively, the documents, agreements, instruments, schedules and exhibits and forms thereof to be filed as specified in Section 15.6 of the Plan as the Plan Supplement, as each such document, agreement, instrument, schedule and exhibit and form thereof may be altered, restated, modified or replaced from time to time, including subsequent to the filing of any such documents, in each case, in form and substance reasonably acceptable to the Backstop Parties. Each such document, agreement, instrument, schedule or exhibit or form thereof is referred to herein as a "Plan Supplement." For the avoidance of doubt, Schedules 9.2(a) and 9.2(b) hereto shall not be deemed to be included in the "Plan Supplement."[3]

162. "**Potential LRPB Claims**" means, collectively, (i) the claims set forth in the LRPB Proofs of Claim; (ii) any claims arising from the Global Settlement Agreement dated November 15, 2012 between Patriot Coal, the Ohio Valley Environmental Coalition, Inc., the Sierra Club, and the West Virginia Highlands Conservancy (the "**GSA**") and/or the Order approving the GSA, and (iii) any and all claims arising from or related to the LRPB Lease.

163. "**Prepetition Credit Agreement**" means that certain Amended and Restated Credit Agreement, dated as of May 5, 2010 among Patriot Coal as Borrower, the Prepetition Credit Agreement Lenders and the Prepetition Credit Agreement Agent, as the same may have been amended, restated, supplemented or otherwise modified from time to time.

164. "**Prepetition Credit Agreement Agent**" means Bank of America, N.A., in its capacity as administrative agent under the Prepetition Credit Agreement.

165. "**Prepetition Credit Agreement Lenders**" means the lenders and issuers of letters of credit under the Prepetition Credit Agreement.

166. "**Priority Claims**" means, collectively, Priority Tax Claims and Other Priority Claims.

[3] The Plan Supplement may include, among other documents, the following: (a) the form of the New Certificate of Incorporation and other organizational documents of the Debtors; (b) the form or material terms of the Exit Credit Facilities Documents; (c) the identity and affiliations of each director and officer of the Reorganized Debtors; (d) a list of certain contractual indemnification obligations assumed by the Debtors pursuant to Section 9.3(c) of the Plan; (e) the form of Rights Offering Notes and related Rights Offering Notes Indenture; (f) the form of Rights Offering Warrants and related Rights Offering Warrant Agreement and (g) the form of registration rights agreement.

167. "**Priority Tax Claim**" means a Claim (whether secured or unsecured) of a governmental unit entitled to priority pursuant to section 507(a)(8) or specified under section 502(i) of the Bankruptcy Code.

168. "**Pro Rata Share**" has the meaning set forth in the Rights Offerings Procedures.

169. "**Professional**" means a person retained in the Chapter 11 Cases by separate Bankruptcy Court order pursuant to sections 327 and 1103 of the Bankruptcy Code or otherwise, but not including any person retained pursuant to the Ordinary Course Professionals Order.

170. "**Professional Fee Claims**" means an Administrative Claim of a Professional for compensation for services rendered or reimbursement of costs, expenses or other charges and disbursements incurred during the period from the Petition Date through and including the Confirmation Date.

171. "**Proof of Claim**" means a proof of claim filed by a holder of a Claim in accordance with the Bar Date Order.

172. "**Proposed Cure**" means, for a particular executory contract or unexpired lease, the consideration that the Debtors propose (which may be zero or some amount greater than zero) on a Notice of Intent to Assume or Reject as full satisfaction of the Debtors' obligations with respect to such executory contract or unexpired lease pursuant to section 365(b) of the Bankruptcy Code.

173. "**Ratable Share**" means, as of a date certain:

(i) For an Allowed Senior Notes Parent Claim (other than an Allowed Senior Notes Parent Claim that has received or will receive Senior Notes Class Cash Consideration), the ratio of the Allowed Senior Notes Parent Claim to the aggregate amount of all Allowed Senior Notes Parent Claims as of such date.

(ii) For an Allowed Senior Notes Parent Claim that has received or will receive Senior Notes Class Cash Consideration, the ratio of the Allowed Senior Notes Parent Claim to the aggregate amount of all Allowed Senior Notes Parent Claims that have received or will receive Senior Notes Class Cash Consideration as of such date.

(iii) For an Allowed Convertible Notes Claim (other than an Allowed Convertible Notes Claim that has received or will receive Convenience Class Consideration in accordance with Article 3 of the Plan, if any), the ratio of the Debtor-Weighted Allowed Convertible Notes Claim to the Debtor-Weighted (a) aggregate amount of all Allowed Convertible Notes Claims and Allowed General Unsecured Claims as of such date plus (b) the estimated aggregate value of all Disputed General Unsecured Claims as of such date as reasonably determined by the Disbursing Agent (excluding in each of case (a) and (b) the aggregate amount of all Allowed Convertible Notes Claims and Allowed or Disputed General Unsecured Claims that have received or

will or are expected to receive (as reasonably determined by the Disbursing Agent) Convenience Class Consideration in accordance with Article 3 of the Plan, if any), as such denominator may be adjusted in accordance with Article 3 of the Plan.

(iv) For an Allowed General Unsecured Claim (other than an Allowed General Unsecured Claim that has received or will receive Convenience Class Consideration in accordance with Article III of the Plan, if any), the ratio of the Debtor-Weighted Allowed General Unsecured Claim to the Debtor-Weighted (a) aggregate amount of all Allowed Convertible Notes Claims and Allowed General Unsecured Claims as of such date plus (b) the estimated aggregate value of all Disputed General Unsecured Claims as of such date, as reasonably determined by the Disbursing Agent (in each of case (a) and (b) excluding the aggregate amount of all Allowed Convertible Notes Claims and Allowed or Disputed General Unsecured Claims that have received or will or are estimated to receive (as reasonably determined by the Disbursing Agent) Convenience Class Consideration in accordance with Article III of the Plan, if any), as such denominator may be adjusted in accordance with Article III of the Plan.

(v) For an Allowed Convenience Class Claim (or an Allowed Convertible Notes Claim or Allowed General Unsecured Claim that has received or will receive Convenience Class Consideration in accordance with Article III of the Plan, if any), the ratio of the Debtor-Weighted Allowed Convenience Class Claim (or, in the case of a Convertible Notes Claim or a General Unsecured Claim that will receive Convenience Class Consideration in accordance with Article III of the Plan, if any, such Debtor-Weighted Convertible Notes Claim or Debtor-Weighted General Unsecured Claim, as applicable) to the Debtor-Weighted aggregate amount of (a) all Allowed Convenience Class Claims as of such date plus (b) the estimated aggregate value of all Disputed Convenience Class Claims as of such date, as reasonably determined by the Disbursing Agent plus (c) the estimated aggregate amount of all Convertible Notes Claims and Allowed or Disputed General Unsecured Claims as of such date, as reasonably determined by the Disbursing Agent, that will receive Convenience Class Consideration in accordance with Article III of the Plan.

174. "**Registration Rights Agreement**" means the registration rights agreement for Reorganized Patriot Coal, substantially in the form set forth in the Plan Supplement

175. "**Reinstated**" or "**Reinstatement**" means (i) leaving unaltered the legal, equitable and contractual rights to which a Claim or Interest entitles the holder thereof so as to leave such Claim or Interest Unimpaired in accordance with section 1124 of the Bankruptcy Code or (ii) notwithstanding and without giving effect to any contractual provision or applicable law that entitles a Creditor to demand or receive accelerated payment of a Claim after the occurrence of a default, (A) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code, (B) reinstating the maturity of such Claim as such maturity existed before such default, (C) compensating the Creditor for any damages incurred as a result of any reasonable reliance by such Creditor on such contractual provision or such applicable law and (D) not

otherwise altering the legal, equitable or contractual rights to which such Claim entitles the Creditor; *provided*, *however*, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based, including, without limitation, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, "going dark" provisions and affirmative covenants regarding corporate existence, prohibiting certain transactions or actions contemplated by the Plan or conditioning such transactions or actions on certain factors, shall not be required to be cured or reinstated to accomplish Reinstatement.

176. "**Rejection Bar Date**" means the deadline for filing Proofs of Claim arising from the rejection of an executory contract or unexpired lease, which deadline shall be 30 calendar days after the Debtors serve notice of the entry of an order (including, without limitation, the Confirmation Order) approving the rejection of such executory contract or unexpired lease.

177. "**Rejection Claim**" means a Claim under section 502(g) of the Bankruptcy Code.

178. "**Rejection Effective Date**" means the date upon which the rejection of an executory contract or unexpired lease under the Plan is deemed effective.

179. "**Rejection Party**" means a counterparty to an executory contract or unexpired lease to be rejected by the Debtors under the Plan.

180. "**Released Parties**" means (a) the Debtors; (b) the Reorganized Debtors; (c) the DIP Agents; (d) the DIP Lenders; (e) the L/C Issuers; (f) the arrangers, bookrunners and any syndication agent under the DIP Facilities; (g) the Prepetition Credit Agreement Agent; (h) the Prepetition Credit Agreement Lenders; (i) the arrangers under the Prepetition Credit Agreement; (j) the Creditors' Committee and its current and former members; (k) the Exit Credit Facilities Parties; (l) the Backstop Parties; (m) the Senior Notes Trustee; (n) the Convertible Notes Trustee; (o) Arch; (p) Peabody; (q) the UMWA; and (r) as to each of the foregoing entities in clauses (a) through (q), such entities' predecessors, successors and assigns, subsidiaries, affiliates, managed accounts or funds, and their current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other Professionals (in each case, solely in their capacity as such); *provided* that "Released Parties" shall not include ArcLight Capital Partners, LLC, or any of its current or former owners, shareholders, directors, officers, managers, employees or advisors (in each case, solely in its capacity as such).

181. "**Reorganized Debtors**" means, collectively, each of the Debtors, and any successor thereto, whether by merger, consolidation or otherwise, on and after the Effective Date.

182. "**Reorganized Patriot Coal**" means Patriot Coal, and any successor thereto, whether by merger, consolidation or otherwise, on and after the Effective Date.

183. "**Reorganized Subsidiary Debtors**" means, collectively, each of the Reorganized Debtors other than Reorganized Patriot Coal.

184. "**Reorganized Subsidiary Debtors' Bylaws**" means the bylaws of the Reorganized Subsidiary Debtors.

185. "**Reorganized Subsidiary Debtors' Certificates of Incorporation**" means, collectively, the certificates of incorporation of each of the Reorganized Subsidiary Debtors or, if any Reorganized Subsidiary Debtor is merged into another entity pursuant to the Restructuring Transactions, then the surviving entity of such merger.

186. "**Restructuring Transactions**" means those transactions described in Section 5.6 of the Plan.

187. "**Rights**" means, collectively, the Notes Rights and the Warrants Rights.

188. "**Rights Offering Notes**" means the 15% senior secured second lien notes issued by the Reorganized Debtors in the aggregate principal amount of $250 million.

189. "**Rights Offering Notes Indenture**" means the indenture governing the Rights Offering Notes, which indenture shall be in form and substance reasonably satisfactory to the Backstop Parties and otherwise in form and substance substantially similar to the form included in the Plan Supplement.

190. "**Rights Offering Warrant Agreement**" means the warrant agreement governing the Rights Offering Warrants, which agreement shall be in form and substance reasonably satisfactory to the Backstop Parties and otherwise in form and substance substantially similar to the form included in the Plan Supplement.

191. **"Rights Offering Warrants**" means the warrants to acquire New Class A Common Stock.

192. "**Rights Offerings**" means, collectively, the Notes Rights Offering and the Warrants Rights Offering described in Section 5.6(a) of the Plan.

193. "**Rights Offerings Procedures**" means the procedures with respect to the Rights Offerings authorized pursuant to the Backstop Approval Order.

194. "**Schedules**" means the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors pursuant to section 521 of the Bankruptcy Code, as such schedules and statements have been or may be supplemented, modified or amended from time to time.

195. "**Second Out DIP Agent**" means Bank of America, N.A. in its capacity as administrative agent under the Second Out DIP Facility.

196. "**Second Out DIP Facility**" means that certain Amended and Restated Superpriority Secured Debtor-in-Possession Credit Agreement, dated as of July 11, 2012, among, *inter alios*, Patriot Coal as Borrower, the lenders party thereto from time to time and the Second Out DIP Agent, as approved by the Bankruptcy Court pursuant to the DIP Order, including any amendments, restatements, modifications and extensions thereof.

197. "**Second Out DIP Facility Claims**" means DIP Facility Claims arising under the Second Out DIP Facility.

198. "**Section 510(b) Claims**" means any Claim or Cause of Action against any of the Debtors (i) arising from rescission of a purchase or sale of shares, notes or any other securities of any of the Debtors or an Affiliate of any of the Debtors, (ii) for damages arising from the purchase or sale of any such security, (iii) for violations of the securities laws, misrepresentations or any similar Claims related to the foregoing or otherwise subject to subordination under section 510(b) of the Bankruptcy Code, (iv) for reimbursement, contribution or indemnification allowed under section 502 of the Bankruptcy Code on account of any such Claim, including Claims based upon allegations that the Debtors made false and misleading statements or engaged in other deceptive acts in connection with the offer or sale of securities or (v) for attorneys' fees, other charges or costs incurred on account of any of the foregoing Claims or Causes of Action.

199. "**Secured Claim**" means any Claim or portion thereof other than a DIP Facility Claim or a Priority Tax Claim (i) that is reflected in the Schedules or a Proof of Claim as a secured claim and is secured by a Lien on Collateral, to the extent of the value of such Collateral, as determined in accordance with section 506(a) and, if applicable, section 1129(b) of the Bankruptcy Code or (ii) to the extent that the holder thereof has a valid right of set-off pursuant to section 553 of the Bankruptcy Code.

200. "**Securities Act**" means the Securities Act of 1933, as amended.

201. "**Senior Notes**" means those certain 8.25% Senior Notes due 2018 issued in the aggregate principal amount of $250,000,000 pursuant to the Senior Notes Indenture.

202. "**Senior Notes Charging Lien**" means the lien of the Senior Notes Trustee, arising under the Senior Notes Indenture, upon any distributions relating to or on account of Senior Notes, securing the payment of, including, without limitation, the fees and expenses of the Senior Notes Trustee, including fees and expenses of counsel and other professionals engaged by, on behalf of or for the benefit of the Senior Notes Trustee, whether incurred prepetition, postpetition or before or after the Effective Date, in each case, solely as provided for in the Senior Notes Indenture.

203. "**Senior Notes Claims**" means, collectively, the Senior Notes Parent Claims and the Senior Notes Guarantee Claims.

204. "**Senior Notes Class Cash Consideration**" means Cash in the amount equal to the lesser of (i) ten percent (10%) of the principal amount of the Senior Notes underlying the Allowed Senior Notes Claims held by holders that are entitled to receive Senior Notes Class Cash Consideration pursuant to section 3.2(c) of the Plan and (ii) $5 million.

205. "**Senior Notes Guarantee Claim**" means a Claim asserted against a Subsidiary Debtor by a holder of, and on account of, a Senior Note.

206. "**Senior Notes Indenture**" means that certain Indenture dated as of May 5, 2010 by and among Patriot Coal and the Senior Notes Trustee, and substantially all of the Subsidiary Debtors as guarantors (as amended and/or supplemented from time to time, including, without limitation, by that certain First Supplemental Indenture dated as of May 5, 2010 and that certain Second Supplemental Indenture dated as of May 5, 2010).

207. "**Senior Notes Parent Claim**" means a Claim asserted against Patriot Coal by a holder of, and on account of, a Senior Note.

208. "**Senior Notes Rights**" means Rights to purchase up to 55.38% of the Rights Offering Notes and up to 55.38% of the Rights Offering Warrants for an aggregate combined Subscription Purchase Price of $138,463,845.

209. "**Senior Notes Stock Allocation**" means New Class A Common Stock that represents 60% of the New Common Stock, subject to any future dilution by shares of New Class A Common Stock issued in respect of the Rights Offering Warrants and management incentive packages.

210. "**Senior Notes Trustee**" means Wilmington Trust Company, in its capacity as indenture trustee under the Senior Notes Indenture.

211. "**Servicer**" means an indenture trustee, owner trustee, pass-through trustee, subordination agent, agent, servicer or any other authorized representative of Creditors recognized by the Debtors or the Reorganized Debtors.

212. "**Solicitation Agent**" means GCG, Inc., the Debtors' solicitation agent.

213. "**Subscription Form**" means the form sent to each Certified Eligible Holder, in substantially the form attached as Annex B to the Rights Offerings Procedures.

214. "**Subscription Purchase Price**" has the meaning set forth in the Rights Offerings Procedures.

215. "**Subsidiary Debtors**" means, collectively, each of the Debtors except Patriot Coal.

216. "**Surety Bonds**" means each of the surety bonds listed in Exhibit B to the *Debtors' Motion for an Order Authorizing the Debtors to Continue and Renew Surety Bond Program* [ECF No. 18].

217. "**Transfer**" and words of like import mean, as to any security or the right to receive a security or to participate in any offering of any security (each, a "**security**" for purposes of this definition), the sale, transfer, pledge, hypothecation, encumbrance, assignment, constructive sale, participation in or other disposition of such security or the Beneficial Ownership thereof, the offer to make such a sale, transfer, constructive sale or other disposition, and each option, agreement, arrangement or understanding, whether or not in writing and whether or not directly or indirectly, to effect any of the foregoing. The term "**constructive sale**" for purposes of this definition means a short sale with respect to such security, entering into or acquiring an offsetting derivative contract with respect to such security, entering into or acquiring a futures or forward contract to deliver such security, or entering into any transaction that has substantially the same effect as any of the foregoing.

218. "**Treatment Objection**" means an objection to the Debtors' proposed assumption or rejection of an executory contract or unexpired lease pursuant to the provisions of the Plan (including an objection to the proposed Assumption Effective Date or Rejection Effective Date, the Proposed Cure and/or any proposed assignment, but not including an objection to any Rejection Claim) that is properly filed with the Bankruptcy Court and served in accordance with the Case Management Order by the applicable Treatment Objection Deadline.

219. "**Treatment Objection Deadline**" means the deadline for filing and serving a Treatment Objection, which deadline shall be 4:00 p.m. (prevailing Central Time) on, (i) for an executory contract or unexpired lease listed on Schedule 9.2(a) or 9.2(b), the 15th calendar day after the relevant schedule is filed and notice thereof is mailed, (ii) for an executory contract or unexpired lease the proposed treatment of which has been altered by an amended or supplemental Schedule 9.2(a) or 9.2(b), the 15th calendar day after such amended or supplemental schedule is filed and notice thereof is mailed, (iii) for an executory contract or unexpired lease for which a Notice of Intent to Assume or Reject is filed, the 15th calendar day after such notice is filed and notice thereof is mailed and (iv) for any other executory contract or unexpired lease, including any to be assumed or rejected by category pursuant to Sections 9.1, 9.3 or 9.4 of the Plan (without being listed on Schedule 9.2(a) or 9.2(b)), the deadline for objections to Confirmation of the Plan established pursuant to the Approval Order or other applicable order of the Bankruptcy Court.

220. "**UMWA**" means the United Mine Workers of America.

221. **"UMWA Settlement**" means the "Settlements" as defined in and approved by the UMWA Settlement Order, including the New CBAs, the MOU and the VFA, the terms of each of which are incorporated herein by reference, as it may be supplemented or modified.

222. "**UMWA Settlement Order**" means the *Order Pursuant to 11 U.S.C. §§ 363(b), 1113, 1114(e) and 105(a) and Fed. R. Bankr. P. 9019(a) Authorizing Entry Into Collective*

Bargaining Agreements and Memorandum of Understanding with the United Mine Workers of America, entered by the Bankruptcy Court on August 22, 2013 [ECF No. 4511], as it may be supplemented or modified.

223. "**UMWA Stock Allocation**" means New Class A Common Stock that represents 35% of the New Common Stock, subject to dilution by shares of New Class A Common Stock issued in respect of the Rights Offering Warrants.

224. "**Unimpaired**" means any Claim or Interest that is not Impaired.

225. "**United States Trustee**" means the United States Trustee for Region 13.

226. "**Unliquidated**" means, when used in reference to a Claim, any Claim, the amount of liability for which has not been fixed, whether pursuant to agreement, applicable law or otherwise, as of the date on which such Claim is sought to be estimated.

227. "**Unsubscribed Rights**" means any Rights that have not been duly subscribed for and fully paid in accordance with the Rights Offerings Procedures.

228. "**VFA**" means that Agreement to Fund the VEBA between Patriot Coal and the UMWA, dated as of August 26, 2013, in the form approved by the UMWA Settlement Order, as has been or is hereafter modified, amended or supplemented.

229. "**Voting Deadline**" means the date established by the Approval Order by which the Solicitation Agent must actually receive a valid Ballot properly voting on the Plan in order for such vote to count as a vote to accept or reject the Plan. Such deadline is 4:00 p.m. (prevailing Central Time) on December [10], 2013.

230. "**Voting Instructions**" means the instructions for voting on the Plan contained in the Approval Order, Article 7 of the Disclosure Statement and the Ballots, the Master Ballots and the Beneficial Ballots.

231. "**Voting Record Date**" means the record date for voting on the Plan, which shall be October 30, 2013.

232. "**Voting Trust**" means a trust established under Section 5.7 hereof to hold in trust certain shares of the New Class B Common Stock.

233. "**Voting Trust Agreement**" means the agreement governing one or more Voting Trusts substantially in the form included in the Plan Supplement.

234. "**Voting Trust Beneficiaries**" means the beneficiaries of a Voting Trust.

235. "**Voting Trustee**" means a trustee of a Voting Trust.

236. "**Warrants Rights**" means the subscription rights to purchase the Rights Offering Warrants.

237. "**Warrants Rights Offering**" means the rights offering for the Rights Offering Warrants as described in Section 5.6 of the Plan.

238. "**Workers' Compensation Plan**" means each of the Debtors' written contracts, agreements, agreements of indemnity and qualified self-insurance for workers' compensation and/or black lung bonds, policies, programs and plans for workers' compensation and/or black lung insurance entered into prior to the Petition Date.

Section 1.2 Rules of Interpretation

Unless otherwise specified, all article, section, exhibit, schedule or Plan Supplement references in the Plan are to the respective article in, section in, exhibit to, schedule to or Plan Supplement to the Plan, as the same may be amended, waived or modified from time to time in accordance with the terms hereof or thereof. The words "herein," "hereof," "hereto," "hereunder" and other words of similar import refer to the Plan as a whole and not to any particular article, section, subsection or clause contained herein. Whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural and any pronoun stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter gender. Captions and headings in the Plan are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof. Whenever the words "include," "includes" or "including" are used in the Plan, they shall be deemed to be followed by the words "without limitation," whether or not they are in fact followed by those words or words of like import. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. Any references herein to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions. If a particular term of the Plan (including any exhibits, schedules or Plan Supplement hereto) conflicts with a particular term of the definitive documentation required to be implemented pursuant to the terms of the Plan or any settlement or other agreement contemplated hereunder, the definitive documentation, settlement or other agreement shall control and shall be binding on the parties thereto.

As to any reference in the Plan to a consent, approval or acceptance by any party, or to an issue, agreement, order or other document (or the terms thereof) that shall be reasonably acceptable to any such party, such consent, approval or acceptance shall not be unreasonably conditioned, delayed or withheld.

Section 1.3 Computation of Time

In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply. If any payment,

distribution, act or deadline under the Plan is required to be made or performed or occurs on a day that is not a Business Day, then the making of such payment or distribution, the performance of such act or the occurrence of such deadline shall be deemed to be on the next succeeding Business Day, but shall be deemed to have been completed or to have occurred as of the required date.

Section 1.4 References to Monetary Figures

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

Section 1.5 Exhibits; Schedules; Plan Supplement

All exhibits and schedules to the Plan, including the Plan Supplement, are incorporated into and are a part of the Plan as if set forth in full herein. Copies of such exhibits, schedules and Plan Supplement can be obtained by downloading such documents from the Debtors' Case Information Website or the Bankruptcy Court's Website.

ARTICLE 2
TREATMENT OF DIP FACILITY CLAIMS, ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS

Section 2.1 Treatment of DIP Facility Claims

Pursuant to the DIP Order, all DIP Facility Claims constitute Allowed Claims. Except to the extent that a holder of a DIP Facility Claim agrees in its sole discretion to less favorable treatment, on or before the Effective Date, each DIP Agent, for the benefit of the applicable DIP Lenders, L/C Issuers and itself, shall be paid in Cash 100% of the then-outstanding amount, if any, of the DIP Facility Claims relating to the applicable DIP Facility (or, in the case of any Outstanding L/C, Paid in Full), other than Contingent DIP Obligations. Contemporaneously with all amounts owing in respect of principal included in the DIP Facility Claims (other than Contingent DIP Obligations), interest accrued thereon to the date of payment and fees, expenses and non-contingent indemnification obligations as required by the DIP Facilities and arising prior to the Effective Date being paid in full in Cash (or, in the case of any Outstanding L/C, Paid in Full), (i) the commitments under the DIP Facilities shall automatically terminate, (ii) except with respect to Contingent DIP Obligations (which shall survive the Effective Date and shall continue to be governed by the DIP Facilities as provided below), the DIP Facilities and the "Loan Documents" referred to therein shall be deemed canceled, (iii) all Liens on property of the Debtors and the Reorganized Debtors arising out of or related to the DIP Facilities shall automatically terminate, and all Collateral subject to such Liens shall be automatically released, in each case without further action by the DIP Agents or DIP Lenders and (iv) all guarantees of the Debtors and Reorganized Debtors arising out of or related to the DIP Facility Claims shall be automatically discharged and released, in each case without further action by the DIP Agents or DIP Lenders.

Notwithstanding anything to the contrary in the Plan or the Confirmation Order, (a) the Contingent DIP Obligations shall survive the Effective Date on an unsecured basis and shall not be discharged or released pursuant to the Plan or the Confirmation Order and (b) the DIP Facilities and the Loan Documents referred to therein shall continue in full force and effect with respect to any obligations thereunder governing (i) the Contingent DIP Obligations and (ii) the relationships among the DIP Agents, the L/C Issuers and the DIP Lenders, as applicable, including but not limited to those provisions relating to the rights of the DIP Agents and the L/C Issuers to expense reimbursement, indemnification and other similar amounts (either from the Debtors or the DIP Lenders) and any provisions that may survive termination or maturity of the DIP Facilities in accordance with the terms thereof.

After the Effective Date, the Reorganized Debtors shall continue to reimburse the DIP Agents for the reasonable fees and expenses (including reasonable and documented legal fees and expenses) incurred by the DIP Agents in accordance with the DIP Documents and the DIP Order.

The DIP Agents and the DIP Lenders shall take all actions to effectuate and confirm such termination, release and discharge as reasonably requested by the Debtors or the Reorganized Debtors.

Section 2.2 Treatment of Administrative Claims

(a) Other Administrative Claims

Except to the extent that the applicable Creditor agrees to less favorable treatment with the Reorganized Debtors, each holder of an Allowed Other Administrative Claim against any of the Debtors shall be paid the full unpaid amount of such Allowed Other Administrative Claim in Cash (i) on or as soon as reasonably practicable after the Effective Date (for Claims Allowed as of the Effective Date), (ii) on or as soon as practicable after the date such Claims are Allowed (or upon such other terms as may be agreed upon by such holder and the applicable Reorganized Debtor) or (iii) as otherwise ordered by the Bankruptcy Court.

Allowed Other Administrative Claims regarding assumed agreements, liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases and non-ordinary course liabilities approved by the Bankruptcy Court shall be paid in full and performed by the Reorganized Debtors in the ordinary course of business (or as otherwise approved by the Bankruptcy Court) in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions.

(b) Professional Fee Claims

Each holder of a Professional Fee Claim shall be paid in full in Cash pursuant to Section 7.1 hereof.

Section 2.3 Treatment of Priority Tax Claims

Except to the extent that the applicable Creditor has been paid by the Debtors before the Effective Date, or the applicable Reorganized Debtor and such Creditor agree to less favorable treatment, each holder of an Allowed Priority Tax Claim against any of the Debtors shall receive, at the sole option of the Reorganized Debtors, (a) payment in full in Cash made on or as soon as reasonably practicable after the later of the Effective Date and the first Distribution Date occurring at least 20 calendar days after the date such Claim is Allowed, (b) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code or (c) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.

The Reorganized Debtors shall have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

Notwithstanding anything to the contrary herein, if the Reorganized Debtors fail to make a regular installment payment when due to a holder of a Priority Tax Claim pursuant to this Section 2.3, if applicable, and if the failure to make such payment is not cured within 35 days from the date a holder of a Priority Tax Claim sends notice of the default to the Reorganized Debtors, such holder may exercise all rights and remedies available under nonbankruptcy law to collect such payment without further notice to or action by the Bankruptcy Court.

Section 2.4 Backstop Fees; Breakup Fee; Backstop Expense Reimbursement

The Backstop Fees, the Breakup Fee, if any, and the Backstop Expense Reimbursement shall be Allowed Administrative Claims, without reduction or offset, in the full amount due and owing under the Backstop Rights Purchase Agreement. On the Effective Date, if not previously satisfied in full in accordance with the terms of the Backstop Rights Purchase Agreement, any outstanding Backstop Expense Reimbursement shall be paid in Cash and any outstanding Backstop Fee shall be paid in the form of additional Rights Offering Notes and additional Rights Offering Warrants in accordance with the Backstop Rights Purchase Agreement.

ARTICLE 3
CLASSIFICATION AND TREATMENT OF OTHER CLAIMS AND INTERESTS

Pursuant to sections 1122 and 1123 of the Bankruptcy Code, Claims and Interests are classified for all purposes, including, without express or implied limitation, voting, confirmation and distribution pursuant to the Plan, as set forth herein. A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class, and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that such Claim or Interest is Allowed

in that Class and has not been paid or otherwise satisfied prior to the Effective Date. Any Claim or Interest that has been paid or satisfied, or any Claim or Interest that has been amended or superseded, may be adjusted or expunged on the official claims register without a claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court. Except as otherwise specifically provided for in the Plan, the Confirmation Order or other order of the Bankruptcy Court (including, without limitation, the DIP Order), or required by applicable non-bankruptcy law, in no event shall (i) any holder of an Allowed Claim be entitled to receive payments that in the aggregate exceed the Allowed amount of such holder's Claim or (ii) any holder of an Allowed Senior Notes Parent Claim and any Allowed Senior Notes Guarantee Claim be entitled to receive distributions that, in the aggregate, exceed the Allowed amount of such holder's Allowed Senior Notes Parent Claim.

Section 3.1 Classes and Treatment of Claims Against and Interests in the Debtors (Debtors 1-101)

The Plan constitutes a separate chapter 11 plan of reorganization for each Debtor. For brevity and convenience, the classification and treatment of Claims and Interests has been arranged into one chart.

The following table designates the classes of Claims against and Interests in the Debtors and specifies which of those classes are (i) impaired or unimpaired by the Plan and (ii) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code or deemed to accept or reject the Plan.

Class	Designation	Plan Treatment of Allowed Claims	Status	Voting Rights
1A-101A	Other Priority Claims	Payment in full in Cash; or other treatment that will render the Claim Unimpaired.	Unimpaired	Deemed to Accept
1B-101B	Other Secured Claims	Payment in full in Cash; Reinstatement of the legal, equitable and contractual rights of the holder of such Claim; payment of the proceeds of the sale or disposition of the Collateral securing such Claim, in each case, to the extent of the value of the holder's secured interest in such Collateral; return of Collateral securing such Claim; or other treatment that will render the Claim Unimpaired.	Unimpaired	Deemed to Accept

Class	Designation	Plan Treatment of Allowed Claims	Status	Voting Rights
1C; 2C-100C	Senior Notes Parent Claims; Senior Notes Guarantee Claims	Subject to Section 3.2(c) hereof, each holder of an Allowed Senior Notes Parent Claim [4] shall be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the Senior Notes Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the Senior Notes Stock Allocation or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the Senior Notes Class Cash Consideration.	Impaired	Entitled to Vote
1D	Convertible Notes Claims	Subject to Section 3.2(d) hereof, each holder of an Allowed Convertible Notes Claim shall be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the GUC Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the GUC Stock Allocation or (ii) if such holder is a not a Certified Eligible Holder, its Ratable Share of the Convenience Class Consideration.	Impaired	Entitled to Vote

[4] The amount of the distribution on account of Senior Notes Parent Claims has been determined by giving effect to the guarantees by the Subsidiary Debtors of the Senior Notes.

Class	Designation	Plan Treatment of Allowed Claims	Status	Voting Rights
1E; 2D-101D	General Unsecured Claims	Subject to Section 3.2(e) hereof, each holder of an Allowed General Unsecured Claim shall be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the GUC Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the GUC Stock Allocation or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the Convenience Class Consideration.	Impaired	Entitled to Vote
1F; 2E-101E	Convenience Class Claims	Subject to Section 3.2(f) hereof, each holder of a Convenience Class Claim shall be entitled to its Ratable Share of the Convenience Class Consideration.	Impaired	Entitled to Vote
1G; 2F-101F	Section 510(b) Claims	No distribution.	Impaired	Deemed to Reject
1H	Interests in Patriot Coal	No distribution.	Impaired	Deemed to Reject
2G-101G	Interests in Subsidiary Debtors	Reinstatement of Interests	Unimpaired	Deemed to Accept

Section 3.2 Treatment of Claims Against and Interests in the Debtors

(a) Other Priority Claims (Class 1-101A)

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 hereof) with the applicable Reorganized Debtor, each holder of an Allowed Other Priority Claim against any of the Debtors shall receive, in full satisfaction, settlement, release and discharge of and in exchange for such Claim, Cash in an amount equal to the Allowed amount of such Claim, or treatment in any other manner so that such Claim shall otherwise be rendered Unimpaired, on or as soon as reasonably practicable after the latest of (i) the Effective Date, (ii) 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any applicable agreement between the Reorganized Debtors and the holder of such Claim.

(b) Other Secured Claims (Class 1-101B)

Each holder of an Allowed Other Secured Claim against any of the Debtors shall receive, at the sole option of the applicable Reorganized Debtor, and in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Secured Claim, one of the following treatments: (i) payment in Cash in the amount of such Allowed Other Secured Claim, (ii) Reinstatement of the legal, equitable and contractual rights of the holder relating to such Allowed Other Secured Claim, (iii) a distribution of the proceeds of the sale or disposition of the Collateral securing such Allowed Other Secured Claim to the extent of the value of the holder's secured interest in such Collateral, (iv) a distribution of the Collateral securing such Allowed Other Secured Claim without representation or warranty by or recourse against the Debtors or Reorganized Debtors or (v) such other distribution as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. If an Other Secured Claim is satisfied under clause (i), (iii), (iv) or (v), the Liens securing such Other Secured Claim shall be deemed released without further action by any party. Each holder of an Allowed Other Secured Claim shall take all actions to effectuate and confirm such termination, release and discharge as reasonably requested by the Debtors or the Reorganized Debtors.

Any distributions made pursuant to this Section 3.2 shall be made on or as soon as reasonably practicable after the latest of (i) the Effective Date, (ii) 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement between the applicable Debtor and the holder of such Claim.

For convenience of identification, the Plan classifies the Allowed Claims in Classes 1B through 101B (Other Secured Claims) as a single Class as to each Debtor. However, these Classes are actually a group of subclasses, depending on the Collateral securing each such Allowed Claim.

(c) Senior Notes Parent Claims and Senior Notes Guarantee Claims (Class 1C; 2-100C)

Each holder of an Allowed Senior Notes Parent Claim[5] shall be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the Senior Notes Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the Senior Notes Stock Allocation; *provided* that a holder may elect to cause its Ratable Share of the Senior Notes Stock Allocation to be issued directly to a Voting Trust in the form of New Class B Common Stock, or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the Senior Notes Class Cash Consideration. Notwithstanding the foregoing, if the Debtors determine in their sole discretion that if New Common Stock were distributed to all of the holders of Claims as contemplated by the Plan, Reorganized Patriot Coal would potentially be required to be a reporting company under the Exchange Act or would potentially be required to be registered

[5] The amount of the distribution on account of Senior Notes Parent Claims has been determined by giving effect to the guarantees by the Subsidiary Debtors of the Senior Notes.

on any public exchange (assuming, for these purposes, that all of the Rights Offering Warrants were exercised, and including the Debtors' estimate of shares of New Common Stock to be issued in respect of management incentive packages and other issuances), then, with respect to any holder that would otherwise have received less than a threshold number of shares of New Common Stock on account of its claim and in respect of its Rights, as determined by the Debtors in consultation with the Creditors' Committee, such holder(s) shall instead receive its Ratable Share of the Senior Notes Class Cash Consideration, and the Debtors shall decline to permit the subscription for Rights by such holder.

(d) Convertible Notes Claims (Class 1D)

Each holder of an Allowed Convertible Notes Claim shall be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the GUC Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the GUC Stock Allocation or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the Convenience Class Consideration. Notwithstanding the foregoing, if the Debtors determine in their sole discretion that if New Common Stock were distributed to all of the holders of Claims as contemplated by the Plan, Reorganized Patriot Coal would potentially be required to be a reporting company under the Exchange Act or would potentially be required to be registered on any public exchange (assuming, for these purposes, that all of the Rights Offering Warrants were exercised, and including the Debtors' estimate of shares of New Common Stock to be issued in respect of management incentive packages and other issuances), then, with respect to any holder that would otherwise have received less than a threshold number of shares of New Common Stock on account of its claim and in respect of its Rights, as determined by the Debtors in consultation with the Creditors' Committee, such holder(s) shall instead receive its Ratable Share of the Convenience Class Consideration, and the Debtors shall decline to permit the subscription for Rights by such holder.

(e) General Unsecured Claims (Class 1E; 2D-101D)

(i) Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 hereof), in full satisfaction, release and discharge of and in exchange for each Allowed General Unsecured Claim, each holder of a General Unsecured Claim that is Allowed as of the Effective Date shall receive, on or as soon as reasonably practicable after the Effective Date, (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the GUC Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the GUC Stock Allocation or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the Convenience Class Consideration. Notwithstanding the foregoing, if the Debtors determine in their sole discretion that if New Common Stock were distributed to all of the holders of Claims as contemplated by the Plan, Reorganized Patriot Coal would potentially be required to be a reporting company under the Exchange Act or would potentially be required to be registered on any public exchange (assuming, for these purposes, that all of the Rights Offering Warrants were exercised, and including the Debtors' estimate of shares of New Common Stock to be issued in respect of management incentive packages and other issuances), then, with respect to any holder that would otherwise have received less than a

threshold number of shares of New Common Stock on account of its claim and in respect of its Rights, as determined by the Debtors in consultation with the Creditors' Committee, such holder(s) shall instead receive its Ratable Share of the Convenience Class Consideration, and the Debtors shall decline to permit the subscription for Rights by such holder.

(ii) Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 hereof), each holder of a General Unsecured Claim that is Disputed as of the Effective Date and becomes an Allowed General Unsecured Claim after the Effective Date, shall receive, on or as soon as reasonably practicable after the Distribution Date that is at least 20 calendar days after such General Unsecured Claim becomes an Allowed General Unsecured Claim, its Ratable Share of the Convenience Class Consideration.

(iii) Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 hereof), on any Interim Distribution Date upon which an Adjustment Distribution of Cash is to be distributed, the Disbursing Agent shall effect a distribution, so that each holder of an Allowed Claim that has received Convenience Class Consideration under the Plan shall have received, after giving effect to all prior distributions made to such Allowed Claim under the Plan, its Ratable Share of the Convenience Class Consideration allocable to such Claim on or as soon as reasonably practicable after the Interim Distribution Date.

(iv) If any Cash remains in the Disputed Claims Reserve after all Disputed General Unsecured Claims have become either Allowed Claims or Disallowed Claims, and all distributions to holders of General Unsecured Claims required pursuant to Section 8.4(c) of the Plan have been made, the Disbursing Agent shall effect a final distribution, so that each Holder of an Allowed Claim that has received Convenience Class Consideration under the Plan shall have received, after giving effect to all prior distributions made to such Allowed Claim under the Plan, its Ratable Share of the Convenience Class Consideration allocable to such Claim on or as soon as reasonably practicable after the Final Distribution Date.

(f) Convenience Class Claims (Class 1F; 2E-101E)

(i) Except to the extent that the applicable Creditor agrees to less favorable treatment, each holder of an Allowed Convenience Class Claim shall receive, on or as soon as reasonably practicable after the later of (A) the Initial Distribution Date (for Claims Allowed as of the Effective Date) and (B) the Distribution Date that is at least 20 calendar days after such Convenience Class Claim becomes an Allowed Convenience Class Claim, in full satisfaction, release and discharge of and in exchange for such Claim, its Ratable Share of the Convenience Class Consideration.

(ii) Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 hereof), on any Interim Distribution Date upon which an Adjustment Distribution of Cash is to be distributed, the Disbursing Agent shall effect a distribution, so that each holder of an Allowed Claim that has received Convenience Class Consideration under the Plan shall have received, after giving effect to all prior distributions

made to such Allowed Claim under the Plan, its Ratable Share of the Convenience Class Consideration allocable to such Claim on or as soon as reasonably practicable after such Interim Distribution Date.

(iii) If any Cash remains in the Disputed Claims Reserve after all Disputed Convenience Class Claims (and all Disputed General Unsecured Claims that will or are expected to receive (as reasonably determined by the Disbursing Agent) Convenience Class Consideration in accordance with Article III of the Plan, if any) have become either Allowed Claims or Disallowed Claims and all distributions required pursuant to Section 8.4(c) of the Plan have been made, the Disbursing Agent shall effect a final distribution, so that each holder of an Allowed Claim that has received Convenience Class Consideration under the Plan shall have received, after giving effect to all prior distributions made to such Allowed Claims under the Plan, its Ratable Share of the Convenience Class Consideration allocable to such Claim on or as soon as reasonably practicable after the Final Distribution Date.

(g) Section 510(b) Claims (Class 1G; 2F-101F)

The holders of Section 510(b) Claims shall neither receive any distributions nor retain any property on account thereof pursuant to the Plan. All Section 510(b) Claims shall be cancelled and extinguished.

(h) Interests in Patriot Coal (Class 1H)

The holders of Interests in Patriot Coal shall neither receive any distributions nor retain any property on account thereof pursuant to the Plan. All Interests in Patriot Coal shall be cancelled and extinguished.

(i) Interests in Subsidiary Debtors (Classes 2G through 101G)

The Interests in the Subsidiary Debtors shall be, in Reorganized Patriot Coal's sole discretion in consultation with the Backstop Parties, Reinstated or canceled on the Effective Date or as soon thereafter as reasonably practicable.

Section 3.3 Treatment of Intercompany Claims

In accordance with and giving effect to the provisions of section 1124(1) of the Bankruptcy Code, Intercompany Claims are Unimpaired by the Plan. However, the Debtors retain the right to, in consultation with the Backstop Parties, eliminate or adjust any Intercompany Claims as of the Effective Date by offset, cancellation, contribution or otherwise. In no event shall Intercompany Claims be allowed as General Unsecured Claims or Convenience Class Claims or entitled to any distribution of Cash, New Common Stock or Rights under the Plan.

ARTICLE 4
ACCEPTANCE OR REJECTION OF THE PLAN

Section 4.1 Voting of Claims

Each holder of a Claim in an Impaired Class as of the Voting Record Date that is entitled to vote on the Plan pursuant to Article 3 of the Plan shall be entitled to vote to accept or reject the Plan as provided in the Approval Order or any other order of the Bankruptcy Court.

Section 4.2 Presumed Acceptance of Plan

Other Priority Claims (Classes 1A through 101A), Other Secured Claims (Classes 1B through 101B) and Interests in Subsidiary Debtors (Classes 2G through 101G) are Unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, the holders of Claims in such Classes are conclusively presumed to have accepted the Plan and the votes of such holders will not be solicited.

Section 4.3 Presumed Rejection of Plan

Section 510(b) Claims (Classes 1G and 2F through 101F) and Interests in Patriot Coal (Class 1F) shall not receive any distribution under the Plan on account of such Claims or Interests. Pursuant to section 1126(g) of the Bankruptcy Code, the holders of Claims and Interests in such Classes are conclusively presumed to have rejected the Plan and the votes of such holders will not be solicited.

Section 4.4 Acceptance by Impaired Classes

Pursuant to section 1126(c) of the Bankruptcy Code, and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if the holders of at least two-thirds in dollar amount and more than one-half in number of the Claims of such Class entitled to vote that actually vote on the Plan have voted to accept the Plan. Senior Notes Claims (Classes 1C and 2C through 100C), Convertible Notes Claims (Class 1D), General Unsecured Claims (Classes 1E and 2D through 101D) and Convenience Class Claims (Classes 1F and 2E through 101E) are Impaired, and the votes of holders of Claims in such Classes will be solicited. If holders of Claims in a particular Impaired Class of Claims were given the opportunity to vote to accept or reject the Plan, but no holders of Claims in such Impaired Class of Claims voted to accept or reject the Plan, then such Class of Claims shall be deemed to have accepted the Plan.

Section 4.5 Elimination of Vacant Classes

Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court solely for voting purposes as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan solely for purposes of (i) voting to accept or reject the Plan and (ii) determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

Section 4.6 Consensual Confirmation

Notwithstanding the combination of the separate plans of reorganization of all Debtors in this joint plan of reorganization for purposes of, among other things, economy and efficiency, the Plan shall be deemed a separate chapter 11 plan for each such Debtor.

Section 4.7 Confirmation Pursuant to Sections 1129(a) and 1129(b) of the Bankruptcy Code

The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class or Classes of Claims. Subject to Article 13 of the Plan, the Debtors reserve the right to amend the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

Section 4.8 Severability; Reservation of Rights

Subject to Article 13 of the Plan, the Debtors reserve the right, after consultation with the Creditors' Committee, to modify or withdraw the Plan, in its entirety or in part, for any reason, including, without limitation, if the Plan as it applies to any particular Debtor is not confirmed. In addition, and also subject to Article 13 of the Plan, should the Plan fail to be accepted by the requisite number and amount of Claims and Interests voting, as required to satisfy section 1129 of the Bankruptcy Code, and notwithstanding any other provision of the Plan to the contrary, the Debtors reserve the right to reclassify Claims or Interests or otherwise amend, modify or withdraw the Plan in its entirety, in part or as to a particular Debtor. Without limiting the foregoing, if the Debtors withdraw the Plan as to any particular Debtor because the Plan as to such Debtor fails to be accepted by the requisite number and amount of Claims voting or due to the Bankruptcy Court, for any reason, denying Plan confirmation as to such Debtor, then at the option of such Debtor, after consultation with the Creditors' Committee, (a) the Chapter 11 Case for such Debtor may be dismissed or (b) such Debtor's assets may be sold to another Debtor, such sale to be effective at or before the Effective Date of the Plan for such other Debtor, and the sale price shall be paid to the seller in Cash and shall be in an amount equal to the fair value of such assets as proposed by the Debtors and approved by the Bankruptcy Court.

ARTICLE 5
IMPLEMENTATION OF THE PLAN

Section 5.1 Continued Corporate Existence

Except as otherwise provided in the Plan and subject to the Restructuring Transactions, each Debtor shall, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity, each with all the powers of a corporation under the laws of its respective jurisdiction of organization and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under applicable state law.

Section 5.2 Section 1145 Exemption

To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable non-bankruptcy law, the offering, issuance and distribution of the New Common Stock shall be exempt from, among other things, the registration and prospectus delivery requirements of Section 5 of the Securities Act and any other applicable state and federal law requiring registration and/or delivery of a prospectus prior to the offering, issuance, distribution or sale of securities, subject to the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act. The offering, issuance and distribution of the Rights Offering Notes and the Rights Offering Warrants will be made pursuant to the exemption set forth in Section 4(2) of the Securities Act or another exemption thereunder. In addition, any securities contemplated by the Plan and any and all agreements incorporated therein, including the New Common Stock, the Rights Offering Notes and the Rights Offering Warrants (collectively, the "**New Securities**"), shall be subject to (i) compliance with any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such securities or instruments; (ii) the restrictions, if any, on the transferability of such securities and instruments, including those set forth in the New Certificate of Incorporation and the New Stockholders' Agreement; and (iii) applicable regulatory approval, if any. The New Securities will be offered, distributed and sold pursuant to the Plan.

Section 5.3 Authorization of New Common Stock

On the Effective Date, the New Certificate of Incorporation shall have provided for sufficient shares of authorized New Common Stock to effectuate the issuances of New Common Stock contemplated by the Plan, and Reorganized Patriot Coal shall issue or reserve for issuance a sufficient number of shares of New Common Stock to effectuate such issuances. The shares of New Common Stock issued in connection with the Plan, including in connection with the consummation of the Rights Offerings, the Backstop Rights Purchase Agreement, or upon exercise of the Rights Offering Warrants, shall be authorized without the need for further corporate action or without any further action by any Person, and once issued, shall be duly authorized, validly issued, fully paid and non-assessable.

Any share of New Common Stock issued to a Creditor of any Subsidiary Debtor shall be treated as (a) a contribution of cash by Reorganized Patriot Coal to the applicable Debtor in the amount equal to the fair market value of such New Common Stock, followed by (b) the issuance of New Common Stock by Reorganized Patriot Coal to the applicable Debtor in return for such cash, followed by (c) the transfer of the New Common Stock by the applicable Debtor to the applicable Creditor.

The New Certificate of Incorporation and the New Stockholders' Agreement will contain restrictions on holders' ability to transfer New Class A Common Stock and other New Securities designed to ensure that the number of holders of such securities does not exceed the threshold at which Reorganized Patriot Coal would be required to become a reporting company under the Exchange Act. Among other things, the New Certificate of Incorporation will require notice to Reorganized Patriot Coal of any proposed transfer of New Class A Common Stock or other New

Securities and will restrict such transfer if Reorganized Patriot Coal determines that the transfer would, if effected, result in Reorganized Patriot Coal potentially having 2,000 or more holders of record of New Common Stock or 500 or more non-accredited holders of record of New Common Stock (in each case as determined under the Exchange Act).

Section 5.4 Cancellation of Existing Securities and Related Agreements and the Indentures

On the Effective Date, all rights of any holder of Claims against, or Interests in, the Debtors, including options or warrants to purchase Interests, obligating the Debtors to issue, transfer or sell Interests or any other capital stock of the Debtors shall be cancelled.

Each Indenture shall terminate as of the Effective Date except as necessary to administer the rights, Claims and interests of the applicable Indenture Trustee, and except that such Indenture shall continue in effect to the extent necessary to allow such Indenture Trustee to receive distributions under the Plan and to redistribute them under such Indenture. Each Indenture Trustee shall be relieved of all further duties and responsibilities related to the applicable Indenture, except with respect to the distributions required to be made to such Indenture Trustee under the Plan or with respect to such other rights of such Indenture Trustee that, pursuant to such Indenture, survive the termination of such Indenture. Termination of the Indentures shall not impair the rights of each Indenture Trustee to enforce its Charging Lien against property that would otherwise be distributed to holders of the Existing Notes. Subsequent to the performance by each Indenture Trustee of its obligations pursuant to the Plan, such Indenture Trustee and its agents shall be relieved of all further duties and responsibilities related to the applicable Indenture.

Section 5.5 Settlements

(a) UMWA Settlement

The Plan implements and incorporates by reference the UMWA Settlement, including, without limitation, the discharge, exculpation and release provisions contained therein, which provisions are integral to and not severable from the Plan. Upon the Effective Date, pursuant to the VFA, the Patriot Retirees VEBA shall receive the UMWA Stock Allocation and such other consideration that is contemplated by the VFA to be provided to the Patriot Retirees VEBA on the Effective Date.

(b) Non-Union Retiree Settlement

The Plan implements and incorporates by reference the Non-Union Retiree Settlement Order, including, without limitation, the discharge, exculpation and release provisions contained therein and approved by the UMWA Settlement Order, which provisions are integral to and not severable from the Plan. Upon the Effective Date, pursuant to the Non-Union Retiree Settlement Order, the Non-Union Retiree VEBA shall receive $3.75 million in Cash.

(c) Arch Settlement

The Arch Settlement shall become effective on the Effective Date. The Plan implements and incorporates by reference the Arch Settlement, including, without limitation, the discharge, exculpation and release provisions contained therein and approved by the Arch Settlement Order, which provisions are integral to and not severable from the Plan. Notwithstanding anything to the contrary herein, nothing in the Plan or Confirmation Order shall limit or impair any relief granted to, or rights of, Arch pursuant to the Arch Settlement or the Arch Settlement Order.

(d) Peabody Settlement

The Peabody Settlement shall become effective in accordance with its terms. The Plan implements and incorporates by reference the Peabody Settlement, including, without limitation, the discharge, exculpation and release provisions contained therein and approved by the Peabody Settlement Order, which provisions are integral to and not severable from the Plan. Notwithstanding anything to the contrary herein, nothing in the Plan or Confirmation Order shall limit or impair any relief granted to, or rights of, Peabody pursuant to the Peabody Settlement or the Peabody Settlement Order.

Section 5.6 Financing and Restructuring Transactions

(a) Rights Offerings

The Debtors will implement the Rights Offerings in accordance with the Backstop Rights Purchase Agreement and the Rights Offerings Procedures. The Rights Offerings shall be open to Certified Eligible Holders as of the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)). The Rights Offerings shall consist of a distribution of the Rights in respect of the Rights Offering Notes and the Rights Offering Warrants in accordance with the Rights Offerings Procedures. The Rights Offerings will be conducted in accordance with the Rights Offerings Procedures.

If, after following the procedures for allocation of Unsubscribed Rights set forth in the Rights Offerings Procedures, there remain any Unsubscribed Rights, the Backstop Parties have agreed to purchase, with respect to Knighthead, on a joint and several basis, and, with respect to the other Backstop Parties, on a several but not joint basis, the number of Rights Offering Notes and Right Offering Warrants equal to its Backstop Commitment Percentage multiplied by the number of remaining Rights Offering Notes and Rights Offering Warrants in accordance with the terms and conditions of the Backstop Rights Purchase Agreement up to an aggregate principal amount of $250,025,000; *provided*, *however*, that the Backstop Parties may direct the Reorganized Debtors to issue a portion of the Rights Offering Notes and the Rights Offering Warrants that are not purchased to one or more third parties who are Eligible Holders (or would be Eligible Holders if such third parties were holders of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim) approved by the Backstop Parties. Any Rights Offering Notes to be issued to a Backstop Party shall be issued to such Backstop Party's respective funds designated by them; *provided*, *further*, that each such

fund certifies that it is an Eligible Holder (or would be an Eligible Holder if such fund were a holder of an Allowed Claim). Any Rights Offering Warrants to be issued to a Backstop Party shall be issued to one or more Eligible Affiliates of such Backstop Party.

Notwithstanding anything to the contrary in the Plan, in the event the amount of holders of Claims that subscribe to the Rights is such that, if the Rights Offering Warrants were exercised, Reorganized Patriot Coal would potentially be required to be a reporting company under the Exchange Act or would potentially be required to be registered on any public exchange, the Debtors shall decline to permit the subscription for Rights by holders of Claims subscribing for the lowest amount of Rights to the extent necessary to avoid Reorganized Patriot Coal being potentially required to be a reporting company under the Exchange Act or being potentially required to be registered on any public exchange (assuming, for these purposes, the exercise of the Rights Offering Warrants, and including the Debtors' estimate of shares of New Common Stock to be issued under the Plan and in respect of management incentive packages and other issuances).

As set forth in the Backstop Rights Purchase Agreement, the Backstop Parties shall have consent rights over, among other things, (i) the VFA (ii) the Exit Credit Facilities Documents, including the material financial terms of and definitive documentation for the Exit Credit Facilities; (iii) the Registration Rights Agreement; (iv) the organizational documents of the Reorganized Debtors, including the New Certificate of Incorporation, New Bylaws, and New Stockholders Agreement; (v) the Plan Documents; and (vi) the Rights Offerings Procedures, in each case, as set forth in the Backstop Rights Purchase Agreement.

The Rights, the Rights Offering Notes and the Rights Offering Warrants, in each case, whether issued pursuant to the Rights Offerings, in connection with the payment of the Backstop Commitment Fee and/or pursuant to the Backstop Rights Purchase Agreement, shall all be issued without registration in reliance upon the exemption set forth in section 4(2) of the Securities Act and will be "restricted securities."

(b) Exit Credit Facilities

On or before the Effective Date, Reorganized Patriot Coal shall enter into the Exit Credit Facilities, and, subject to the repayment of the DIP Facility Claims in accordance with Section 2.1 hereof, grant all liens and security interests provided for thereunder. The applicable Reorganized Debtors that are the guarantors under the Exit Credit Facilities shall issue the guarantees, Liens and security interests as provided thereunder. The Exit Credit Facilities shall be on terms and conditions substantially as set forth in the Plan Supplement.

(c) Restructuring Transactions

On or after the Effective Date, including after the cancellation and discharge of all Claims pursuant to the Plan and before the issuance of the New Common Stock, the Reorganized Debtors may engage in or take such actions as may be necessary or appropriate to effect corporate restructurings of their respective businesses, including actions necessary to simplify,

reorganize and rationalize the overall reorganized organizational structure of the Reorganized Debtors (together, the "**Restructuring Transactions**"). The Restructuring Transactions may include (a) dissolving companies or creating new companies (including limited liability companies), (b) merging, dissolving, transferring assets or otherwise consolidating any of the Debtors in furtherance of the Plan, or engaging in any other transaction in furtherance of the Plan, (c) executing and delivering appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution, liquidation, domestication, continuation or reorganization containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law; (d) executing and delivering appropriate instruments of transfer, assignment, assumption or delegation of any property, right, liability, debt or obligation on terms consistent with the terms of the Plan; (e) filing appropriate certificates or articles of merger, consolidation or dissolution or other filings or recordings pursuant to applicable state law; and (f) taking any other action reasonably necessary or appropriate in connection with such organizational restructurings. In each case in which the surviving, resulting or acquiring Entity in any of these transactions is a successor to a Reorganized Debtor, such surviving, resulting or acquiring Entity will perform the obligations of the applicable Reorganized Debtor pursuant to the Plan, including with respect to the DIP Agents and the DIP Lenders, and paying or otherwise satisfying the Allowed Claims to be paid by such Reorganized Debtor. Implementation of any Restructuring Transactions shall not affect any performance obligations, distributions, discharges, exculpations, releases or injunctions set forth in the Plan.

Section 5.7 Voting Trust(s)

On or before the Effective Date, the Voting Trust Agreement(s) shall be executed, and all other necessary steps shall be taken to establish the Voting Trust(s).

On the Effective Date, (a) the shares of New Class B Common Stock designated to be transferred to a Voting Trust(s) shall be transferred (and be deemed transferred) to the Voting Trust(s) without the need for any person or Entity to take any further action or obtain any approval. Such transfers shall be exempt from any stamp, real estate transfer, mortgage reporting, sales, use or other similar tax. Upon the foregoing transfers to the Voting Trust, the Debtors and the Reorganized Debtors shall have no further liability or obligation relating to the Voting Trust. In no event shall the Debtors or the Reorganized Debtors have or be deemed to have any fiduciary or other duty to the Voting Trust, nor any responsibilities for administering the Voting Trust.

The Voting Trustee(s) shall govern the Voting Trust(s) in accordance with the Voting Trust Agreement(s) and shall be appointed permanently. The duty of the Voting Trustee(s) shall be to vote the shares of the New Class B Common Stock held in trust so as to maximize the enterprise value of the Reorganized Debtors.

The Voting Trust Beneficiaries shall be one or more parties to be determined; *provided* that Knighthead may not be a direct or indirect beneficiary of a Voting Trust; *provided, further,* that the UMWA will be the beneficiary of the economic value of any shares of New Class B

Common Stock issued to the Voting Trust on the Effective Date in respect of any Senior Notes Stock Allocation otherwise issuable to Knighthead. Additionally, the holders of Allowed Senior Notes Claims and the Backstop Parties may elect to cause the shares of New Common Stock issued to such parties pursuant to the Plan to be issued to a Voting Trust, which New Common Stock shall be Class B Common Stock in lieu of Class A Common Stock otherwise issuable in respect of Allowed Senior Notes Claims.

ARTICLE 6
PROVISIONS GOVERNING DISTRIBUTIONS

Section 6.1 Disbursing Agent

The Disbursing Agent shall make all distributions required under the Plan, except as to a Creditor whose distribution is to be administered by a Servicer, which distributions shall be deposited with the appropriate Servicer for distribution to Creditors in accordance with the provisions of the Plan and the terms of the governing agreement. Distributions on account of such Claims shall be deemed complete upon delivery to the appropriate Servicer; *provided, however*, that if any such Servicer is unable to make such distributions, the Disbursing Agent, with such Servicer's cooperation, shall make such distributions to the extent reasonably practicable to do so. The applicable DIP Agent and the applicable Indenture Trustee will be considered Servicers for the DIP Facility Claims, the Senior Notes Claims and the Convertible Notes Claims, as applicable.

Notwithstanding anything to the contrary herein, all distributions related to or on account of the Existing Notes shall be made to the applicable Indenture Trustee and further distributions on account of such Claims by such Indenture Trustee shall be accomplished in accordance with the applicable Indenture and, if applicable, the policies and procedures of DTC. Each Indenture Trustee shall administer such distributions in accordance with the Plan and the applicable Indenture. Neither Indenture Trustee shall be required to give any bond, surety, or other security for the performance of its duties with respect to the administration and implementation of distributions. Any and all distributions on account of the Existing Notes shall be subject to the terms and conditions of the applicable Indenture, including any Charging Lien.

The Reorganized Debtors shall be authorized, without further Bankruptcy Court approval, but not directed to, reimburse any Servicer for its reasonable, documented, actual and customary out-of-pocket expenses incurred in providing postpetition services directly related to distributions pursuant to the Plan. These reimbursements must be made, with respect to First Out DIP Facility Claims, in accordance with Section 12.04 of the First Out DIP Facility, with respect to Second Out DIP Facility Claims, in accordance with Section 10.04 of the Second Out DIP Facility, and otherwise on terms agreed to between the Reorganized Debtors and the applicable Servicer.

Section 6.2 Timing and Delivery of Distributions

(a) Timing

Subject to any reserves or holdbacks established pursuant to the Plan, and taking into account the matters discussed in Section 6.3 of the Plan, on the appropriate Distribution Date or as soon as practicable thereafter, holders of Allowed Claims against the Debtors shall receive the distributions provided for Allowed Claims in the applicable Classes as of such date.

If and to the extent there are Disputed Claims as of the Effective Date, distributions on account of such Disputed Claims (which will only be made if and when they become Allowed Claims) shall be made pursuant to the provisions set forth in the Plan on or as soon as reasonably practicable after the next Distribution Date that is at least 20 calendar days after each such Claim is Allowed; *provided, however*, that distributions on account of the Claims set forth in Article 3 of the Plan shall be made as set forth therein and Professional Fee Claims shall be made as soon as reasonably practicable after such Claims are Allowed or as provided in any other applicable Order. Because of the size and complexities of the Chapter 11 Cases, the Debtors at the present time cannot accurately predict the timing of the Final Distribution Date.

(b) *De Minimis* Distributions

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer nor the Disbursing Agent shall have any obligation to make any distributions under the Plan with a value of less than $100, unless a written request therefor is received by the Disbursing Agent from the relevant recipient at the addresses set forth in Section 15.13 hereof within 120 days after the later of the (a) Effective Date and (b) the date such Claim becomes an Allowed Claim. *De minimis* distributions for which no such request is timely received shall revert to Reorganized Patriot Coal. Upon such reversion, the relevant Allowed Claim (and any Claim on account of missed distributions) shall be automatically discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer nor any Disbursing Agent shall have any obligation to make a particular distribution to a specific holder of an Allowed Claim if such holder is also the holder of a Disputed Claim.

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer nor any Disbursing Agent shall have any obligation to make any distributions on any Interim Distribution Date unless the sum of all distributions authorized to be made to all holders of Allowed Claims on such Interim Distribution Date exceeds $100,000 in value.

(c) Fractional Shares

Notwithstanding any other provision of the Plan, no fractional shares of New Common Stock shall be distributed; *provided, however*, that any fractional shares of New Common Stock

shall be rounded down to the next whole number or zero, as applicable, and no consideration shall be provided in lieu of fractional shares that are rounded down.

(d) Delivery of Distributions – Allowed Claims

As to all holders of Allowed Claims, distributions shall only be made to the record holders of such Allowed Claims as of the Distribution Record Date; *provided*, that any Eligible Holder who is otherwise entitled to receive Rights in accordance with the terms of the Plan may designate an Eligible Affiliate to receive such Rights and such Eligible Affiliate may exercise such Notes Rights or Warrant Rights in accordance with the Rights Offerings Procedures. On the Distribution Record Date, at the close of business for the relevant register, all registers maintained by the Debtors, Reorganized Debtors, Servicers, the Disbursing Agent, the Indenture Trustees and each of the foregoing's respective agents, successors and assigns shall be deemed closed for purposes of determining whether a holder of such a Claim is a record holder entitled to distributions under the Plan. The Debtors, Reorganized Debtors, Servicers, Disbursing Agent, Indenture Trustees and all of their respective agents, successors and assigns shall have no obligation to recognize, for purposes of distributions pursuant to or in any way arising from the Plan (or for any other purpose), any Claims that are transferred after the Distribution Record Date. Instead, they shall be entitled to recognize only those record holders set forth in the registers as of the Distribution Record Date, irrespective of the number of distributions made under the Plan or the date of such distributions. Furthermore, if a Claim is transferred 20 or fewer calendar days before the Distribution Record Date, the Disbursing Agent or Indenture Trustee, as applicable, shall make distributions to the transferee only if the transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

If any dispute arises as to the identity of a holder of an Allowed Claim that is entitled to receive a distribution pursuant to the Plan, the applicable Disbursing Agent, Servicer or Indenture Trustee may, in lieu of making such distribution to such person, make the distribution into an escrow account until the disposition thereof is determined by Final Order or by written agreement among the interested parties to such dispute.

Subject to Bankruptcy Rule 9010, a distribution to a holder of an Allowed Claim may be made by the applicable Disbursing Agent or Indenture Trustee, in each case, in its sole discretion: (i) to the address set forth on the first page of the Proof of Claim filed by such holder (or at the last known address of such holder if no Proof of Claim is filed or if the Debtors have been notified in writing of a change of address), (ii) to the address set forth in any written notice of an address change delivered to the Disbursing Agent after the date of any related Proof of Claim, (iii) to the address set forth on the Schedules filed with the Bankruptcy Court, if no Proof of Claim has been filed and the Disbursing Agent has not received a written notice of an address change, (iv) in the case of a holder whose Claim is governed by an agreement and administered by a Servicer, to the address contained in the official records of such Servicer or (v) to the address of any counsel that has appeared in the Chapter 11 Cases on such holder's behalf.

(e) Delivery of Distributions – Allowed Claims Relating to Existing Notes; Surrender of Cancelled Instruments or Securities

Subject to the provisions of Section 5.4 of the Plan, as to holders of Allowed Claims relating to the Existing Notes and as a condition to receive any distribution:

As to any holder of an Allowed Claim relating to an Existing Note that is held in the name of, or by a nominee of, DTC, the Debtors and the Reorganized Debtors shall seek the cooperation of DTC to provide appropriate instructions to the applicable Indenture Trustee and such distribution shall be made through a mandatory and/or voluntary exchange on or as soon as practicable after the Effective Date.

Any holder of an Allowed Claim relating to an Existing Note who fails to surrender such Existing Note in accordance with this Section 6.2(e) within one year after the Effective Date shall be deemed to have forfeited all rights and Claims in respect of such Existing Note and shall not participate in any distribution hereunder, and all property relating to such forfeited distribution, including any dividends or interest attributable thereto, shall revert to the Reorganized Debtors, notwithstanding any federal or state escheat laws to the contrary.

Section 6.3 Manner of Payment under Plan

(a) All Cash distributions to be made hereunder to the DIP Agents on account of the DIP Facility Claims shall be made by wire transfer. With respect to any other Cash payment to be made hereunder, at the Disbursing Agent's option, any such payment may be made by check, wire transfer or any other customary payment method.

(b) The Disbursing Agent shall distribute New Common Stock, Rights or Cash as required under the Plan. Where the applicable Reorganized Debtor is a Reorganized Subsidiary Debtor, Reorganized Patriot Coal shall be deemed to have made a direct capital contribution to the applicable Reorganized Subsidiary Debtor of an amount of Cash to be distributed to the Creditors of such Reorganized Debtor, but only at such time as, and to the extent that, such amounts are actually distributed to holders of Allowed Claims. Any distributions by the Disbursing Agent of New Common Stock, Rights or Cash that revert to Reorganized Patriot Coal or are otherwise cancelled (such as to the extent any distributions have not been claimed within one year) shall revest solely in Reorganized Patriot Coal and no other Reorganized Debtor shall have (nor shall it be considered to ever have had) any ownership interest in the amounts distributed.

(c) Allocation of Plan Distributions Between Principal and Interest

To the extent that any unsecured Claim entitled to a distribution under the Plan is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor and accrued but unpaid interest thereon, such distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax

purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

(d) Compliance Matters

In connection with the Plan, each Debtor, each Reorganized Debtor and the Disbursing Agent shall comply with all tax withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions hereunder shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, each Debtor, each Reorganized Debtor and the Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes or establishing any other mechanisms the Debtors or the Reorganized Debtors, as applicable, believe are reasonable and appropriate. For tax purposes, distributions received with respect to Allowed Claims shall be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

The Debtors, the Reorganized Debtors and the Disbursing Agent, as applicable, reserve the right to allocate and distribute all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, Liens and similar encumbrances.

(e) Foreign Currency Exchange Rate

As of the Effective Date, any Claim asserted in a currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate on the Petition Date, as quoted at 4:00 p.m., mid-range spot rate of exchange for the applicable currency as published in *The Wall Street Journal*, National Edition, on the day after the Petition Date.

Section 6.4 Undeliverable or Non-Negotiated Distributions

If any distribution is returned as undeliverable, no further distributions to such Creditor shall be made unless and until the Disbursing Agent or appropriate Servicer is notified in writing of such holder's then-current address, at which time any undelivered distribution shall be made to such holder without interest or dividends. Undeliverable distributions shall be returned to Reorganized Patriot Coal until such distributions are claimed. All undeliverable distributions under the Plan that remain unclaimed for one year after attempted distribution shall indefeasibly revert to Reorganized Patriot Coal. Upon such reversion, the relevant Allowed Claim (and any Claim on account of missed distributions) shall be automatically discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

Checks issued on account of Allowed Claims shall be null and void if not negotiated within 120 calendar days from and after the date of issuance thereof. Requests for reissuance of

any check must be made directly and in writing to the Disbursing Agent by the holder of the relevant Allowed Claim within the 120-calendar-day period. After such date, the relevant Allowed Claim (and any Claim for reissuance of the original check) shall be automatically discharged and forever barred, and such funds shall revert to Reorganized Patriot Coal, notwithstanding any federal or state escheat laws to the contrary.

Section 6.5 Claims Paid or Payable by Third Parties

(a) Claims Paid by Third Parties

To the extent a Creditor receives a distribution on account of a Claim and also receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such Creditor shall, within 30 calendar days of receipt thereof, repay and/or return the distribution to the applicable Reorganized Debtor, to the extent the Creditor's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of the Claim as of the date of any such distribution under the Plan.

A Claim may be adjusted or expunged on the official claims register, without a claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court, to the extent that the Creditor receives payment in full or in part on account of such Claim; *provided*, *however*, that to the extent the non-Debtor party making the payment is subrogated to the Creditor's Claim, the non-Debtor party shall have a 30-calendar-day grace period following payment in full to notify the Claims Agent of such subrogation rights.

(b) Claims Payable by Third Parties

To the extent that one or more of the Debtors' insurers agrees (or if and to the extent any such insurer is required by a court or other tribunal of competent jurisdiction) to satisfy any Claim, then immediately upon such court or other tribunal determination or insurers' agreement, such Claim may be expunged (to the extent of any agreed-upon or determined satisfaction) on the official claims register without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

ARTICLE 7
FILING OF ADMINISTRATIVE CLAIMS

Section 7.1 Professional Fee Claims

(a) Final Fee Applications

All final requests for payment of Professional Fee Claims must be filed with the Bankruptcy Court by the date that is 60 calendar days after the Confirmation Date. Such requests shall be filed with the Bankruptcy Court and served as required by the Case Management Order; *provided* that if any Professional is unable to file its own request with the Bankruptcy Court, such Professional may deliver an original, executed copy and an electronic copy to the Debtors' attorneys and the Reorganized Debtors at least three Business Days before

the deadline, and the Debtors' attorneys shall file such request with the Bankruptcy Court. The objection deadline relating to the final requests shall be 4:00 p.m. (prevailing Central Time) on the date that is 15 calendar days after the filing deadline. If no objections are timely filed and properly served in accordance with the Case Management Order as to a given request, or all timely objections are subsequently resolved, such Professional shall submit to the Bankruptcy Court for consideration a proposed order approving the Professional Fee Claim as an Allowed Administrative Claim in the amount requested (or otherwise agreed), and the order may be entered without a hearing or further notice to any party. The Allowed amounts of any Professional Fee Claims subject to unresolved timely objections shall be determined by the Bankruptcy Court at a hearing to be held no later than 30 calendar days after the objection deadline. Distributions on account of Allowed Professional Fee Claims shall be made as soon as reasonably practicable after such Claims become Allowed or in accordance with any other applicable Order.

(b) Payment of Interim Amounts

Professionals shall be paid pursuant to the "Monthly Statement" process set forth in the Interim Compensation Order with respect to all calendar months ending before the Confirmation Date.

(c) Post-Confirmation Date Fees

Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors and Reorganized Debtors may employ and pay all Professionals and may pay the reasonable and documented fees and expenses of each of the DIP Agents' professionals in accordance with the DIP Documents and the DIP Order in the ordinary course of business (including for the month in which the Confirmation Date occurred) without any further notice to, action by or order or approval of the Bankruptcy Court or any other party.

Section 7.2 Other Administrative Claims

(a) A notice setting forth the Other Administrative Claim Bar Date will be (i) filed on the Bankruptcy Court's docket and (ii) posted on the Debtors' Case Information Website. No other notice of the Other Administrative Claim Bar Date will be provided.

(b) All requests for payment of Other Administrative Claims that accrued on or before the Effective Date (other than Professional Fee Claims, which are subject to the provisions of Section 7.1 of the Plan) must be filed with the Claims Agent and served on counsel for the Debtors and Reorganized Debtors by the Other Administrative Claim Bar Date. Any requests for payment of Other Administrative Claims pursuant to this Section 7.2 that are not properly filed and served by the Other Administrative Claim Bar Date shall be disallowed automatically without the need for any objection from the Debtors or the Reorganized Debtors or any action by the Bankruptcy Court.

(c) The Reorganized Debtors, in their sole discretion, shall have exclusive authority to settle Other Administrative Claims without further Bankruptcy Court approval.

(d) Unless the Debtors or the Reorganized Debtors object to a timely filed and properly served Other Administrative Claim by the Claims Objection Deadline, such Other Administrative Claim shall be deemed allowed in the amount requested. If the Debtors or the Reorganized Debtors object to an Other Administrative Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court shall determine whether such Other Administrative Claim should be allowed and, if so, in what amount.

(e) Notwithstanding the foregoing, requests for payment of Other Administrative Claims need not be filed for Other Administrative Claims that (i) are for goods or services provided to the Debtors in the ordinary course of business, (ii) previously have been Allowed by Final Order of the Bankruptcy Court, (iii) are for Cure amounts, (iv) are on account of postpetition taxes (including any related penalties or interest) owed by the Debtors or the Reorganized Debtors to any governmental unit (as defined in section 101(27) of the Bankruptcy Code) or (v) the Debtors or Reorganized Debtors have otherwise agreed in writing do not require such a filing.

ARTICLE 8
DISPUTED CLAIMS

Section 8.1 Objections to Claims

(a) After the Effective Date, the Reorganized Debtors shall have the sole authority to object to all Claims; *provided*, *however*, that the Reorganized Debtors shall not be entitled to object to any Claim that has been expressly allowed by Final Order or under the Plan. Any objections to Claims filed by the Reorganized Debtors shall be filed on the Bankruptcy Court's docket on or before the Claims Objection Deadline.

(b) Claims objections filed before, on or after the Effective Date shall be filed, served and administered in accordance with the Claims Objection Procedures Order, which shall remain in full force and effect; *provided*, *however*, that, on and after the Effective Date, filings and notices related to the Claims Objection Procedures Order need only be served on the relevant claimants and otherwise as required by the Case Management Order.

Section 8.2 Resolution of Disputed Claims

On and after the Effective Date, the Reorganized Debtors shall have the sole authority to litigate, compromise, settle, otherwise resolve or withdraw any objections to all Claims and to compromise and settle any Claims without notice to or approval by the Bankruptcy Court or any other party.

Section 8.3 Estimation of Claims and Interests

The Debtors or Reorganized Debtors may, in their sole discretion, after consultation with the Creditors' Committee (if prior to the Effective Date) determine, resolve and otherwise adjudicate all Contingent Claims, Unliquidated Claims and Disputed Claims in the Bankruptcy Court or such other court of the Debtors' or Reorganized Debtors' choice having jurisdiction over the validity, nature or amount thereof. The Debtors or the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any Contingent Claim, Unliquidated Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code for any reason or purpose, regardless of whether any of the Debtors or the Reorganized Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates any Contingent Claim, Unliquidated Claim or Disputed Claim, that estimated amount shall constitute the maximum limitation on such Claim and the Debtors or the Reorganized Debtors may pursue supplementary proceedings to object to the ultimate allowance of such Claim; *provided*, *however*, that such limitation shall not apply to Claims requested by the Debtors to be estimated for voting purposes only.

All of the aforementioned objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such Claim unless the holder of such Claim has filed a motion requesting the right to seek such reconsideration on or before 20 calendar days after the date such Claim is estimated by the Bankruptcy Court.

Section 8.4 Payments and Distributions for Disputed Claims

(a) No Distributions Pending Allowance

Notwithstanding any other provision in the Plan, no payments or distributions shall be made for a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim.

(b) Disputed Claims Reserve

(i) On the Initial Distribution Date or as soon thereafter as is reasonably practicable, the Reorganized Debtors shall hold in reserve (the "**Disputed Claims Reserve**") the amount of Cash that the Reorganized Debtors determine, in consultation with the Creditors' Committee, would likely have been distributed to the Holders of all Disputed Claims as if such Disputed Claims had been Allowed on the Effective Date, with the amount of such Allowed Claims to be determined, solely for the purposes of establishing reserves and for maximum

distribution purposes, to be the lesser of (a) the asserted amount of the Disputed Claim filed with the Bankruptcy Court as set forth in the non-duplicative Proof of Claim, or (if no proof of such Claim was filed) listed by the Debtors in the Schedules, (b) the amount, if any, estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code or ordered by other order of the Bankruptcy Court, or (c) the amount otherwise agreed to by the Debtors or the Reorganized Debtors, as applicable, in consultation with the Backstop Parties, and the Holder of such Disputed Claim for distribution purposes. With respect to all Disputed Claims that are General Unsecured Claims or Convenience Class Claims and are unliquidated or contingent and for which no dollar amount is asserted on a Proof of Claim, the Debtors will reserve Cash adjusted from time to time equal to the amount reasonably determined by the Reorganized Debtors.

(ii) The Disbursing Agent may, at the direction of the Debtors or the Reorganized Debtors, adjust the Disputed Claims Reserve to reflect all earnings thereon (net of any expenses relating thereto, such expenses including any taxes imposed thereon or otherwise payable by the reserve), to be distributed on the Distribution Dates, as required by the Plan. The Disbursing Agent shall hold in the Disputed Claims Reserve all dividends, payments and other distributions made on account of, as well as any obligations arising from, the property held in the Disputed Claims Reserve, to the extent that such property continues to be so held at the time such distributions are made or such obligations arise. The taxes imposed on the Disputed Claims Reserve (if any) shall be paid by the Disbursing Agent from the property held in the Disputed Claims Reserve, and the Reorganized Debtors shall have no liability for such taxes.

(iii) After any reasonable determination by the Reorganized Debtors that the Disputed Claims Reserve should be adjusted downward in accordance with Section 8.4(b)(i) of the Plan, the Disbursing Agent shall, at the direction of the Debtors or the Reorganized Debtors, effect a distribution in the amount of such adjustment as required by the Plan (an "**Adjustment Distribution**"), and any date of such distribution shall be an Interim Distribution Date.

(iv) After all Disputed Claims have become either Allowed Claims or Disallowed Claims and all distributions required pursuant to Section 8.4(c) of the Plan have been made, the Disbursing Agent shall, at the direction of the Reorganized Debtors, effect a final distribution of the Cash remaining in the Disputed Claims Reserve.

(v) It is expected that the Disbursing Agent will (A) make an election pursuant to United States Treasury Regulations section 1.468B-9 to treat the Disputed Claims Reserve as a "disputed ownership fund" within the meaning of that section and (B) allocate taxable income or loss to the Disputed Claims Reserve with respect to any taxable year that would have been allocated to the holders of Disputed Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are Disputed Claims). The affected holders of the Disputed Claims shall be bound by such election, if made by the Disbursing Agent. For federal income tax purposes, absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Disbursing Agent shall, to the extent permitted by applicable law, report consistently with the foregoing characterization

for state and local income tax purposes. All affected holders of Disputed Claims shall report, for income tax purposes, consistently with the foregoing.

(c) Distributions after Allowance

(i) To the extent that a Disputed Claim, other than a Convenience Class Claim, becomes an Allowed Claim after the Effective Date, the Disbursing Agent will, out of the Disputed Claims Reserve, distribute to the holder thereof the distribution, if any, to which such holder is entitled under the Plan in accordance with Section 6.2(a) of the Plan. Subject to Section 8.6 of the Plan, all distributions made under this Section 8.4(c)(i) on account of Allowed Claims will be made together with any dividends, payments or other distributions made on account of, as well as any obligations arising from, the distributed property, then held in the Disputed Claims Reserve as if such Allowed Claim had been an Allowed Claim on the dates distributions were previously made to Allowed Claim holders included in the applicable class under the Plan.

(ii) To the extent that a Convenience Class Claim becomes an Allowed Claim after the Effective Date, the Disbursing Agent will distribute to the holder thereof the distribution, if any, to which such holder is entitled under the Plan in accordance with Section 6.2(a) and Section 8.6 of the Plan.

Section 8.5 No Amendments to Claims

A Claim may be amended before the Confirmation Date only as agreed upon by the Debtors and the holder of such Claim or as otherwise permitted by the Bankruptcy Court, the Bankruptcy Rules or applicable non-bankruptcy law. On or after the Confirmation Date, the holder of a Claim (other than an Other Administrative Claim or a Professional Fee Claim) must obtain prior authorization from the Bankruptcy Court or Reorganized Debtors to file or amend a Claim. Any new or amended Claim (other than Rejection Claims) filed after the Confirmation Date without such prior authorization will not appear on the official claims register and will be deemed disallowed in full and expunged without any action required of the Debtors or the Reorganized Debtors and without the need for any court order.

Section 8.6 No Interest

Other than as provided by section 506(b) of the Bankruptcy Code or as specifically provided for in the Plan, the Confirmation Order or with respect to the DIP Facilities, postpetition interest shall not accrue or be paid on Claims and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Claim or Disputed Claim for the period from and after the Effective Date; *provided*, *however*, that nothing in this Section 8.6 shall limit any rights of any governmental unit (as defined in section 101(27) of the Bankruptcy Code) to interest under sections 503, 506(b), 1129(a)(9)(A) or 1129(a)(9)(C) of the Bankruptcy Code or as otherwise provided for under applicable law.

ARTICLE 9
EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Section 9.1 Rejection of Executory Contracts and Unexpired Leases

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each executory contract and unexpired lease to which any Debtor is a party shall be deemed automatically rejected by the Debtors effective as of the Effective Date, except for any executory contract or unexpired lease that (i) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered before the Effective Date, (ii) is the subject of a motion to assume or reject pending on the Effective Date, including the *Debtors' Motion for Authorization to (i) Assume or (ii) Reject Unexpired Leases of Nonresidential Real Property* filed on Janauary 15, 2013 [ECF No. 1995], (iii) is the subject of an adversary proceeding pending on the Effective Date, including *Eastern Royalty LLC f/k/a Eastern Royalty Corp. v. Boone East Development Co., Performance Coal Co., and New River Energy Corp.*, Adv. Pro. No. 12-04353-659 and *Robin Land Company, LLC v. STB Ventures, Inc.*, Adv. Pro. No. 12-04355-659, (iv) is subject to the *Stipulation and Order Extending Time Under 11 U.S.C. § 365(d)(4) for Leases of Non-Residential Real Property with Alpha Natural Resources, Inc.* dated February 8, 2013 [ECF No. 2781], as thereafter extended from time to time by written agreement of the parties, (v) is assumed, rejected or otherwise treated pursuant to Section 9.3 or Section 9.4 of the Plan, (vi) is listed on Schedule 9.2(a) or 9.2(b) of the Plan or (vii) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline. If an executory contract or unexpired lease either (x) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered before the Effective Date or (y) is the subject of a motion to assume or reject pending on the Confirmation Date, then the listing of any such executory contract or unexpired lease on the aforementioned schedules shall be of no effect.

Section 9.2 Schedules of Executory Contracts and Unexpired Leases

(a) Schedules 9.2(a) and 9.2(b) of the Plan shall be filed by the Debtors as specified in Section 15.6 of the Plan and shall represent the Debtors' then-current good faith belief regarding the intended treatment of all executory contracts and unexpired leases listed thereon. The Debtors reserve the right, on or before 3:00 p.m. (prevailing Central Time) on the Business Day immediately before the Confirmation Hearing to (i) amend Schedules 9.2(a) and 9.2(b) to add, delete or reclassify any executory contract or unexpired lease or amend a proposed assignment and (ii) amend the Proposed Cure, in each case as to any executory contract or unexpired lease previously listed as to be assumed; *provided, however*, that if the Confirmation Hearing is adjourned, such amendment right shall be extended to 3:00 p.m. on the Business Day immediately before the rescheduled or continued Confirmation Hearing, and this proviso shall apply in the case of any and all subsequent adjournments of the Confirmation Hearing; *provided, further* that (a) for Intercompany Contracts and agreements proposed to be rejected as of the above deadline, the Debtors reserve the right to make amendments at any time before Confirmation and (b) the Debtors may amend Schedules 9.2(a) and 9.2(b) to add, delete or reclassify any executory contracts or unexpired leases or amend proposed assignments after such date to the extent agreed with the relevant counterparties. Pursuant to sections 365 and 1123 of

the Bankruptcy Code, and except for executory contracts and unexpired leases as to which a Treatment Objection is properly filed and served by the Treatment Objection Deadline, (x) each of the executory contracts and unexpired leases listed on Schedule 9.2(a) shall be deemed assumed (and, if applicable, assigned) effective as of the Assumption Effective Date specified thereon and the Proposed Cure specified in the notice mailed to each Assumption Party shall be the Cure and shall be deemed to satisfy fully any obligations the Debtors might have regarding such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code and (y) each of the executory contracts and unexpired leases listed on Schedule 9.2(b) shall be deemed rejected effective as of the Rejection Effective Date specified thereon.

(b) The Debtors shall file initial versions of Schedules 9.2(a) and 9.2(b) and any amendments thereto with the Bankruptcy Court and shall serve all notices thereof only on the DIP Agents, the Creditors' Committee and the relevant Assumption Parties and Rejection Parties. For any executory contract or unexpired lease first listed on Schedule 9.2(b) later than the date that is 10 calendar days before the Voting Deadline, the Debtors shall use their best efforts to notify the DIP Agents, the Creditors' Committee and the applicable Rejection Party promptly of such proposed treatment via facsimile, email or telephone at any notice address or number included in the relevant executory contract or unexpired lease or as otherwise timely provided in writing to the Debtors by any such counterparty or its counsel.

(c) For any executory contracts or unexpired leases first listed on Schedule 9.2(b) later than the date that is 10 calendar days before the Voting Deadline, affected Rejection Parties shall have five calendar days from the date of such amendment to Schedule 9.2(b) to object to Confirmation of the Plan. For any executory contracts or unexpired leases first listed on Schedule 9.2(b) later than the date that is five calendar days before the Confirmation Hearing, affected Rejection Parties shall have until the Confirmation Hearing to object to Confirmation of the Plan.

(d) The listing of any contract or lease on Schedule 9.2(a) or 9.2(b) is not an admission that such contract or lease is an executory contract or unexpired lease or that any Debtor has any liability thereunder. The Debtors reserve the right to assert that any of the agreements listed on Schedule 9.2(a) or 9.2(b) are not executory contracts or unexpired leases.

Section 9.3 Categories of Executory Contracts and Unexpired Leases to Be Assumed

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each of the executory contracts and unexpired leases within the following categories shall be deemed assumed as of the Effective Date (and the Proposed Cure for each shall be zero dollars), except for any executory contract or unexpired lease (i) that has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 9.2(a) or 9.2(b), (iv) that is otherwise expressly assumed or rejected pursuant to the terms of the Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline.

(a) Customer Programs, Foreign Agreements, Insurance Plans, Intercompany Contracts, Surety Bonds and Workers' Compensation Plans

Subject to the terms of the first paragraph of this Section 9.3, each Customer Program, Foreign Agreement, Insurance Plan, Intercompany Contract, Surety Bond and Workers' Compensation Plan shall be deemed assumed effective as of the Effective Date. Nothing contained in this Section 9.3(a) shall constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any entity, including, without limitation, the insurer under any of the Insurance Plans. Except as provided in the previous sentence, all Proofs of Claim on account of or in respect of any agreement covered by this Section 9.3(a) shall be deemed withdrawn automatically and without any further notice to or action by the Bankruptcy Court.

(b) Directors and Officers Insurance Policies and Agreements

To the extent that the D&O Liability Insurance Policies issued to, or entered into by, the Debtors prior to the Petition Date constitute executory contracts, notwithstanding anything in the Plan to the contrary, the Reorganized Debtors shall be deemed to have assumed all of the Debtors' unexpired D&O Liability Insurance Policies pursuant to section 365(a) of the Bankruptcy Code effective as of the Effective Date. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Reorganized Debtors' foregoing assumption of each of the D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan shall not discharge, impair or otherwise modify any advancement, indemnity or other obligations of the D&O Liability Insurance Policies.

In addition, after the Effective Date, none of the Reorganized Debtors shall terminate or otherwise reduce the coverage under any of the D&O Liability Insurance Policies with respect to conduct occurring prior thereto, and all directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled from the insurers to the full benefits of any such policy for the full term of such policy regardless of whether such directors and officers remain in such positions after the Effective Date.

(c) Certain Indemnification Obligations

Each Indemnification Obligation to a director, officer, manager or employee who was employed by any of the Debtors in such capacity on the Effective Date or immediately prior thereto shall be deemed assumed effective as of the Effective Date; *provided* that any Indemnification Obligation contained in an Employee Agreement that is rejected pursuant to Section 9.4 shall also be deemed rejected. Each Indemnification Obligation that is deemed assumed pursuant to the Plan shall (i) remain in full force and effect, (ii) not be modified, reduced, discharged, impaired or otherwise affected in any way, (iii) be deemed and treated as an executory contract pursuant to sections 365 and 1123 of the Bankruptcy Code regardless of whether or not Proofs of Claim have been filed with respect to such obligations and (iv) survive Unimpaired and unaffected irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date.

Notwithstanding anything contained in the Plan, the Reorganized Debtors, in their sole discretion, may (but have no obligation to) honor each Indemnification Obligation to a director, officer, manager or employee that was no longer employed by any of the Debtors in such capacity on or immediately prior to the Effective Date, unless such obligation (i) shall have been previously rejected by the Debtors by Final Order of the Bankruptcy Court, (ii) is the subject of a motion to reject pending on or before the Confirmation Date, (iii) is listed on Schedule 9.2(b) or (iv) is otherwise expressly rejected pursuant to the terms of the Plan or any Notice of Intent to Assume or Reject; *provided* that, for each such director, officer, manager or employee, the Reorganized Debtors shall be permitted to honor Indemnification Obligations only to the extent of available coverage under the applicable D&O Liability Insurance Policy (and payable from the proceeds of such D&O Liability Insurance Policies).

(d) Peabody Contracts

Subject to the terms of the first paragraph of this Section 9.3, each contract and agreement entered into by and between the Debtors and Peabody prior to the Petition Date that the Debtors are obligated to assume pursuant to the Peabody Settlement, all of which contracts and agreements are deemed executory pursuant to the terms of the Peabody Settlement, shall be deemed assumed effective as of the Effective Date with a Cure of zero dollars.

Section 9.4 Other Categories of Agreements and Policies

(a) Employee Agreements

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each Employee Agreement entered into before the Petition Date shall be deemed rejected effective as of the Effective Date, except for any Employee Agreement (i) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 9.2(a) or 9.2(b) of the Plan, (iv) that is otherwise expressly assumed or rejected pursuant to the terms of the Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline. The assumption by the Debtors or the Reorganized Debtors or the agreement of the Debtors or the Reorganized Debtors to assume any Employee Agreement will not entitle any Person to any contractual right to any benefit or alleged entitlement under any of the Debtors' policies, programs or plans, except as to such individual and as expressly set forth in such Employee Agreement.

(b) Employee Benefits

As of the Effective Date, except for Employee Agreements, and unless specifically listed on Schedule 9.2(a) or 9.2(b) or rejected or otherwise addressed by an order of the Bankruptcy Court (including, without limitation, by virtue of the Debtors having been granted the authority to terminate any such plan, policy, program or agreement or the Bankruptcy Court determining that the Debtors cannot successfully reorganize absent such termination), the Debtors and the Reorganized Debtors, in their sole discretion, may (but have no obligation to) honor, in the

ordinary course of business, the Debtors' written contracts, agreements, policies, programs and plans for, among other things, compensation, reimbursement, health care benefits, disability benefits, deferred compensation benefits, travel benefits (including retiree travel benefits), vacation and sick leave benefits, savings, severance benefits, retirement benefits, welfare benefits, relocation programs, life insurance and accidental death and dismemberment insurance, including written contracts, agreements, policies, programs and plans for bonuses and other incentives or compensation for the directors, officers and employees of any of the Debtors who served in such capacity at any time. To the extent that the above-listed contracts, agreements, policies, programs and plans are executory contracts, pursuant to sections 365 and 1123 of the Bankruptcy Code, unless a Treatment Objection is timely filed and properly served, each of them will be deemed assumed (as modified or terminated) as of the Effective Date with a Cure of zero dollars. However, notwithstanding anything else herein, the assumed plans shall be subject to modification in accordance with the terms thereof at the discretion of the Reorganized Debtors.

Section 9.5 Assumption and Rejection Procedures and Resolution of Treatment Objections

(a) Proposed Assumptions

(i) As to any executory contract or unexpired lease to be assumed pursuant to any provision of the Plan or any Notice of Intent to Assume or Reject, unless an Assumption Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease shall be deemed assumed and, if applicable, assigned as of the Assumption Effective Date proposed by the Debtors or Reorganized Debtors, without any further notice to or action by the Bankruptcy Court, and any obligation the Debtors or Reorganized Debtors may have to such Assumption Party with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code shall be deemed fully satisfied by the Proposed Cure, if any, which shall be the Cure.

(ii) Any objection to the assumption or assignment of an executory contract or unexpired lease that is not timely filed and properly served shall be denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court), and any Claim relating to such assumption or assignment shall be forever barred from assertion and shall not be enforceable against any Debtor or Reorganized Debtor or their respective Estates or properties without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court, and any obligation the Debtors or the Reorganized Debtors may have under section 365(b) of the Bankruptcy Code (over and above any Proposed Cure) shall be deemed fully satisfied, released and discharged, notwithstanding any amount or information included in the Schedules or any Proof of Claim.

(b) Proposed Rejections

(i) As to any executory contract or unexpired lease to be rejected pursuant to any provision of the Plan or any Notice of Intent to Assume or Reject, unless a Rejection Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease shall be deemed rejected as of the Rejection Effective Date proposed by the Debtors or Reorganized Debtors without any further notice to or action by the Bankruptcy Court.

(ii) Any objection to the rejection of an executory contract or unexpired lease that is not timely filed and properly served shall be deemed denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court).

(c) Resolution of Treatment Objections

(i) On and after the Effective Date, the Reorganized Debtors may, in their sole discretion, settle Treatment Objections without any further notice to or action by the Bankruptcy Court or any other party (including by paying any agreed Cure amounts).

(ii) For each executory contract or unexpired lease as to which a Treatment Objection is timely filed and properly served and that is not otherwise resolved by the parties after a reasonable period of time, the Debtors, in consultation with the Bankruptcy Court, shall schedule a hearing on such Treatment Objection and provide at least 21 calendar days' notice of such hearing to the relevant Assumption Party or Rejection Party. Unless the Bankruptcy Court expressly orders or the parties agree otherwise, any assumption or rejection approved by the Bankruptcy Court notwithstanding a Treatment Objection shall be effective as of the Assumption Effective Date or Rejection Effective Date originally proposed by the Debtors or specified in the Plan.

(iii) Any Cure shall be paid as soon as reasonably practicable following the entry of a Final Order resolving an assumption dispute and/or approving an assumption (and, if applicable, assignment), unless the Debtors or Reorganized Debtors file a Notice of Intent to Assume or Reject under Section 9.5(d).

(iv) No Cure shall be allowed for a penalty rate or default rate of interest, each to the extent not proper under the Bankruptcy Code or applicable law.

(d) Reservation of Rights

If a Treatment Objection is filed regarding any executory contract or unexpired lease sought to be assumed or rejected by any of the Reorganized Debtors, the Reorganized Debtors reserve the right (i) to seek to assume or reject such agreement at any time before the assumption, rejection or assignment of, or Cure for, such agreement is determined by Final Order and (ii) to the extent a Final Order is entered resolving a dispute as to Cure or the permissibility

of assignment (but not approving the assumption of the executory contract or unexpired lease sought to be assumed), to seek to reject such agreement within 14 calendar days after the date of such Final Order, in each case by filing with the Bankruptcy Court and serving upon the applicable Assumption Party or Rejection Party, as the case may be, a Notice of Intent to Assume or Reject.

Section 9.6 Rejection Claims

Any Rejection Claim must be filed with the Claims Agent by the Rejection Bar Date. Any Rejection Claim for which a Proof of Claim is not properly filed and served by the Rejection Bar Date shall be forever barred and shall not be enforceable against the Debtors, the Reorganized Debtors or their respective Estates or properties. The Debtors or the Reorganized Debtors may contest any Rejection Claim in accordance with Section 8.1 of the Plan.

Section 9.7 Assignment

To the extent provided under the Bankruptcy Code or other applicable law, any executory contract or unexpired lease transferred and assigned pursuant to the Plan shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions such transfer or assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts or conditions the assignment or transfer of any such executory contract or unexpired lease or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or unexpired lease to terminate, modify, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment constitutes an unenforceable anti-assignment provision and is void and of no force or effect. Any assignment by the Reorganized Debtors of an executory contract or unexpired lease after the Effective Date shall be governed by the terms of the executory contract or unexpired lease and applicable non-bankruptcy law.

Section 9.8 Approval of Assumption, Rejection, Retention or Assignment of Executory Contracts and Unexpired Leases

(a) Entry of the Confirmation Order by the Bankruptcy Court shall, subject to the occurrence of the Effective Date, constitute approval of the rejections, retentions, assumptions and/or assignments contemplated by the Plan pursuant to sections 365 and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease that is assumed (and/or assigned) pursuant to the Plan, shall vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms as of the applicable Assumption Effective Date, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing or providing for its assumption (and/or assignment), or applicable federal law.

(b) The provisions (if any) of each executory contract or unexpired lease assumed and/or assigned pursuant to the Plan that are or may be in default shall be deemed satisfied in full by the Cure, or by an agreed-upon waiver of the Cure. Upon payment in full of the Cure, any and all Proofs of Claim based upon an executory contract or unexpired lease that has been assumed in the Chapter 11 Cases or under the terms of the Plan shall be deemed disallowed and expunged with no further action required of any party or order of the Bankruptcy Court.

(c) Confirmation of the Plan and consummation of the Restructuring Transactions shall not constitute a change of control under any executory contract or unexpired lease assumed by the Debtors on or prior to the Effective Date.

Section 9.9 Modifications, Amendments, Supplements, Restatements or Other Agreements

Unless otherwise provided by the Plan or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed, whether or not such executory contract or unexpired lease relates to the use, acquisition or occupancy of real property, shall include (i) all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements and any other interests in real estate or rights in remedy related to such premises, unless any of the foregoing agreements has been or is rejected pursuant to an order of the Bankruptcy Court or is otherwise rejected as part of the Plan.

Modifications, amendments, supplements and restatements to prepetition executory contracts and unexpired leases that have been executed by the Debtors during the Chapter 11 Cases and actions taken in accordance therewith (i) do not alter in any way the prepetition nature of the executory contracts and unexpired leases, or the validity, priority or amount of any Claims against the Debtors that may arise under the same, (ii) are not and do not create postpetition contracts or leases, (iii) do not elevate to administrative expense priority any Claims of the counterparties to the executory contracts and unexpired leases against any of the Debtors and (iv) do not entitle any entity to a Claim under any section of the Bankruptcy Code on account of the difference between the terms of any prepetition executory contracts or unexpired leases and subsequent modifications, amendments, supplements or restatements.

ARTICLE 10
PROVISIONS REGARDING CORPORATE GOVERNANCE OF THE REORGANIZED DEBTORS

Section 10.1 Corporate Action

(a) On and after the Effective Date, the adoption, filing, approval and ratification, as necessary, of all corporate or related actions contemplated hereby for each of the Reorganized Debtors, including the Restructuring Transactions, shall be deemed authorized and approved in

all respects. Without limiting the foregoing, such actions may include: (i) the adoption and filing of the New Certificate of Incorporation, (ii) the adoption and filing of the Reorganized Subsidiary Debtors' Certificates of Incorporation, (iii) the approval of the New Bylaws, (iv) the approval of the Reorganized Subsidiary Debtors' Bylaws, (v) the election or appointment, as the case may be, of directors and officers for the Reorganized Debtors, (vi) the issuance of the Rights Offering Notes, the Rights Offering Warrants and the New Common Stock, (vii) the Restructuring Transactions to be effectuated pursuant to the Plan and (viii) the qualification of any of the Reorganized Debtors as foreign corporations if and wherever the conduct of business by such entities requires such qualification.

(b) All matters provided for herein involving the corporate structure of any Debtor or any Reorganized Debtor, or any corporate action required by any Debtor or any Reorganized Debtor in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders or directors of such Debtor or Reorganized Debtor or by any other stakeholder.

(c) On or after the Effective Date, the appropriate officers of each Reorganized Debtor and members of the board of directors, board of managers or equivalent body of each Reorganized Debtor are authorized and directed to issue, execute, deliver, file and record any and all agreements, documents, securities, deeds, bills of sale, conveyances, releases and instruments contemplated by the Plan in the name of and on behalf of such Reorganized Debtor and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

Section 10.2 Certificates of Incorporation and Bylaws

(a) The New Certificate of Incorporation and the New Bylaws shall be amended or deemed amended as may be required to be consistent with the provisions of the Plan and the Bankruptcy Code. The New Certificate of Incorporation will be amended or deemed amended to, among other purposes, (i) authorize the New Common Stock, (ii) pursuant to section 1123(a)(6) of the Bankruptcy Code, add a provision prohibiting the issuance of non-voting equity securities to the extent required by section 1123(a)(6) of the Bankruptcy Code and (iii) add restrictions on holders' ability to transfer New Common Stock and other New Securities designed to ensure that the number of holders of such securities does not exceed the threshold at which Reorganized Patriot Coal would be required to become a reporting company under the Exchange Act; *provided* that such restrictions shall no longer be applicable in the event that the Reorganized Patriot Coal makes a public offering of its securities within the meaning of the Securities Act or the Backstop Parties exercise their demand registration rights under the Registration Rights Agreement. After the Effective Date, the Reorganized Debtors may amend and restate their Certificates of Incorporation, organizational documents or other analogous documents as permitted by applicable law.

(b) Subject to the Restructuring Transactions, the Reorganized Subsidiary Debtors' Bylaws in effect before the Effective Date shall remain in effect after the Effective Date. After the Effective Date, any of the Reorganized Debtors may file amended and restated certificates of

incorporation (or other formation documents, if applicable) with the Secretary of State in any appropriate jurisdiction.

Section 10.3 Directors and Officers of the Reorganized Debtors

(a) Subject to the Restructuring Transactions, on the Effective Date, the management, control and operation of each Reorganized Debtor shall become the general responsibility of the board of directors of such Reorganized Debtor or other governing body as provided in the applicable governing documents.

(b) On the Effective Date, the term of the members of the Board shall expire and such members shall be replaced by the New Board. The classification and composition of the New Board shall be consistent with the New Certificate of Incorporation and the New Bylaws. In the Plan Supplement, to the extent known, the Debtors will disclose pursuant to section 1129(a)(5) of the Bankruptcy Code, the identity and affiliations of the Persons proposed to serve on the New Board. The New Board members shall serve from and after the Effective Date in accordance with applicable non-bankruptcy law and the terms of the New Certificate of Incorporation and the New Bylaws.

(c) Subject to the Restructuring Transactions, and except as specified in the Plan Supplement, the members of the boards of directors of the Subsidiary Debtors before the Effective Date shall continue to serve in their current capacities after the Effective Date. The classification and composition of the boards of directors of the Reorganized Subsidiary Debtors shall be consistent with the Reorganized Subsidiary Debtors' Certificates of Incorporation and Reorganized Subsidiary Debtors' Bylaws. Each such director shall serve from and after the Effective Date in accordance with applicable non-bankruptcy law and the terms of the relevant Reorganized Debtor's constituent documents.

(d) Subject to the Restructuring Transactions and any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, and except as otherwise specified in the Plan Supplement, the principal officers of each Debtor immediately before the Effective Date will be the officers of such Reorganized Debtor as of the Effective Date. Each such officer shall serve from and after the Effective Date in accordance with applicable non-bankruptcy law and the terms of such Reorganized Debtor's constituent documents.

ARTICLE 11
EFFECT OF CONFIRMATION

Section 11.1 Vesting of Assets

Except as otherwise provided herein or in the Confirmation Order, upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property (including all interests, rights and privileges related thereto) of each of the Debtors shall vest in each of the respective Reorganized Debtors free and clear of all Claims, Liens, encumbrances, charges and other interests. All Liens, Claims, encumbrances, charges and other interests shall be deemed

fully released and discharged as of the Effective Date, except as otherwise provided in the Plan or the Confirmation Order. Except as otherwise provided in the Plan or the Confirmation Order, as of the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property and settle and compromise Claims and Interests without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code.

Section 11.2 Release of Liens

Except as otherwise provided herein or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall be fully released, settled, discharged and compromised and all rights, titles and interests of any holder of such mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall revert to the Reorganized Debtors and their successors and assigns. The Reorganized Debtors shall be authorized to file any necessary or desirable documents to evidence such release in the name of the party secured by such pre-Effective Date mortgages, deeds of trust, Liens, pledges or other security interests.

Section 11.3 Releases and Discharges

The releases and discharges of Claims and Causes of Action described in the Plan, including releases by the Debtors and by holders of Claims, constitute good faith compromises and settlements of the matters covered thereby and are consensual. Such compromises and settlements are made in exchange for consideration and are in the best interest of holders of Claims, are fair, equitable, reasonable and are integral elements of the resolution of the Chapter 11 Cases in accordance with the Plan. Each of the discharge, release, indemnification and exculpation provisions set forth in the Plan, including, without limitation, those set forth in the UMWA Settlement, the Non-Union Retiree Settlement Order, the Arch Settlement and the Peabody Settlement, each of which are incorporated herein by reference, (a) is within the jurisdiction of the Bankruptcy Court under sections 1334(a), 1334(b) and 1334(e) of title 28 of the United States Code, (b) is an essential means of implementing the Plan, (c) is an integral and non-severable element of the transactions incorporated into the Plan, (d) confers a material benefit on, and is in the best interests of, the Debtors, their Estates and their Creditors, (e) is important to the overall objectives of the Plan to finally resolve all Claims among or against the parties-in-interest in the Chapter 11 Cases with respect to the Debtors, (f) is fair, equitable and reasonable and in exchange for good and valuable consideration and (g) is consistent with sections 105, 1123, 1129 and other applicable provisions of the Bankruptcy Code. Nothing in the Plan shall be deemed to impair, extinguish or negatively impact any Charging Lien.

Section 11.4 Discharge and Injunction

(a) Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, the rights afforded in the Plan and the payments and distributions to be made hereunder shall discharge all existing debts and Claims, and shall terminate all Interests of any kind, nature or description whatsoever against or in the Debtors or any of their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, upon the Effective Date, all existing Claims against the Debtors and Interests in the Debtors shall be, and shall be deemed to be, discharged and terminated, and all holders of Claims and Interests (and all representatives, trustees or agents on behalf of each holder) shall be precluded and enjoined from asserting against the Reorganized Debtors, their successors or assignees, or any of their assets or properties, any other or further Claim or Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a Proof of Claim and whether or not the facts or legal bases therefore were known or existed prior to the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims against, liabilities of and Interests in the Debtors, subject to the occurrence of the Effective Date.

(b) Upon the Effective Date and in consideration of the distributions to be made hereunder, except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, each holder (as well as any representatives, trustees or agents on behalf of each holder) of a Claim or Interest and any Affiliate of such holder shall be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against, or terminated Interest in, the Debtors.

(c) Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, all persons or entities who have held, hold or may hold Claims or Interests and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, representatives and Affiliates, are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim (including, without limitation, a Section 510(b) Claim) or Interest against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, other than to enforce any right to a distribution

pursuant to the Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, other than to enforce any right to a distribution pursuant to the Plan, (iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors other than to enforce any right to a distribution pursuant to the Plan or (iv) asserting any right of set-off, subrogation or recoupment of any kind against any obligation due from the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors, with respect to any such Claim or Interest. Such injunction shall extend to any successors or assignees of the Debtors and Reorganized Debtors and their respective properties and interest in properties.

(d) Nothing in the Plan or the Confirmation Order releases, discharges, precludes or enjoins the enforcement of any liability to a governmental unit (as defined in section 101(27) of the Bankruptcy Code) under (i) applicable Environmental Law to which the Reorganized Debtors are subject as and to the extent that they are the owner or operator of real property after the Effective Date or (ii) the Federal Mine Safety and Health Act of 1977 or any state mine safety law as and to the extent applicable to the Reorganized Debtors.

(e) For the avoidance of doubt, nothing in the Plan or the Confirmation Order, or any documents incorporated by reference herein, including, without limitation, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, is to be construed as (i) (a) releasing, discharging, precluding, waiving or enjoining the liability of the Reorganized Debtors or any third party to the UMWA 1974 Pension Plan, the UMWA 1992 Benefit Plan or the UMWA Combined Benefit Fund (collectively, the "UMWA Plans"), if any, on account of any claim by or on behalf of the UMWA Plans, if any, (b) releasing, discharging, precluding, waiving or enjoining the liability of any third party to the UMWA 2012 Retiree Bonus Account Trust or the UMWA 1993 Benefit Plan (collectively, the "Other UMWA Plans"), if any, on account of any claim by or on behalf of the Other UMWA Plans, or (c) releasing, discharging, precluding, waiving or enjoining the liability of the Reorganized Debtors to the Other UMWA Plans, if any, on account of any claim by or on behalf of the Other UMWA Plans, solely, in the case of this subclause (c), to the extent arising on or after the Effective Date; or (ii) affecting the rights and defenses of any party with respect to any such Claim. It being understood that this provision shall not apply with respect to any Causes of Action of the Debtors or the Reorganized Debtors against Arch or Peabody that are released under the Arch Settlement Order or the Peabody Settlement Order, as applicable, or the Arch Settlement or the Peabody Settlement, as applicable.

(f) Nothing in this Plan (including, without limitation, this Section 11.4) or the Confirmation Order, shall (i) release, waive, or discharge the Potential LRPB Claims or (ii) preclude the LRPB Lessors from prosecuting the Potential LRPB Claims against the

Reorganized Debtors and/or any other person or entity to the fullest extent permitted by applicable law from and after the Effective Date. Nothing in this Plan or the Confirmation Order or any other order or decree entered into after November 1, 2013 shall be deemed to impair, bar or estop the LRPB Lessors from exercising their rights (i) available pursuant to applicable law or (ii) set forth in the LRPB Lease, in each case from and after the Effective Date.

Section 11.5 Term of Injunction or Stays

Unless otherwise provided herein, any injunction or stay arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code or otherwise that is in existence on the Confirmation Date shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

Section 11.6 Exculpation

Pursuant to the Plan, and except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, none of the Exculpated Parties shall have or incur any liability to any holder of a Claim, Cause of Action or Interest for any act or omission in connection with, related to or arising out of, the Chapter 11 Cases, the negotiation of any settlement or, agreement, contract, instrument, release or document created or entered into in connection with the Plan or in the Chapter 11 Cases (including the Plan Supplement, the Rights Offerings, the Backstop Rights Purchase Agreement, the Rights Offerings Procedures, the DIP Facilities, the UMWA Settlement, the Non-Union Retiree Settlement Order (including the termination of life insurance benefits in accordance with paragraph 10 thereof), the Arch Settlement, the Peabody Settlement and, in each case, any documents related thereto), the pursuit of confirmation of the Plan, the consummation of the Plan, the preparation and distribution of the Disclosure Statement, the offer, issuance and distribution of any securities issued or to be issued under or in connection with the Plan, including pursuant to the Rights Offerings and the Backstop Rights Purchase Agreement, the Backstop Fees, the Backstop Expense Reimbursement, any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors or the administration of the Plan or the property to be distributed under the Plan, except for any act or omission that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence. Each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan.

Section 11.7 Release by the Debtors

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan (including Section 11.12 of the Plan), the Confirmation

Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, on and after the Effective Date, for good and valuable consideration, including their cooperation and contributions to these Chapter 11 Cases, the Released Parties shall be deemed released and discharged by the Debtors, the Reorganized Debtors and their Estates from any and all Claims, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of the Debtors, their Estates and/or the Reorganized Debtors, whether known or unknown, foreseen or unforeseen, asserted or unasserted, existing or hereinafter arising, in law, equity or otherwise, whether for tort, fraud, contract, violations of federal or state laws, or otherwise, including those Causes of Action based on avoidance liability under federal or state laws, veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that the Debtors, the Reorganized Debtors, their estates or their affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other entity or that any holder of a Claim or Interest or other entity would have been legally entitled to assert for or on behalf of the Debtors, their estates or the Reorganized Debtors, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party excluding any assumed executory contract or lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, the DIP Facilities, the Loan Documents (as defined in the Prepetition Credit Agreement), the Exit Credit Facilities Documents, the Rights Offerings, the Backstop Rights Purchase Agreement, the Rights Offerings Procedures, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement, the Peabody Settlement Order or, in each case, related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence; *provided, however,* that if any Released Party directly or indirectly brings or asserts any Claim or Cause of Action that has been released or is contemplated to be released pursuant to the Plan in any way arising out of or related to any document or transaction that was in existence prior to the Effective Date against the Debtors or the Reorganized Debtors, or any of their respective Affiliates, officers, directors, members, employees, advisors, actuaries, attorneys, financial advisors, investment bankers, professionals or agents, in each case, solely in their capacity as such, then the release set forth in this Section 11.7 shall automatically and retroactively be null and void *ab initio* with respect to such Released Party bringing or asserting such Claim or Cause of Action; *provided further* that the immediately preceding proviso shall not apply to (i) any action by a Released Party in the Bankruptcy Court (or any other court

determined to have competent jurisdiction), including any appeal therefrom, to prosecute the amount, priority or secured status of any prepetition or ordinary course administrative Claim against the Debtors, (ii) any release or indemnification provided for in any settlement or granted under any other court order, including, without limitation, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, (iii) any action by a Released Party to enforce such Released Party's rights against the Debtors and/or the Reorganized Debtors under the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, or (iv) any action by the DIP Agents or DIP Lenders to enforce their rights under the DIP Facilities relating to Contingent DIP Obligations or any Approved Second Out DIP L/C Arrangement, in which case of (i) through (iv), however, the Debtors shall retain all defenses related to any such action.

Section 11.8 Voluntary Releases by the Holders of Claims and Interests

Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, on and after the Effective Date, for good and valuable consideration, holders of Claims that (i) are deemed to have accepted the Plan or (ii) (a) vote to accept or reject the Plan and (b) do not elect (as permitted on the Ballots) to opt out of the releases contained in this paragraph shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged the Released Parties from any and all claims, equity interests, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of the Debtors, the Debtors' Estates and/or the Reorganized Debtors, whether known or unknown, foreseen or unforeseen, asserted or unasserted, existing or hereinafter arising, in law, equity or otherwise, whether for tort, fraud, contract, violations of federal or state laws, or otherwise, including those Causes of Action based on avoidance liability under federal or state laws, veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that such entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, the restructuring, the Chapter 11 Cases, the DIP Facilities, the Loan Documents (as defined in the "Prepetition Credit Agreement"), the UMWA Settlement, the UMWA Settlement Order, the Non-Union Retiree Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement, the Peabody Settlement Order, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party excluding any assumed executory contract or lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, the Rights Offerings, the Exit Credit Facilities Documents, the Backstop Rights Purchase Agreement, the Rights

Offerings Procedures, or, in each case, related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence; *provided* that any holder of a Claim that elects to opt out of the releases contained in this paragraph shall not receive the benefit of the releases set forth in this paragraph (even if for any reason otherwise entitled).

Section 11.9 Injunction

Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, all Entities who have held, hold or may hold claims, interests, Causes of Action or liabilities that: (1) are subject to compromise and settlement pursuant to the terms of the Plan; (2) have been released pursuant to Section 11.7 hereof; (3) have been released pursuant to Section 11.8 hereof; (4) have been released or are contemplated to be released pursuant to the UMWA Settlement, the UMWA Settlement Order, the Non-Union Retiree Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, (5) are subject to exculpation pursuant to Section 11.6 hereof, including exculpated claims (but only to the extent of the exculpation provided in Section 11.6 hereof); or (6) are otherwise stayed or terminated pursuant to the terms of the Plan, are permanently enjoined and precluded, from and after the Effective Date, from: (a) commencing or continuing in any manner any action or other proceeding of any kind, whether directly, derivatively or otherwise, including on account of any claims, interests, Causes of Action or liabilities that have been compromised or settled against the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property or estate of any Entity, directly or indirectly, so released or exculpated) on account of or in connection with or with respect to any released, settled, compromised, or exculpated claims, interests, Causes of Action or liabilities; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property of the Debtors or the Estates, the Reorganized Debtors, or any Entity so released or exculpated) on account of or in connection with or with respect to any such released, settled, compromised, or exculpated claims, interests, Causes of Action, or liabilities; (c) creating, perfecting or enforcing any lien, claim, or encumbrance of any kind against the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property of the Debtors or the Estates, the Reorganized Debtors, or any Entity so released or exculpated) on account of or in connection with or with respect to any such released, settled, compromised, or exculpated claims, interests, Causes of Action, or liabilities; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property of the Debtors or the Estates, the Reorganized Debtors, or any Entity so released or exculpated) on account of or in connection with or with respect to any such released,

settled, compromised, or exculpated claims, interests, Causes of Action or liabilities unless such holder has filed a timely proof of claim with the Bankruptcy Court preserving such right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind against the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property of the Debtors or the Estates, the Reorganized Debtors, or any Entity so released or exculpated) on account of or in connection with or with respect to any such released, settled, compromised, or exculpated claims, interests, Causes of Action, or liabilities released, settled or compromised pursuant to the Plan; *provided* that nothing contained herein shall preclude an Entity from obtaining benefits directly and expressly provided to such Entity pursuant to the terms of the Plan; *provided*, further, that nothing contained herein shall be construed to prevent any Entity from defending against claims objections or collection actions whether by asserting a right of setoff or otherwise to the extent permitted by law.

Section 11.10 Set-off and Recoupment

The Debtors and the Reorganized Debtors may, but shall not be required to, set off or recoup against any Claim and any distribution to be made on account of such Claim, any and all claims, rights and Causes of Action of any nature that the Debtors may have against the holder of such Claim pursuant to the Bankruptcy Code or applicable non-bankruptcy law; *provided, however*, that neither the failure to effect such a set-off or recoupment nor the allowance of any Claim hereunder shall constitute a waiver, abandonment or release by the Debtors or the Reorganized Debtors of any such claims, rights and Causes of Action that the Debtors or the Reorganized Debtors may have against the holder of such Claim.

Section 11.11 Avoidance Actions

On the Effective Date, the Reorganized Debtors shall be deemed to waive and release all Avoidance Actions other than any Avoidance Action listed on Schedule 11.12; *provided* that the Reorganized Debtors shall retain the right to assert any Avoidance Actions as defenses or counterclaims in any Cause of Action brought by any Creditor. The Reorganized Debtors shall retain the right, after the Effective Date, to prosecute any of the Avoidance Actions listed on Schedule 11.12.

Section 11.12 Preservation of Causes of Action

(a) Except as expressly provided in this Article 11, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors, the Reorganized Debtors or the Estates may have or that the Reorganized Debtors may choose to assert on behalf of their respective Estates under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (i) any and all Causes of Action or Claims against any person or entity, to the extent such person or entity asserts a crossclaim, counterclaim and/or claim for set-off that seeks

affirmative relief against the Debtors, the Reorganized Debtors, their officers, directors or representatives or (ii) the turnover of any property of the Estates. A non-exclusive list of retained Causes of Action is attached to the Plan as Schedule 11.12.

(b) Except as set forth in this Article 11, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors had immediately prior to the Petition Date or the Effective Date against or regarding any Claim left Unimpaired by the Plan. The Reorganized Debtors shall have, retain, reserve and be entitled to assert all such rights and Causes of Action as fully as if the Chapter 11 Cases had not been commenced, and all of the Reorganized Debtors' legal and equitable rights respecting any Claim left Unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

(c) Except as set forth in this Article 11, nothing contained in the Plan or the Confirmation Order shall be deemed to release any post-Effective Date obligations of any party under the Plan, or any document, instrument or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

Section 11.13 Compromise and Settlement of Claims and Controversies

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Causes of Action and controversies relating to the contractual, legal and subordination rights that a holder of a Claim may have relating to any Allowed Claim, or any distribution to be made on account of such an Allowed Claim. Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the benefits provided under the Plan and as a mechanism to effect a fair distribution of value to the Debtors' constituencies, except as set forth in the Plan, the provisions of the Plan shall also constitute a good faith compromise of all Claims, Causes of Action and controversies by any Debtor against any other Debtor. In each case, the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, their Estates and the holders of such Claims and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice or action, order or approval of the Bankruptcy Court, the Debtors may compromise and settle Claims against them and Causes of Action against other Entities, in their sole discretion, and after the Effective Date, such right shall pass to the Reorganized Debtors.

ARTICLE 12
CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVENESS OF THE PLAN

Section 12.1 Conditions to Confirmation

Confirmation of the Plan will not occur unless each of the following conditions has been satisfied or waived in accordance with Section 12.3 of the Plan:

(a) The Confirmation Order shall be entered;

(b) The Debtors shall have received a binding commitment for the Exit Credit Facilities; and

(c) The Backstop Rights Purchase Agreement shall have been executed and the Backstop Approval Order shall have been entered.

Section 12.2 Conditions to Effectiveness

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied on or prior to the Effective Date, or waived in accordance with Section 12.3 of the Plan:

(a) The Confirmation Order shall have been entered, and there shall not be a stay or injunction in effect with respect thereto;

(b) The Backstop Rights Purchase Agreement shall be in full force and effect and the transactions contemplated thereunder shall have been consummated and there shall not be a stay or injunction in effect with respect thereto;

(c) The Exit Credit Facilities Documents shall have been duly executed and delivered by the Reorganized Debtors parties thereto, and all conditions precedent to the consummation of the Exit Credit Facilities shall have been waived or satisfied in accordance with the terms thereof and the closing of the Exit Credit Facilities shall have occurred;

(d) The Voting Trust(s) shall have been formed;

(e) Each of the New CBAs, the MOU and the VFA shall be effective in accordance with the terms thereof;

(f) The Arch Settlement Order shall have been entered by the Bankruptcy Court;

(g) The Peabody Settlement Order shall have been entered by the Bankruptcy Court;

(h) All actions, documents and agreements necessary to implement the Plan shall have been effected or executed;

(i) The Debtors shall have received any authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are necessary to implement the Plan and that are required by law, regulation or order;

(j) Each of the New Certificate of Incorporation, the New Bylaws, the Reorganized Subsidiary Debtors' Certificates of Incorporation and the Reorganized Subsidiary Debtors' Bylaws, each in form and substance reasonably acceptable to the Backstop Parties, will be in full force and effect as of the Effective Date; and

(k) The Plan Documents shall have been executed and delivered by all of the parties thereto.

Section 12.3 Satisfaction and Waiver of Conditions to Effectiveness

The Debtors may waive, at any time, (i) any of the conditions set forth in Section 12.2(a) through (c) hereof in consultation with the Creditors' Committee and with the consent of the DIP Agents and the Backstop Parties, (ii) the condition set forth in Section 12.2(d) hereof with the consent of the Backstop Parties and in consultation with the Creditors' Committee, (iii) any of the conditions set forth in Section 12.2(e) through (g) hereof with the consent of the Backstop Parties and in consultation with the DIP Agents and the Creditors' Committee and (iv) any of the conditions set forth in Section 12.2(h) through (k) in consultation with the DIP Agents, the Creditors' Committee and the Backstop Parties, in each case, without any notice to other parties-in-interest or the Bankruptcy Court and without any formal action other than proceeding to confirm and/or consummate the Plan. The failure to satisfy any condition before the Confirmation Date or the Effective Date may be asserted by the Debtors as a reason not to seek Confirmation or declare an Effective Date, regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors, in their sole discretion). The failure of the Debtors, in their sole discretion, to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each such right shall be deemed an ongoing right, which may be asserted at any time.

ARTICLE 13
MODIFICATION, REVOCATION OR WITHDRAWAL OF THE PLAN

Section 13.1 Plan Modifications

(a) Subject to certain restrictions and requirements set forth in section 1127(a) of the Bankruptcy Code and Bankruptcy Rule 3019, and those restrictions on modifications set forth in the Plan, the Debtors may alter, amend or modify the Plan, including the Plan Supplement, without additional disclosure pursuant to section 1125 of the Bankruptcy Code prior to the Confirmation Date; *provided*, *however*, that the Debtors shall consult with (i) the DIP Agents, the Creditors' Committee and the Backstop Parties with respect to any proposed alteration, amendment or modification of the Plan, (ii) Peabody, with respect to any proposed alteration, amendment or modification that relates to the Peabody Settlement or the Peabody Settlement Order, which may require Peabody's consent in accordance with the terms thereof and (iii) Arch,

with respect to any proposed alteration, amendment or modification that relates to the Arch Settlement or the Arch Settlement Order, which may require Arch's consent in accordance with the terms thereof. After the Confirmation Date and before substantial consummation of the Plan, the Debtors may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan, including the Plan Supplement, the Disclosure Statement or the Confirmation Order relating to such matters as may be necessary to carry out the purposes and effects of the Plan.

(b) Before the Effective Date, the Debtors may make appropriate adjustments and modifications to the Plan, including the Plan Supplement, without further order or approval of the Bankruptcy Court; *provided* that such adjustments and modifications do not materially and adversely affect the treatment of holders of Claims or Interests.

Section 13.2 Revocation or Withdrawal of the Plan and Effects of Non-Occurrence of Confirmation or Effective Date

The Debtors reserve the right to, after consulting with the Creditors' Committee, revoke, withdraw or delay consideration of the Plan before the Confirmation Date, either entirely or as to any one or more of the Debtors, and to file subsequent amended plans of reorganization. If the Plan is revoked, withdrawn or delayed as to fewer than all of the Debtors, such revocation, withdrawal or delay shall not affect the enforceability of the Plan as it relates to the Debtors for which the Plan is not revoked, withdrawn or delayed. If the Debtors revoke or withdraw the Plan in its entirety or if the Confirmation Date or the Effective Date does not occur, then, absent further order of the Bankruptcy Court, (a) the Plan shall be null and void in all respects, (b) any settlement or compromise not previously approved by Final Order of the Bankruptcy Court embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases effected by the Plan and any document or agreement executed pursuant hereto, shall be deemed null and void and (c) nothing contained in the Plan shall (1) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person, (2) prejudice in any manner the rights of such Debtors or any other Person or (3) constitute an admission of any sort by the Debtors or any other Person.

If the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction over any request to extend the deadline for assuming or rejecting executory contracts or unexpired leases.

For the avoidance of doubt, nothing in the Plan or the Confirmation Order shall alter the rights and remedies of the DIP Agents or the DIP Lenders under the DIP Documents and the DIP Order, inclusive of, without limitation, the DIP Agents' rights to exercise remedies should an event of default occur at any time (including between Confirmation and the Effective Date).

ARTICLE 14
RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT

On and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction, to the fullest extent permissible under law, over all matters arising out of and related to the Chapter 11 Cases for, among other things, the following purposes:

(a) To hear and determine all matters relating to the assumption or rejection of executory contracts or unexpired leases and the allowance of Cure amounts and Claims resulting therefrom;

(b) To hear and determine any motion, adversary proceeding, application, contested matter or other litigated matter pending on or commenced after the Confirmation Date;

(c) To hear and determine all matters relating to the allowance, disallowance, liquidation, classification, priority or estimation of any Claim;

(d) To hear and determine matters relating to the DIP Facilities and the DIP Order;

(e) To ensure that distributions to holders of Allowed Claims are accomplished as provided herein;

(f) To hear and determine all applications for compensation and reimbursement of Professional Fee Claims;

(g) To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(h) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated hereby or any agreement, instrument or other document governing or relating to any of the foregoing;

(i) To issue injunctions, enter and implement other orders and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court;

(j) To issue such orders as may be necessary to construe, enforce, implement, execute and consummate the Plan;

(k) To enter, implement or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;

(l) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of tax under section 505(b) of the Bankruptcy Code);

(m) To hear and determine any other matters related to the Plan and not inconsistent with the Bankruptcy Code;

(n) To determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Approval Order, the Confirmation Order, any of the Plan Documents or any other contract, instrument, release or other agreement or document related to the Plan, the Disclosure Statement or the Plan Supplement;

(o) To recover all assets of the Debtors and property of the Debtors' Estates, which shall be for the benefit of the Reorganized Debtors, wherever located;

(p) To hear and determine all disputes involving the existence, nature or scope of the Debtors' discharge;

(q) To hear and determine any rights, Claims or Causes of Action held by or accruing to the Debtors or the Reorganized Debtors pursuant to the Bankruptcy Code or pursuant to any federal or state statute or legal theory;

(r) To enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases with respect to any Person;

(s) To hear and resolve any disputes relating to the Rights Offerings (and the conduct thereof) and the issuances of Rights;

(t) To hear and resolve any disputes relating to the Backstop Rights Purchase Agreement;

(u) To hear and resolve any disputes relating to the UMWA Settlement, the UMWA Settlement Order, the Non-Union Retiree Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order; *provided, however*, that nothing in the Plan or the Confirmation Order shall alter the alternative dispute resolution provisions of the New CBAs or the MOU;

(v) To hear any other matter not inconsistent with the Bankruptcy Code; and

(w) To enter a final decree closing the Chapter 11 Cases.

Unless otherwise specifically provided herein or in a prior order of the Bankruptcy Court, the Bankruptcy Court shall have exclusive jurisdiction to hear and determine disputes concerning Claims.

ARTICLE 15
MISCELLANEOUS

Section 15.1 Exemption from Transfer Taxes and Recording Fees

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, Transfer or exchange of notes or equity securities under the Plan, the creation, the filing or recording of any mortgage, deed of trust or other security interest, the making, assignment, filing or recording of any lease or sublease, the transfer of title to or ownership of any of the Debtors' interests in any property, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, the Plan Documents, the New Common Stock, and any agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee or other similar tax or governmental assessment in the United States. The Confirmation Order shall direct the appropriate federal, state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

Section 15.2 Expedited Tax Determination

The Reorganized Debtors may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for or on behalf of such Debtors or Reorganized Debtors for all taxable periods ending on or before the Effective Date.

Section 15.3 Payment of Fees and Expenses of the Indenture Trustees

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors shall pay in full in Cash all reasonable and documented fees and expenses of (i) the Convertible Notes Trustee and its counsel through the Effective Date; *provided*, *however*, that in no event shall such fees and expenses exceed $1.35 million and (ii) the Senior Notes Trustee and its counsel through the Effective Date; *provided*, *however*, that in no event shall such fees and expenses exceed $1.65 million.

Section 15.4 Payment of Statutory Fees

All fees payable pursuant to section 1930(a) of title 28 of the United States Code and/or section 3717 of title 31 of the United States Code, as determined by the Bankruptcy Court, shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed or closed, whichever occurs first.

Section 15.5 Dissolution of the Creditors' Committee and the Non-Union Retiree Committee

After the entry of the Effective Date, the Creditors' Committee's and the Non-Union Retiree Committee's functions shall be restricted to and shall not be heard on any issue except applications filed pursuant to sections 330 and 331 of the Bankruptcy Code. Upon the resolution of all applications filed by the Creditors' Committee and the Non-Union Retiree Committee pursuant to sections 330 and 331 of the Bankruptcy Code, the Creditors' Committee or Retiree Committee, as applicable, shall dissolve, and the members thereof, in their capacities as such, shall be released and discharged from all rights, duties, responsibilities and liabilities arising from, or related to, the Chapter 11 Cases and under the Bankruptcy Code; *provided* that the Creditors' Committee shall have the right to be heard solely in connection with all Professional Fee Claims and shall be deemed to remain in existence solely with respect thereto.

Section 15.6 Plan Supplement

Draft forms of certain Plan Documents and certain other documents, agreements, instruments, schedules and exhibits specified in the Plan shall, where expressly so provided for in the Plan, be contained in the Plan Supplement filed from time to time. Unless otherwise expressly provided in the Plan, the Debtors may file any Plan Supplement until five (5) days prior to the Voting Deadline and may alter, modify or amend any Plan Supplement in accordance with Section 13.1 of the Plan. Holders of Claims or Interests may obtain a copy of the Plan Supplement on the Debtors' Case Information Website or the Bankruptcy Court's Website.

Section 15.7 Claims Against Other Debtors

Nothing in the Plan or the Disclosure Statement or any document or pleading filed in connection therewith shall constitute or be deemed to constitute an admission that any of the Debtors are subject to or liable for any Claim against any other Debtor.

Section 15.8 Substantial Consummation

On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

Section 15.9 Section 1125 of the Bankruptcy Code

As of and subject to the occurrence of the Confirmation Date: (a) the Debtors shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including, without limitation, sections 1125(a) and 1125(e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation and (b) the Debtors and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under

the Plan and, therefore, are not, and on account of such offer, issuance and solicitation will not be, liable at any time for any violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of any securities under the Plan.

Section 15.10 Severability

If any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms. Notwithstanding the foregoing, each of the Peabody Settlement and the Arch Settlement, each of which is incorporated herein by reference, including, without limitation, the respective release and injunction provisions contained therein, are integral to and not severable from the Plan and may not be altered or interpreted without the consent of the respective parties thereto.

Section 15.11 Governing Law

Except to the extent that the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent the Plan, an exhibit or a schedule hereto, a Plan Document or any settlement incorporated herein provide otherwise, the rights, duties and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Missouri, without giving effect to the principles of conflict of laws thereof.

Section 15.12 Binding Effect

The Plan shall be binding upon and inure to the benefit of the Debtors, the Reorganized Debtors, all present and former holders of Claims or Interests and their respective heirs, executors, administrators, successors and assigns.

Section 15.13 Notices

To be effective, any notice, request or demand to or upon, as applicable, the Debtors, the Creditors' Committee or the United States Trustee must be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually received and confirmed by the relevant party as follows:

If to the Debtors:

Patriot Coal Corporation
12312 Olive Boulevard
St. Louis, Missouri 63141
Attn: Joseph W. Bean
Jacquelyn A. Jones
Facsimile: (314) 275-3660
with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attn: Marshall S. Huebner
Brian M. Resnick
Telephone: (212) 450-4000
Facsimile: (212) 607-7983

If to the Creditors' Committee:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Attn: Thomas Moers Mayer
Adam C. Rogoff
P. Bradley O'Neill
Gregory G. Plotko
Telephone: (212) 715-9100
Facsimile: (212) 715-8000

If to the Backstop Parties:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attn: Stephen E. Hessler
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

If to the United States Trustee:

Office of the United States Trustee
111 S. 10th St., Suite 6.353
St. Louis, Missouri 63102-1125
Attn: Leonora S. Long
Telephone: (314) 539-2976

If to the Reorganized Debtors:

Patriot Coal Corporation
12312 Olive Boulevard
St. Louis, Missouri 63141
Attn: Joseph W. Bean
Jacquelyn A. Jones
Facsimile: (314) 275-3660

with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attn: Marshall S. Huebner
Brian M. Resnick
Telephone: (212) 450-4000
Facsimile: (212) 607-7983

Section 15.14 Reservation of Rights

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Before the Effective Date, none of the filing of the Plan, any statement or provision contained herein or the taking of any action by the Debtors related to the Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors of any kind, including as to the holders of Claims or Interests or as to any treatment or classification of any contract or lease.

Section 15.15 Further Assurances

The Debtors, the Reorganized Debtors and all holders of Claims receiving distributions hereunder and all other parties in interest may and shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

Section 15.16 Case Management Order

Except as otherwise provided herein, the Case Management Order shall remain in full force and effect, and all Court Papers (as defined in the Case Management Order) shall be filed and served in accordance with the procedures set forth in the Case Management Order; *provided* that on and after the Effective Date, Court Papers (as defined in the Case Management Order) need only be served on (i) the chambers of the Honorable Kathy Surratt-States, United States Bankruptcy Court for the Eastern District of Missouri, Thomas F. Eagleton US Courthouse, 110 S. 10th Street, 4th Floor, St. Louis, Missouri 63102 (by a hard copy, with all exhibits, unless the Bankruptcy Court otherwise directs), (ii) the attorneys for the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Brian M. Resnick and (iii) Kramer, Levin, Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10035, Attn: Thomas Moers Mayer, Adam C. Rogoff and Gregory G. Plotko, counsel to the Creditors' Committee; *provided further* that final requests for payment of Professional Fee Claims filed pursuant to Section 7.1(a) of the Plan (and all Court Papers related thereto) shall also be served on the Office of the United States Trustee for the Eastern District of Missouri, 111 S. 10th Street, Suite 6.353, St. Louis, Missouri 63102-1125, Attn: Leonora S. Long.

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Dated: St. Louis, Missouri
November 4, 2013

Respectfully submitted,

PATRIOT COAL CORPORATION (for itself and on behalf of all Debtors)

By: */s/ Bennett K. Hatfield*
Name: Bennett K. Hatfield
Title: President and Chief Executive Officer

Schedule A
Debtor Entities

Debtor No.	Identifier	Debtor	Case No.	EIN
1		Patriot Coal Corporation	12-51502	20-5622045
2	AMC	Affinity Mining Company	12-52020	25-1207512
3	ACC	Apogee Coal Company, LLC	12-52026	35-0672865
4	AMS	Appalachia Mine Services, LLC	12-52021	20-1680233
5	BDC	Beaver Dam Coal Company, LLC	12-52022	61-0129825
6	BEL	Big Eagle, LLC	12-52027	54-1985006
7	BER	Big Eagle Rail, LLC	12-52028	54-1988672
8	BSC	Black Stallion Coal Company, LLC	12-52030	20-0657792
9	BWC	Black Walnut Coal Company	12-52029	68-0541705
10	BMS	Bluegrass Mine Services, LLC	12-52031	43-1540253
11	BRO	Brody Mining, LLC	13-48727	27-0140610
12	BTC	Brook Trout Coal, LLC	12-52034	26-0004876
13	CAT	Catenary Coal Company, LLC	12-52036	43-1515836
14	CSC	Central States Coal Reserves of Kentucky, LLC	12-52038	20-3960681
15	CHA	Charles Coal Company, LLC	12-52037	04-2698757
16	CLE	Cleaton Coal Company	12-52039	43-1887526
17	CCL	Coal Clean LLC	12-52040	31-1488063
18	CPL	Coal Properties, LLC	12-52041	04-2702708
19	CR2	Coal Reserve Holding Limited Liability Company No. 2	12-52042	43-1922735
20	COL	Colony Bay Coal Company	12-52043	55-0604613
21	CMC	Cook Mountain Coal Company, LLC	12-52044	55-0732291
22	CRL	Corydon Resources LLC	12-52045	45-2463790
23	CMS	Coventry Mining Services, LLC	12-52046	45-0573119
24	COY	Coyote Coal Company LLC	12-52047	20-8226141
25	CUB	Cub Branch Coal Company LLC	12-52048	45-2977278

Debtor No.	Identifier	Debtor	Case No.	EIN
26	DAK	Dakota LLC	12-52050	55-0763723
27	DAL	Day LLC	12-52049	20-0041392
28	DMC	Dixon Mining Company, LLC	12-52051	62-1872287
29	DHH	Dodge Hill Holding JV, LLC	12-52053	05-0575436
30	DHM	Dodge Hill Mining Company, LLC	12-52055	61-1378899
31	DHK	Dodge Hill of Kentucky, LLC	12-52054	02-0697247
32	ECI	EACC Camps, Inc.	12-52056	25-0600150
33	EAC	Eastern Associated Coal, LLC	12-52057	25-1125516
34	ECC	Eastern Coal Company, LLC	12-52059	20-4099004
35	ERL	Eastern Royalty, LLC	12-52060	04-2698759
36	EPL	Emerald Processing, L.L.C.	12-52061	54-1766524
37	GEC	Gateway Eagle Coal Company, LLC	12-52062	27-4256908
38	GEM	Grand Eagle Mining, LLC	12-52064	61-1250622
39	HCC	Heritage Coal Company LLC	12-52063	13-2606920
40	HIG	Highland Mining Company, LLC	12-52065	43-1869675
41	HIL	Hillside Mining Company	12-52066	55-0695451
42	HML	Hobet Mining, LLC	12-52068	31-4446083
43	IHC	Indian Hill Company LLC	12-52069	20-0066123
44	ICS	Infinity Coal Sales, LLC	12-52070	26-0004884
45	IHL	Interior Holdings, LLC	12-52072	43-1700075
46	IOC	IO Coal LLC	12-52073	55-0769812
47	JBC	Jarrell's Branch Coal Company	12-52075	73-1625894
48	JHL	Jupiter Holdings LLC	12-52076	31-1688670
49	KEC	Kanawha Eagle Coal, LLC	12-52077	54-1969926
50	KR1	Kanawha River Ventures I, LLC	12-52078	20-0089445
51	KR2	Kanawha River Ventures II, LLC	12-52079	20-0506578

Debtor No.	Identifier	Debtor	Case No.	EIN
52	KR3	Kanawha River Ventures III, LLC	12-52080	20-0506617
53	KEV	KE Ventures, LLC	12-52081	54-1985007
54	LCL	Little Creek LLC	12-52082	20-0041764
55	LFC	Logan Fork Coal Company	12-52083	73-1625895
56	MAG	Magnum Coal Company LLC	12-52084	20-3678373
57	MCS	Magnum Coal Sales LLC	12-52085	20-4623056
58	MAR	Martinka Coal Company, LLC	12-52086	55-0716084
59	MTE	Midland Trail Energy LLC	12-52087	26-1629024
60	MCR	Midwest Coal Resources II, LLC	12-52088	20-8080003
61	MVC	Mountain View Coal Company, LLC	12-52089	25-1474206
62	NTC	New Trout Coal Holdings II, LLC	12-52090	20-5032361
63	NEI	Newtown Energy, Inc.	12-52091	55-0685209
64	NPC	North Page Coal Corp.	12-52092	31-1210133
65	OCC	Ohio County Coal Company, LLC	12-52094	20-8080158
66	PAN	Panther LLC	12-52095	55-0763722
67	PBD	Patriot Beaver Dam Holdings, LLC	12-52017	90-0858476
68	PCC	Patriot Coal Company, L.P.	12-52096	61-1258748
69	PCS	Patriot Coal Sales LLC	12-52097	26-0232530
70	PCR	Patriot Coal Services LLC	12-52102	27-3459485
71	PLC	Patriot Leasing Company LLC	12-52103	20-8819264
72	PMH	Patriot Midwest Holdings, LLC	12-52104	20-4370400
73	PRH	Patriot Reserve Holdings, LLC	12-52105	20-3405596
74	PTL	Patriot Trading LLC	12-52106	26-3247515
75	PVL	Patriot Ventures LLC	13-48728	80-0175661
76	PCX	PCX Enterprises, Inc.	12-52019	45-5405016
77	PRC	Pine Ridge Coal Company, LLC	12-52107	55-0737187

Debtor No.	Identifier	Debtor	Case No.	EIN
78	PCL	Pond Creek Land Resources, LLC	12-52108	75-3058253
79	PFP	Pond Fork Processing LLC	12-52110	55-0782677
80	RHL	Remington Holdings LLC	12-52117	20-0063793
81	RE2	Remington II LLC	12-52118	20-0046320
82	REM	Remington LLC	12-52119	55-0763721
83	RIV	Rivers Edge Mining, Inc.	12-52120	43-1898371
84	RLC	Robin Land Company, LLC	12-52121	20-4090125
85	SEN	Sentry Mining, LLC	12-52123	43-1540251
86	SLC	Snowberry Land Company	12-52124	43-1721980
87	SPE	Speed Mining LLC	12-52125	55-0742194
88	SSC	Sterling Smokeless Coal Company, LLC	12-52127	55-0463558
89	TCS	TC Sales Company, LLC	12-52128	20-4090162
90	TPE	The Presidents Energy Company LLC	12-52130	80-0256382
91	TCL	Thunderhill Coal LLC	12-52131	55-0769813
92	TCH	Trout Coal Holdings, LLC	12-52132	26-0004872
93	UCC	Union County Coal Co., LLC	12-52133	74-3096591
94	VIP	Viper LLC	12-52134	20-0041882
95	WPL	Weatherby Processing LLC	12-52135	55-0757147
96	WEL	Wildcat Energy LLC	12-52136	55-0779955
97	WIL	Wildcat, LLC	12-52137	55-0783526
98	WSP	Will Scarlet Properties LLC	12-52138	45-2233074
99	WIN	Winchester LLC	12-52139	20-0052628
100	WDL	Winifrede Dock Limited Liability Company	12-52140	55-0746752
101	YDL	Yankeetown Dock, LLC	12-52141	35-0923438

Schedule B: Debtor Groups

Group 1 Debtors			
1.	Affinity Mining Company	48.	Kanawha River Ventures II, LLC
2.	Apogee Coal Company, LLC	49.	Kanawha River Ventures III, LLC
3.	Appalachia Mine Services, LLC	50.	KE Ventures LLC
4.	Beaver Dam Coal Company, LLC	51.	Logan Fork Coal Company
5.	Big Eagle, LLC	52.	Magnum Coal Company LLC
6.	Big Eagle Rail, LLC	53.	Magnum Coal Sales LLC
7.	Black Stallion Coal Company, LLC	54.	Martinka Coal Company, LLC
8.	Black Walnut Coal Company	55.	Midland Trail Energy LLC
9.	Bluegrass Mine Services, LLC	56.	Midwest Coal Resources II, LLC
10.	Brody Mining, LLC	57.	Mountain View Coal Company, LLC
11.	Brook Trout Coal, LLC	58.	New Trout Coal Holdings II, LLC
12.	Catenary Coal Company, LLC	59.	North Page Coal Corp.
13.	Central States Coal Reserves of Kentucky, LLC	60.	Ohio County Coal Company, LLC
14.	Charles Coal Company, LLC	61.	Patriot Beaver Dam Holdings, LLC
15.	Cleaton Coal Company	62.	Patriot Coal Company, L.P.
16.	Coal Clean LLC	63.	Patriot Coal Corporation
17.	Coal Properties, LLC	64.	Patriot Coal Sales LLC
18.	Coal Reserve Holding Limited Liability Company No. 2	65.	Patriot Coal Services LLC
19.	Colony Bay Coal Company	66.	Patriot Leasing Company LLC
20.	Cook Mountain Coal Company, LLC	67.	Patriot Midwest Holdings, LLC
21.	Corydon Resources LLC	68.	Patriot Trading LLC
22.	Coventry Mining Services, LLC	69.	Patriot Ventures LLC
23.	Cub Branch Coal Company LLC	70.	PCX Enterprises, Inc.
24.	Dakota LLC	71.	Pine Ridge Coal Company, LLC
25.	Day LLC	72.	Pond Creek Land Resources, LLC
26.	Dixon Mining Company, LLC	73.	Pond Fork Processing LLC
27.	Dodge Hill Holding JV, LLC	74.	Remington Holdings LLC
28.	Dodge Hill Mining Company, LLC	75.	Remington II LLC
29.	Dodge Hill of Kentucky, LLC	76.	Remington LLC
30.	EACC Camps, Inc.	77.	Rivers Edge Mining, Inc.
31.	Eastern Associated Coal, LLC	78.	Sentry Mining, LLC
32.	Eastern Coal Company, LLC	79.	Snowberry Land Company
33.	Eastern Royalty, LLC	80.	Speed Mining LLC
34.	Gateway Eagle Coal Company, LLC	81.	Sterling Smokeless Coal Company, LLC
35.	Grand Eagle Mining, LLC	82.	TC Sales Company, LLC
36.	Heritage Coal Company LLC	83.	The Presidents Energy Company LLC
37.	Highland Mining Company, LLC	84.	Thunderhill Coal LLC
38.	Hillside Mining Company	85.	Trout Coal Holdings, LLC
39.	Hobet Mining, LLC	86.	Union County Coal Co., LLC
40.	Indian Hill Company LLC	87.	Viper LLC
41.	Infinity Coal Sales, LLC	88.	Weatherby Processing LLC
42.	Interior Holdings, LLC	89.	Wildcat, LLC
43.	IO Coal LLC	90.	Will Scarlet Properties LLC
44.	Jarrell's Branch Coal Company	91.	Winchester LLC
45.	Jupiter Holdings LLC	92.	Winifrede Dock Limited Liability Company
46.	Kanawha Eagle Coal, LLC	93.	Yankeetown Dock, LLC
47.	Kanawha River Ventures I, LLC		

Group 2 Debtors			
1.	Coyote Coal Company LLC	4.	Panther LLC
2.	Emerald Processing, L.L.C.	5.	Wildcat Energy LLC
3.	Newtown Energy, Inc.		

Group 3 Debtors			
1.	Little Creek LLC	3.	Robin Land Company, LLC
2.	Patriot Reserve Holdings, LLC		

Schedule 9.2(a)

Executory Contracts and Unexpired Leases to Be Assume

[To Come]

Schedule 9.2(b)

Executory Contracts and Unexpired Leases to Be Assumed

[To Come]

Schedule 11.12

Certain Retained Causes of Action

[To come]

Appendix B

Liquidation Analysis

PATRIOT COAL CORPORATION, *et al*
Appendix B: Hypothetical Liquidation Analysis
Projected as of December 31, 2013

TABLE OF CONTENTS

PATRIOT COAL CORPORATION, *et al.*
Hypothetical Liquidation Analysis

1. INTRODUCTION

Section 1129(a)(7) of the Bankruptcy Code requires that each holder of an impaired allowed claim or interest either (i) accepts the plan of reorganization, or (ii) receives or retains under the plan, as of the effective date of the plan, value that is not less than the value such holder would receive or retain if the applicable debtor were liquidated under chapter 7 of the Bankruptcy Code on the effective date. This is often referred to as the "Best Interests Test."

The management of Patriot Coal Corporation and its subsidiaries (collectively "PCX," or "the Debtors" when referring to only those entities which are currently debtors under chapter 11 of the Bankruptcy Code) believes that the Debtors' plan of reorganization ("the Plan") satisfies the Best Interests Test, and that the holders of allowed claims and equity interests in each impaired class will receive at least as much under the Plan as they would if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

To demonstrate that the Plan satisfies the Best Interests Test, the Debtors present the following hypothetical liquidation analysis (the "Liquidation Analysis"), based on certain assumptions discussed herein. The Liquidation Analysis was prepared by AP Services LLC ("APS"), one of the Debtors' professionals, with the assistance of and based on information provided by the Debtors' management and other professionals retained by the Debtors. Capitalized terms not defined herein shall have the meanings ascribed to them in the Disclosure Statement, to which this analysis is attached as Appendix C, or in the Plan.

Underlying this Liquidation Analysis are a number of estimates and assumptions that are inherently subject to significant economic, competitive, and operational uncertainties and contingencies beyond the control of the Debtors. The Debtors believe that this Liquidation Analysis and the conclusions set forth herein are fair and accurate, and represent the best judgment of APS and the Debtors' management with regard to the results of a hypothetical chapter 7 liquidation of the Debtors.

This Liquidation Analysis was prepared for the sole purpose of providing a reasonable good-faith estimate of the proceeds that would be generated if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code, and it is not intended and should not be used for any other purpose. The underlying financial information in this Liquidation Analysis was not compiled or examined by any independent accountants.

NEITHER THE DEBTORS NOR THEIR ADVISORS MAKE ANY REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE ESTIMATES AND ASSUMPTIONS CONTAINED HEREIN, OR A TRUSTEE'S ABILITY TO ACHIEVE FORECASTED RESULTS. IN THE EVENT THAT THESE CHAPTER 11 CASES ARE CONVERTED TO A CHAPTER 7 LIQUIDATION, ACTUAL RESULTS COULD VARY

MATERIALLY FROM THE ESTIMATES AND PROJECTIONS SET FORTH IN THIS LIQUIDATION ANALYSIS.

The Liquidation Analysis assumes a hypothetical conversion of the Debtors' Chapter 11 Cases to a chapter 7 liquidation on December 31, 2013 (the "Liquidation Date"). Subject to certain *pro forma* adjustments as set forth herein, the balance sheets of each of the Debtors as of July 31, 2013 are used as reasonable proxies for their respective hypothetical balance sheets as of the Liquidation Date. The results of the Liquidation Analysis are summarized and attached hereto in Exhibit 1.

As substantially all of the Debtors' assets serve as collateral for the debtor-in-possession ("DIP") lenders, the Liquidation Analysis further assumes that a trustee must be successful in obtaining either use of cash collateral or new financing from other third parties in order to manage the chapter 7 process to its completion.

The Liquidation Analysis assumes a shutdown of operations following a conversion to chapter 7 and that no Debtor assets would be sold as going concern businesses. This assumption is made because of the Debtors' management's assessment that, in the wake of chapter 7 conversions and consequent disruption and attrition, the likelihood that the Debtors or substantial business units of the Debtors can continue operations and do so in a manner that yields material positive incremental cash flow is low. Further, this assumption considers that the Debtors' businesses are managed and run by mine complex-based business units across legal entities and localities, and certain business functions, such as sales and marketing, engineering, finance, legal, and human resources are shared across business units. These factors increase the complexity of selling business units as going concerns, as well as the difficulty of obtaining additional financing for such a sale process.

This Liquidation Analysis sets forth the estimated values that might be obtained upon disposition of assets pursuant to a hypothetical chapter 7 liquidation, as an alternative to continued operation of the business as proposed under the Plan. Accordingly, values discussed herein are different from amounts referred to in the Plan, which illustrates the value of the Debtors' business as a going concern.

The liquidation of all of the Debtors' assets is assumed to occur following the conversion. For purposes of the Liquidation Analysis, lower case and higher case estimates were made based on two scenarios for the liquidation:

- The lower case scenario assumes forced liquidation values ("FLV"), wherein the Debtors are compelled by circumstances to sell their assets with a sense of immediacy. In this scenario, substantially all assets are assumed to be sold by the chapter 7 trustee within a 90-day period. Following the primary liquidation phase, an additional 12-month period is assumed to be required for the administrative completion of the chapter 7 case; and

- The higher case scenario assumes orderly liquidation values ("OLV"), wherein circumstance enable a chapter 7 trustee a reasonable period of time to manage a process

to prepare, market, and sell assets. In this scenario, substantially all assets are assumed to be sold by the chapter 7 trustee within a 12-month period. Following the primary liquidation phase, an additional 12-month period is assumed to be required for the administrative completion of the chapter 7 case

In both scenarios, a source of funding (whether from use of cash collateral or from third-party financing) is assumed. The higher case scenario requires increased funding over a longer period in order to realize greater asset values, compared to the lower case scenario. The likelihood of obtaining sufficient funding to conduct the liquidation process assumed in the either scenario is highly speculative.

In preparing this Liquidation Analysis, the Debtors estimated Allowed Claims based upon a review of claims listed on the Debtors' Schedules and Proofs of Claim filed to date. In addition, this Liquidation Analysis includes estimates for certain costs and claims not currently asserted in these Chapter 11 Cases, but which could be asserted and allowed in a chapter 7 liquidation. These costs and Claims include those incurred to manage the chapter 7 liquidation (such as trustee and professional fees, and operational wind-down costs), and additional Administrative Claims. Certain other claims which could be asserted in a chapter 7 liquidation, such as rejection damages claims for contracts which would be assumed in a chapter 11 reorganization, are not estimated in the Liquidation Analysis. To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims. For purposes of this Liquidation Analysis, the Debtors' estimates of Allowed Claims are used. Therefore, the Debtors' estimate of Allowed Claims set forth in this Liquidation Analysis should not be relied on for any other purpose, including determining the value of any distribution to be made on account of Allowed Claims and Interests under the Plan.

NOTHING CONTAINED IN THIS LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE DEBTORS. THE ESTIMATED AMOUNT OF ALLOWED CLAIMS SET FORTH IN THIS LIQUIDATION ANALYSIS SHOULD NOT BE RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING, WITHOUT LIMITATION, ANY DETERMINATION OF THE VALUE OF ANY DISTRIBUTION TO BE MADE ON ACCOUNT OF ALLOWED CLAIMS UNDER THE PLAN. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THESE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS.

2. GENERAL APPROACH AND SUMMARY RESULTS

The determination of the costs of and hypothetical proceeds from the liquidation of the Debtors' assets is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtors, are inherently subject to significant business, economic, and competitive uncertainties and contingencies beyond the control of the Debtors, their management, and their advisors. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual chapter 7 liquidation, and unanticipated events and circumstances could affect the ultimate results in an actual chapter 7 liquidation. The

Liquidation Analysis was prepared for the sole purpose of generating a reasonable good faith estimate of the proceeds that would be generated if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code. As previously noted, the underlying financial information in the Liquidation Analysis was not compiled or examined by any independent accountants.

Estimated liquidation values, both DLV and OLV, were based on two major sources, as detailed in the notes to the liquidation analysis. Management of the Debtors engaged Duff & Phelps Corp. ("D&P") to prepare an appraisal report ("the D&P Report") for certain categories of assets, summarized in Exhibit 2. For the remaining asset categories, management of and advisors to the Debtors utilized business judgment and experience to estimate liquidation values.

THIS LIQUIDATION ANALYSIS ASSUMES VALUES BASED ON APPRAISALS, WHERE AVAILABLE, AND THE DEBTORS' BUSINESS JUDGMENT, WHERE APPRAISALS ARE NOT AVAILABLE. NEITHER THE DEBTORS NOR THEIR ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS WOULD OR WOULD NOT APPROXIMATE THE ESTIMATES AND ASSUMPTIONS REPRESENTED IN THE LIQUIDATION ANALYSIS. ACTUAL RESULTS COULD VARY MATERIALLY.

The Liquidation Analysis assumes that holders of Claims and Interests recover (if at all) according to their relative priority under applicable law. The Liquidation Analysis uses the Debtors' reasonable good-faith estimates of Claims and Interests. The Debtors recognize that conversion of these cases to a chapter 7 liquidation would trigger additional claims as well, such as post-petition accounts payable and claims which would be assumed in the Plan; however, the Debtors have not made an effort to estimate all such claims (e.g. additional Unsecured Claims that would result from the rejection of executory contracts and unexpired leases which would likely be assumed in a chapter 11 reorganization), nor do the Debtors believe inclusion of such additional claims would have a material impact on the conclusions of the Liquidation Analysis.

The proceeds from the hypothetical liquidation of all assets of each Debtor were estimated based on the assumptions discussed below, and then applied to the estimated values of claims against each such Debtor to determine liquidation recovery estimates for each Class of Claims and Interests under the Plan. These liquidation recovery estimates were compared to the estimated recoveries under the Plan. As shown in the table below, for each Class of Claims or Interests, liquidation under chapter 7 of the Bankruptcy Code would yield recoveries that are no better—and, in many cases, worse— than the recoveries available pursuant to the proposed chapter 11 Plan.

Class	Description	Estimated Recovery under the Plan	Estimated Recovery in Liquidation	
			Lower Case	Higher Case
N/A	First Out DIP Facility Claims	100%	100%	100%
N/A	Second Out DIP Facility Claims	100%	16%	99%
N/A	Other Administrative Claims	100%	0%	0%

Class	Description	Estimated Recovery under the Plan	Estimated Recovery in Liquidation	
			Lower Case	Higher Case
N/A	Priority Tax Claims	100%	0%	0%
1A	Other Priority Claims	100%	0%	0%
1B	Other Secured Claims	100%	67%	100%
1C	Senior Notes Parent Claims	See pages xi-xiii of the Disclosure Statement	0%	0%
1D	Convertible Note Claims	See pages xi-xiii of the Disclosure Statement	0%	0%
1E	Other General Unsecured Claims	See pages xi-xiii of the Disclosure Statement	0%	0%
1F	Convenience Class Claims	See pages xi-xiii of the Disclosure Statement	0%	0%
1G	Section 510(b) Claims	0%	0%	0%
1H	Interests in Patriot Coal	0%	0%	0%
2A-101A	Other Priority Claims	100%	0%	0%
2B-101B	Other Secured Claims	100%	67%	100%
2C-100C	Senior Notes Guarantee Claims	See pages xi-xiii of the Disclosure Statement	0%	0%
2D-101D	Other General Unsecured Claims	See pages xi-xiii of the Disclosure Statement	0%	0%
2E-101E	Convenience Class Claim	See pages xi-xiii of the Disclosure Statement	0%	0%
2F-101F	Section 510(b) Claims	0%	0%	0%
2G-101G	Interests in Subsidiary Debtors	Retained	N/A	N/A

3. NOTES TO THE LIQUIDATION ANALYSIS

Summary results of the Liquidation Analysis for the Debtors are attached hereto as Exhibit 1. The Liquidation Analysis reflects the estimated proceeds generated from the liquidation of the assets in addition to cash estimated to be held by the Debtors on the

Liquidation Date (such proceeds, the "Liquidation Proceeds") that would be available to a chapter 7 trustee for distribution. The trustee would use the Liquidation Proceeds to satisfy first the costs and expenses of the liquidation, including wind-down costs and trustee fees (such costs, the "Liquidation Costs"), and Secured Claims, Administrative Claims, Priority Tax Claims and Other Priority Claims, including additional claims that are estimated to be triggered by a chapter 7 liquidation. Any remaining net Liquidation Proceeds would then be allocated to Holders of Unsecured Claims and Equity Interests in accordance with the priorities set forth in section 726 of the Bankruptcy Code.

The Liquidation Analysis provides for higher and lower recovery percentages for Claims and Interests upon the trustee's application of the Liquidation Proceeds. The higher and lower recovery ranges reflect higher and lower ranges of estimated Liquidation Proceeds from the trustee's sale of the Debtors' assets and the costs of conducting the liquidation and administering the chapter 7 case, based largely upon differences in the time allotted for monetization of assets, described previously.

1. *Book Values*
   - Unless otherwise stated, the book values used in the Liquidation Analysis are the unaudited net book values[1] of the Debtors as of July 31, 2013. These book values, in combination with pro forma adjustments, are assumed to be representative of the Debtors' assets as of the hypothetical Liquidation Date.

   - The book values have not been subject to any review, compilation or audit by an independent accounting firm.

2. *Cash and Equivalents*
   - The liquidation value for the Debtors is based on a forecasted balance of cash and equivalents as of December 31, 2013, which takes into account the projected use of cash between July 31, 2013 and the hypothetical Liquidation Date.

   - The Liquidation Analysis assumes that the Debtors' operations during the liquidation period would not generate additional cash available for distribution except for proceeds from the disposition of non-cash assets.

   - The liquidation value for Cash and Equivalents for all entities holding cash is estimated to be 100% of the projected net book value as of the Liquidation Date.

[1] The individual balances presented herein as "unaudited" balances as of July 31, 2013 are not audited on a stand-alone basis; however, such individual amounts agree to the company's general ledger and accounting records underlying the audited financial statements.

3. *Accounts Receivable*
   - The analysis of accounts receivable assumes that a chapter 7 trustee would retain certain existing staff to handle an aggressive collection effort for outstanding trade accounts receivable for the entities undergoing liquidation.

   - Collectible accounts receivable are assumed to include all third-party trade accounts receivable, as well as miscellaneous accounts receivable. As trade receivables account for over 98% of the total book balance, the assumed recovery rates for trade receivables were applied to the total.

   - The Debtors' trade receivables are generally concentrated among a relatively small group of comparatively large customers. Certain of these customers have contracts requiring deliveries from the Debtors in 2014 and 2015. The Debtors' analysis takes into consideration the risk that collections during a liquidation of the Debtors may be compromised by claims for damages for breaches of customer contracts, especially where the pricing of such contracts is below the expected replacement pricing for similar volumes. Customers may attempt to set off outstanding amounts owed to the Debtors against such claims.

   - For purposes of analyzing such potential claims, contract prices were compared with estimated spot prices for equivalent coal. The potential negative impact to recoveries due to increases in spot prices would approximate 1.5 percentage points for each $1 increase in spot prices.

   - For purposes of the Liquidation Analysis, the liquidation values of accounts receivable were estimated to range from 80% to 90% of the net book values.

4. *Materials and Supplies Inventory*
   - The Debtors' materials and supplies inventories are composed of certain maintenance and operating supplies, principally higher cost/lower volume items such as roof bolts, spare parts, and transformers.

   - The materials and supplies inventories are maintained in multiple locations and reflect a variety, mix, and quantity consistent with the Debtors' particular equipment and operations.

   - The D&P Report estimates liquidation values of material and supplies inventory ranging from $12 million to $23 million.

5. *Coal Inventory*
   - The Debtors' coal inventories are composed of raw and processed coal located at various mining complexes, preparation plants, and trans-loading facilities. This analysis assumes that raw coal inventories as of the Liquidation Date would be cleaned and processed following the conversion, and would then be saleable at the same values as processed coal, less incremental processing costs.

   - Revenues from the liquidation of coal inventory would be reduced by the payment of extraction taxes and royalties. The D&P Report nets these additional costs from the gross liquidation proceeds.

   - As the time frame to liquidate coal inventories is anticipated to be less than the primary liquidation phase of both the FLV and OLV scenarios, D&P estimates the liquidation proceeds from coal inventories to be $37 million in both the lower and higher cases.

6. *Deferred Income Taxes*
   - Deferred income taxes consist of the net book value of deferred tax assets.

   - Deferred tax assets are assumed to generate no proceeds in a liquidation scenario.

7. *Other Current Assets*
   - Other current assets principally include prepaid taxes, prepaid insurance, prepaid rents, prepaid freight, and prepaid commissions.

   - Other current assets are estimated to generate no proceeds in a liquidation scenario.

8. *Property, Plant, and Equipment*
   - Property, plant, and equipment ("PP&E") includes asset and accumulated depreciation accounts for fixed assets, including:
     - Land and Coal Interests, which includes leased and owned coal interests ("Reserves"), as well as surface land;
     - Buildings and Improvements, which includes mine development, buildings, and land, leasehold, and building improvements; and
     - Machinery and Equipment, which primarily consists of mining and support equipment, as well as vehicles, power distribution equipment, and office equipment.

   - The D&P Report's liquidation values for PP&E assets for this Liquidation Analysis include:
     - Land and Coal Interests:
       - Mineral Interests: $226 to $428 million
       - Surface Land: $14 to 20 million
     - Other PP&E:
       - Buildings and Improvements: $21 to $34 million

- Machinery and Equipment: $73 to $167 million

9. *Cash Collateral Deposits*
   - Cash collateral deposits are composed of cash collateral for federal Black Lung obligations and letters of credit.
   - Cash collateral deposits are estimated to generate no proceeds in a liquidation scenario.

10. *Investments and Other Assets*
   - Investments and other assets include investments in various joint ventures, equipment and miscellaneous deposits, and other non-current assets.
   - Joint venture investments are estimated to have recovery value ranging from $7 to $10 million, based on the D&P Report.
   - Equipment and miscellaneous deposits, and other non-current assets, are estimated to generate no proceeds in a liquidation scenario.

11. *Other Sources of Proceeds*
   - This Liquidation Analysis assumes that a trustee would pursue avoidance actions regarding some portion of payments made by the Debtors during the 90-day period preceding the chapter 11 filing, which amount to approximately $600 million. Among these payments, the Debtors assume that most would be subject to ordinary course and new value defenses, but that, based upon detailed analysis, 5% would be identified as potential preferential payments; and that a trustee would pursue and settle such actions at average recovery rates ranging from 25% to 50%. Based on these assumptions, recoveries from avoidance actions are assumed to range from $7 million to $15 million.
   - The Debtors have contracts with certain customers requiring coal deliveries in 2014 and 2015. Certain of these contracts specify prices above estimated spot prices for equivalent coal. The Debtors' management anticipates that a trustee would attempt to assign such contracts to third-party coal suppliers early in the liquidation period. The value of such contracts is speculative, as assignment of most such contracts nominally requires the approval of customers, and failure to deliver contracted tonnage after the Liquidation Date could breach contracts which would make such contracts difficult, if not impossible, to assign for material value. The Debtors' management nonetheless assumes that some portion of these contracts can be successfully assigned for value by a trustee without a reasonable basis for customers to disapprove the assignments, and that proceeds would range from $22 million to $33 million. This recovery range is sensitive to changes in spot prices. For purposes of analyzing such potential claims, contract prices were compared with estimated spot prices for equivalent coal. The potential negative impact to recoveries due to increases in spot prices is approximately 15-20% for each $1 increase in spot prices.

- This Liquidation Analysis assumes that there are no proceeds from the liquidation of any unused consumable supplies not included in the materials and supplies inventories (principally low cost items such as fasteners, hydraulic hoses and fittings, pipe fittings, and general hardware); nor recoveries for any fraudulent conveyance or other causes of action.

12. Liquidation Costs

- Chapter 7 trustee fees are based on historical experience in other chapter 7 cases and are assumed to range from 1.5% to 3% of the asset proceeds, excluding cash and equivalents.

- Chapter 7 professional fees include the cost of attorneys, financial advisors, accountants, and other professionals retained by a chapter 7 trustee or Creditors' Committee. This analysis assumes that professional fees would range from $18 million to $36 million, based on an estimate of $2 million per month during the primary liquidation phase (three or 12 months in the lower and higher case scenarios, respectively) and $1 million per month during the remainder of the chapter 7 liquidation process.

- Wind-down costs include costs to close mines, safeguard, and ensure access to equipment and other assets; to retain certain key employees and maintain critical corporate operations and support a trustee during wind–down, primary liquidation phase, and the remainder of the chapter 7 liquidation process; and to continue to meet Coal Act obligations through the completion of the chapter 7 process. These costs are assumed to range from $70 million to $161 million. No severance costs are included in these figures, as any necessary WARN notifications are assumed to occur sufficiently in advance of the wind-down as to avoid such additional payments.

- Transaction costs (such as broker or liquidator fees) related to the liquidation of owned and leased coal reserves, other land assets, and other fixed assets (principally buildings, machinery, and equipment) are not included as a separate cost of the liquidation process, but rather incorporated and netted from projected liquidation proceeds in the D&P Report.

13. Claims

- The classes of claims used in the Liquidation Analysis are defined and described in the Plan and Disclosure Statement Documents, and include:
    - DIP Facility Claims: Estimated at approximately $375 million in loans (all in the First Out DIP Facility), and approximately $340 million under the Letter of Credit facility ($61 million in the First Out DIP Facility and $279 million in the Second Out DIP Facility). For purposes of the Liquidation Analysis, the Debtors have assumed that all letters of credit would be drawn by counterparties at the conversion of the chapter 11 cases to chapter 7.

    - Other Secured Claims: Estimated at $1 million. The ultimate recovery on Other Secured Claims is contingent on the value of the underlying collateral, which collateral has not been appraised for the purposes of the Liquidation Analysis.

- Administrative Claims: This category of claims is estimated to total $828 million, and is assumed to include several sub-categories. The Debtors assume that Administrative Claims from the chapter 11 cases would total $17 million, and that post-petition accounts payable and accrued expenses as of the Liquidation date would total $217 million.

  Also, for purposes of the Liquidation Analysis, the Debtors assume that approximately $740 million in environmental obligations for reclamation and selenium liabilities would exist as of the Liquidation Date. Of that total, approximately $284 million would be satisfied by surety bonds ($238 million) and letters of credit ($46 million), leaving $457 million in such obligations remaining.

  The Debtors' management assumes that such obligations, if unresolved, would cause the relevant environmental authorities to impair the ability of Debtors to assign or sell their coal reserve assets, or to transfer the necessary permits which contribute significantly to their value (the value of mineral rights assigned to existing mining complexes comprises more than 90% of the total assumed proceeds from all mineral rights). The Debtors assume that a trustee would, as part of a liquidation process, need to create mechanisms to either settle those obligations with environmental authorities, or require buyers of reserves to assume such obligations (which would, in turn, reduce the net proceeds by the value of assumed liabilities). Thus, the Debtors assume for purposes of the Liquidation Analysis that the $457 million of remaining environmental obligations would be satisfied.

  The Debtors further assume that the portion the $238 million of surety bonds (subject to claims by environmental authorities) in excess of their respective collateral values would contribute to the administrative claims pool. After drawing on letters of credit or other collateral held against those bonds (approximately $101 million in aggregate), the surety bond providers are assumed to receive claims against the Debtors amounting to approximately $137 million, which would be granted administrative status.

  Additionally, post-petition intercompany claims are included in the Liquidation Analysis as administrative claims. While intercompany payables and receivables net to zero across all Debtors collectively (and thus are not included in the above total for Administrative Claims), the individual claims would be satisfied among the various Debtor legal entities based on distributable proceeds available at each entity.

- Priority Claims: Assumed to total $7 million, primarily related to tax claims receiving priority status.

- General Unsecured Claims: Assumed at $4,429 million, including:
  - 8.75% Senior Note Claims: Assumed at $250 million
  - 3.25% Convertible Note Claims: Assumed at $200 million
  - Other General Unsecured Claims: Assumed at $3,974 million
  - Pre-petition Intercompany Claims: As with post-petition intercompany claims described above, these claims net to zero across all Debtor entities collectively. The pre-petition intercompany claims are not included in the total.

- Interests in Patriot: Include equity security interests in PCX.

Exhibit 1

Summary of Debtors' Liquidation Analysis

($ in millions)	Notes:	Book Value[1]	Estimated Recovery Rates			Estimated Recovery Values		
			Lower	Mid	Higher	Lower	Mid	Higher
Liquidation Proceeds:								
Cash and Equivalents	2	75	100%	100%	100%	75	75	75
Accounts Receivable	3	102	80%	85%	90%	82	87	92
Materials And Supplies Inventory	4	52	24%	34%	45%	12	18	23
Coal Inventory	5	34	110%	110%	110%	37	37	37
Deferred Income Taxes	6	50	0%	0%	0%	-	-	-
Other Current Assets	7	23	0%	0%	0%	-	-	-
Net Land and Coal Interests	8	2,301	10%	15%	19%	239	344	449
Net Building and Improvements	8	454	5%	6%	8%	21	28	34
Net Machinery and Equipment	8	300	24%	40%	56%	73	120	167
Cash Collateral Deposits	9	65	0%	0%	0%	-	-	-
Investments and Other Assets	10	34	18%	22%	26%	6	8	9
Other Proceeds	11	-	0%	0%	0%	30	40	49
Total Assets/Gross Proceeds		3,491	17%	22%	27%	577	756	936
Less Liquidation Costs:	12							
Trustee Fees						(8)	(17)	(26)
Professional Fees						(18)	(27)	(36)
Wind-down Costs						(70)	(116)	(161)
Total Liquidation Costs						(96)	(159)	(223)
Net Liquidation Proceeds:			14%	17%	20%	**481**	**597**	**713**

Estimated Claims and Recoveries:	13	Estimated Claims	Estimated Recovery Rates			Estimated Recovery Values		
			Lower	Mid	Higher	Lower	Mid	Higher
Secured Claims								
First Out DIP Facility		436	100%	100%	100%	436	436	436
Second Out DIP Facility		279	16%	57%	99%	44	160	276
Other Secured Claims		1	67%	83%	100%	1	1	1
Administrative Claims								
Administrative Claims		828	0%	0%	0%	-	-	-
Priority Claims		7	0%	0%	0%	-	-	-
Unsecured Claims		4,429	0%	0%	0%	-	-	-
Total Claims and Recoveries		**5,980**				**481**	**597**	**713**

Exhibit 2

Summary of Duff & Phelps Appraisal Report

DUFF & PHELPS

Patriot Coal Corporation

October 23, 2013

Estimation of the Liquidation Value of Patriot Coal Corporation as of July 31, 2013

October 23, 2013

Private and Confidential

Mr. John E. Lushefski
Patriot Coal Corporation
Senior Vice President and Chief Financial Officer
12312 Olive Blvd.
St. Louis, MO 63141

Dear Mr. Lushefski:

We, Duff & Phelps LLC, have completed the services (the "Services") undertaken on behalf of Patriot Coal Corporation and certain of its subsidiaries (collectively, "Patriot" or the "Company"), in accordance with our letter of engagement dated July 11, 2013 and our Addendum Letter dated July 11, 2013. It is understood that the Services will be used to assist Patriot management ("Management") and their bankruptcy advisors with the Company's emergence from Chapter 11 of Title 11 of the U.S. Code (the "Bankruptcy Code"), as of July 31, 2013 (the "Valuation Date"). Collectively, this arrangement is the "Liquidation Analysis". The Subject Assets and Liabilities valued consisted of the following:

- Property, Plant, and Equipment ("Property, Plant, and Equipment" or "PP&E") at the following mining complexes and their subsidiaries (together, "the Complexes"):
  - Midland Trail Mining Complex ("Midland Trail");
  - Corridor G Complex ("Corridor G");
  - Kanawha Eagle Mining Complex ("KE");
  - Logan County Mining Complex ("Logan County");
  - Paint Creek Mining Complex ("Paint Creek");
  - Panther Mining Complex ("Panther");
  - Rocklick Mining Complex ("Rocklick");
  - Wells Mining Complex ("Wells");
  - Federal Mining Complex ("Federal");
  - Dodge Hill Mining Complex ("Dodge Hill");
  - Highland Mining Complex ("Highland");
  - Bluegrass Mining Complex ("Bluegrass") - Closed;
  - Big Mountain Mining Complex ("Big Mountain") – Closed;
  - Jupiter Mining Complex ("Jupiter") – Closed; and
  - Corporate property, plant, and equipment unrelated to any of the above mining complexes ("Corporate PP&E").
- Mineral Interests at the following active mining complexes:
  - Midland Trail;
  - Corridor G;

  - KE;
  - Logan County;
  - Paint Creek;
  - Panther;
  - Rocklick;
  - Wells;
  - Federal;
  - Dodge Hill; and
  - Highland.
- Mineral Interests at the following inactive mining complexes and unassigned locations:
  - Central Midland Reserve Area;
  - Guffy Reserve Area;
  - Kanawha River Land Area;
  - Nueast Reserve Area;
  - Sunnyhill U.G.;
  - Tygart River #2;
  - Tygart River Mine;
  - Broughton;
  - Collinsville (Lumaghi) IL;
  - Muhlenberg County Area;
  - Paragon (#17) - Pana IL;
  - Rileyville Area IL; and
  - River King U.G. #1.
- Joint Venture equity interests held by Patriot:
  - 49% interest in Rhino Eastern LLC;
  - 50% interest in Tecumseh Coal Corporation;
  - 40% interest in Squaw Creek Coal Company; and
  - 49% interest in WWMV, LLC.
- Inventory on-hand at each of the active mining complexes; and
- Surface Land rights unrelated to mineral interests (the "Surface Land").

Scope of Services

The Services provided include the following:

- Estimation of the value of the PP&E, Mineral Interests, Surface Land, Inventory, and Joint Venture Interests if each asset were liquidated individually through an orderly liquidation scenario (the "Orderly Liquidation Value" or "OLV");
- Estimation of the value of the PP&E, Mineral Interests, Surface Land, Inventory, and Joint Venture Interests if each asset were liquidated individually through a distressed, or forced liquidation scenario (the "Forced Liquidation Value" or "FLV");

Together, the Orderly Liquidation Value and the Forced Liquidation Value will be referred to as the "Liquidation Values." We understand that the Liquidation Values will be used by the Company as part of their bankruptcy analysis to compare to the estimated reorganization value of the business as a whole, as estimated by the Company and their bankruptcy advisors. For our analysis, we prepared an allocation of the Liquidation Values of the assets to the legal entities that hold the rights to those assets.

Definition of Value

Orderly Liquidation Value or OLV: "is an opinion of the gross amount, expressed in terms of money, that typically could be realized from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis, as of a specific date."[1] It is considered to be the gross amount expressed in terms of money, which could be realized from a sale of all the appraised assets within a six to twelve month period to persons generally, as opposed to a specific owner-user. It is assumed that real property and the personal property will be sold separately, and that personal property will be sold on a piecemeal basis, in an as-is, where-is condition to a purchaser or purchasers contemplating removal of the property

Forced Liquidation Value or FLV: "is an opinion of the gross amount, expressed in terms of money, that typically could be realized from a properly advertised and conducted public auction, with the seller being compelled to sell with a sense of immediacy on an as-is, where-is basis, as of a specific date."[2] It is considered to be the gross amount expressed in terms of money, which could be realized from a sale of all the appraised assets within a 90-day period to persons generally, as opposed to a specific owner-user. It is assumed that real property and the personal property will be sold separately, and that personal property will be sold on a piecemeal basis, in an as-is, where-is condition to a purchaser or purchasers contemplating removal of the property.

Valuation Approaches

We considered the following approaches in our analyses: the Income Approach, the Market Approach and the Cost Approach.

Income Approach: The Income Approach is a valuation technique that provides an estimation of the value of a business, or asset, based on market participant expectations about the cash flows that the business, or asset, would generate over its remaining useful life. The Income Approach begins with an estimation of the annual cash flows a market participant would expect the subject business, or asset, to generate over a discrete projection period. The estimated cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the projected cash flows. The present value of the estimated cash flows are then added to the present value equivalent of the residual value, if any, of the business, or asset, at the end of the discrete projection period to arrive at an estimate of value. In the Liquidation Analysis, the income approach was considered to corroborate the market multiples selection by complex.

Market Approach: The Market Approach is a valuation technique that provides an estimation of value of a business, business ownership interest, security, or asset by using one or more methods that compare and correlate the subject to similar businesses, business ownership interests, securities, or assets that have been sold. Considerations such as time and condition of sale and terms of agreements (where available) are analyzed and adjustments are made, where appropriate, to arrive at an estimation of value.

Cost Approach: The Cost Approach is a valuation technique that uses the concept of replacement cost as an indicator of value. The premise of the Cost Approach is that, if it were possible to replace the asset, from the perspective of a market participant (seller), the price that would be received for the asset is estimated based on the cost to a market participant

[1] Machinery & Technical Specialties Committee of the American Society of Appraisers, "Definitions of Value", July 25, 2010, March 2011 http://www.appraisers.org/MTSHome/DefinitionsOfValue.aspx.
[2] Ibid

(buyer) to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence. Obsolescence encompasses physical deterioration, functional (technological) obsolescence, and economic (external) obsolescence.

Conclusions

Based on our analysis, we estimated the value of the PP&E, Mineral Interests, Surface Land, Inventory, and Joint Venture Interests as if the assets were sold under an orderly liquidation scenario and as if they were sold under a forced liquidation scenario. Our summary conclusions of value for the Subject Assets are presented below:

	Mineral Interests	PP&E	Product Inventory	Materials and Supplies Inventory	Surface Land	Joint Venture Interests
Orderly Liquidation Scenario	$ 428,289	$ 200,972	$ 37,414	$ 23,257	$ 20,314	$ 8,920
Forced Liquidation Scenario	$ 225,629	$ 93,834	$ 37,414	$ 12,473	$ 13,543	$ 6,320

Limiting Conditions

This document has been prepared solely for Management for the purposes stated herein and should not be relied upon for any other purpose, except that it may be provided to your independent external auditors for the above stated purpose. Unless required by law it shall not be provided to any third party without our prior written consent. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to which the report is disclosed or otherwise made available.

The results of our valuation do not constitute a Solvency Opinion or a Fairness Opinion and should not be relied upon as such.

While our work has involved an analysis of financial information and accounting records, our engagement did not include an audit in accordance with generally accepted auditing standards of Patriot's existing business records. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of Patriot.

In accordance with our agreement, this report is limited to estimating the Liquidation Values of the PP&E, Mineral Interests, Surface Land, and Inventory for bankruptcy analysis purposes. One or more additional issues may exist that could affect the Federal tax treatment of the Subject Assets with respect to which we have prepared this report. This report does not consider or provide a conclusion with respect to any of those issues. With respect to any significant Federal tax issue outside the scope of the report, this report was not written, and cannot be used, by anyone for the purpose of avoiding Federal tax penalties.

Full terms and conditions of our work are included in our Engagement letter. Our conclusions are also subject to the Limiting Conditions included herein, as well as the facts and circumstances as of the Valuation Date.

If you have any questions related to this report or other matters concerning the engagement, please feel free to call either Edward Lee at 415-693-5333 or Benjamin Stull at 415-693-5367.

Yours sincerely,

Duff & Phelps LLC

Duff & Phelps, LLC
By: Edward Lee
Managing Director

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Appendix C

Financial Projections

Financial Projections[1]

These financial projections (the "***Financial Projections***") present, to the best of the Debtors' knowledge and belief, the Debtors' expected financial position, results of operations and cash flows for the projection period. The assumptions and notes to the Financial Projections (the "***Notes***") disclosed herein are those that the Debtors believe are significant to the Financial Projections. Because events and circumstances frequently do not occur as expected, there will be differences between the projected and actual results. These differences may be material to the Financial Projections herein.

I. Projection Assumptions

The Debtors, with the assistance of their financial advisors, Blackstone Advisory Partners L.P. ("Blackstone"), have prepared the Financial Projections to assist the Bankruptcy Court in determining whether the Plan meets the "feasibility" requirements of section 1129(a)(11) of the Bankruptcy Code. The Debtors, with the assistance of Blackstone and their other advisors, prepared the Financial Projections for the six-month stub period ending December 31, 2013 and the five years ending December 31 of 2014, 2015, 2016, 2017 and 2018, respectively (the "***Projection Period***"). The Financial Projections are based on a number of assumptions, and while the Debtors have prepared the Financial Projections in good faith and believe the assumptions to be reasonable, it is important to note that the Debtors can provide no assurance that such assumptions will ultimately be realized. The Financial Projections and the Notes should be read in conjunction with the assumptions and qualifications contained herein, the risk factors described in Article 9 of the Disclosure Statement and the historical financial statements filed by the Debtors as Monthly Operating Reports. Section III herein summarizes the underlying key assumptions upon which the Financial Projections are based.

The Financial Projections take into account the Debtors' contemplated operations initiatives and existing conditions in the coal industry. In addition, the Financial Projections are based on the assumption that the Plan will be confirmed as stated in the Disclosure Statement and the Plan and will become effective (the "***Effective Date***") on or about December 31, 2013.

II. Accounting Policies

The Financial Projections have been prepared by the Debtors' management and reviewed by Blackstone. The Financial Projections were not prepared to comply with the Guidelines for Prospective Financial Statements published by the American Institute of Certified Public Accountants or the rules and regulations of the SEC and by their nature are not financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

The Financial Projections do not reflect the impact of fresh start reporting in accordance with the Financial Accounting Standards Board, Accounting Standards Codification, Section 852 "Reorganizations." The impact of fresh start reporting, when reflected at the Effective Date, is expected to have a material impact on the Reorganized Debtors' consolidated balance sheets and prospective results of operations.

The Financial Projections contain certain statements that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the

[1] Capitalized terms used but not defined herein shall have the meanings set forth in the Disclosure Statement. To the extent that a definition of a term in the text of this [Exhibit C] to the Disclosure Statement and the definition of such term in the Disclosure Statement is inconsistent, the definition included in the Disclosure Statement shall control.

control of the Debtors and the Reorganized Debtors, including the confirmation of the Plan on the presumed Effective Date, the continuing availability of sufficient borrowing capacity or other financing to fund operations, achieving operating efficiencies, cost and availability of raw materials and energy, terms and conditions of new credit facilities (if any), maintaining good employee relations, existing and future governmental regulations and actions of governmental bodies, general economic conditions in the markets in which the Debtors operate, industry-specific risk factors (including as detailed in Article 9 of the Disclosure Statement) and other market and competitive conditions. Holders of Claims and Interests are cautioned that the forward-looking statements speak as of the date made and are not guarantees of future performance. Actual results or developments may differ materially from the expectations expressed or implied in the forward-looking statements, and the Debtors undertake no obligation to update any such statements.

THE DEBTORS' INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING FINANCIAL PROJECTIONS AND ACCORDINGLY DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE FINANCIAL PROJECTIONS, DO NOT ASSUME RESPONSIBILITY FOR THE FINANCIAL PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE FINANCIAL PROJECTIONS.

III. Key Assumptions

a. Debtors' Projected Consolidated Statement Of Operations

i. *Total Revenue* – Projected revenues are the aggregation of revenues from Patriot Coal's primary business line, production and sale of thermal and metallurgical coal, as well as other revenues.

1. *Coal Revenue* – The Company forecasts future pricing for each of its various coal qualities. Coal revenue is based upon the Company's estimates of its currently contracted sales, projected uncommitted tons sold and forecasted pricing at each of its mining complexes. The Company projects coal revenue to increase due to increasing coal prices. See below for additional detail.

% of Total Coal Sales	2013	2014	2015	2016	2017	2018
Priced	95%	27%	5%	0%	0%	0%
Unpriced	5%	73%	95%	100%	100%	100%
Total Revenue	100%	100%	100%	100%	100%	100%

Met & Thermal Summary Information *(tons in thousands)*	2013	2014	2015	2016	2017	2018
Met Tons Sold	6,737	7,791	8,521	9,165	9,875	10,061
Thermal Tons Sold	15,371	16,360	16,373	16,955	16,046	14,201
Total Tons Sold	**22,108**	**24,150**	**24,894**	**26,121**	**25,921**	**24,262**
Average Met Price	$ 87	$ 87	$ 100	$ 104	$ 109	$ 112
Average Thermal Price	59	57	60	63	65	65
Average Total Price	**$ 67**	**$ 67**	**$ 74**	**$ 77**	**$ 81**	**$ 85**

2. *Other Revenue* – Other revenue includes payments from existing customer settlements, royalties related to coal lease agreements and farm

income. This income is forecasted to decrease as existing customer settlements and royalty agreements expire.

ii. *Total Expenses (excluding Depreciation, Depletion and Amortization):*

1. *Operating Expenses* – The Company's production costs consist primarily of labor, materials and power, contract services, royalties, leases and other expenses. Several of Patriot's mining complexes utilize a workforce represented by the United Mine Workers of America ("UMWA"). Patriot agreed to a new collective bargaining agreement with the UMWA in August 2013, and this agreement has been incorporated into our going-forward cost assumptions.

2. *(Income) / Loss from Equity Affiliates* – The Company participates in several joint ventures that are not consolidated in the Company's financial results. Income from these ventures is expected to be *de minimus*.

3. *Past Mining Obligations* – Past mining obligations relate to payments owed by the Company on account of historical, rather than current, mining operations. These costs generally include postretirement benefit obligations, workers' compensation obligations, long-term disability payments and closed mine costs. Past mining obligations are projected to decrease in the Projection Period because of the Company's new collective bargaining agreement and Section 1114 settlement.

4. *Selling, General and Administrative Expenses ("SG&A")* – SG&A expenses include all expenses related to corporate management functions. Patriot's actual SG&A expenses have decreased due to reductions in headcount, salary, benefits and bonus accruals. SG&A expenses are forecasted to increase in the Projection Period due to the improvement in the Company's financial results.

5. *Net Loss / (Gain) on Asset Sale* – The Company owns or leases coal reserves in several areas that are not core to its mining operations but may be contiguous with operations of our competitors. The Company will typically record a gain when these assets are ultimately sold. Patriot projects gains on asset sales will increase in 2015 because of specifically identified equipment sales and then return to more conservative levels thereafter.

6. *Proposal Overlay* – Proposal overlay income / expenses include total business plan impacts from our settlements with Peabody, Arch and the UMWA. Accounting treatment for VEBA payments remains under review.

7. *Asset Retirement Expense* – Asset retirement expense includes the Company's ongoing reclamation costs as well as costs to comply with selenium regulations. These expenses are forecasted based on the Company's existing GAAP liability, which contemplates the use of IFSeR technology to treat selenium at most outfalls.

8. *Restructuring, Impairment and Reorganization Charges* – Includes the Debtors' best estimate of professional fees, acquisition costs, contract rejections, AP settlements and other costs related to Patriot's reorganization.

9. *Interest Income* – Interest income is calculated based on the Debtors' projected cash balances and its best estimate of the future earnings on those balances.

10. *Interest Expense & Other* - Includes interest on pre-petition debt through the petition date and interest pursuant to the DIP credit agreement through emergence. Interest expense includes post-emergence interest related to the post-emergence capital structure as set forth in the Disclosure Statement. The forward LIBOR curve was utilized in calculating projected interest expense. Includes costs required for covenant amendments and the extension of the Company's DIP facilities to December 31, 2013.

11. *Income Tax Expense* - Tax expense is projected based on the Debtors' best estimate of the amount and timing of federal and state income tax payments.

b. Debtors' Projected Consolidated Balance Sheet

i. *Cash & Equivalents* - The cash balances are projected based on the annual cash inflows and outflows utilizing an actual June 2013 starting balance. Pro forma emergence cash is expected to be approximately $187 million, based on the following sources and uses:

Sources & Uses			*($ in millions)*
Sources		**Uses**	
Term Loan	$ 250	Repay Term Loan	$ 375
15% 2nd Lien PIK Note Rights Offering	250	VEBA Contribution	10
Release of Cash Collateral	50	Admin Claims, Fees & Other (1)	57
Peabody Settlement	15	Other Emergence Costs (1)	35
Arch Settlement	21	General Corporate Purposes	187
Balance Sheet Cash	78		
Total Sources	**$ 664**	**Total Uses**	**$ 664**

(1) Portion of payments assumed to be paid in January 2014.

ii. *Receivables* – Receivables are calculated based on approximately 26 average days receivable.

iii. *Inventory* – Materials and supplies and coal inventory are valued at the lower of average cost or market, and are projected based on the forecasted timing of production and sales at individual mining complexes.

iv. *Other Current Assets* – Other current assets consist of prepaid expenses and deposits and is kept flat throughout the Projection Period.

v. *Property, Plant & Equipment* – Property, plant & equipment balance is calculated based on the Company's capital expenditure and depreciation forecasts.

vi. *Cash Collateral Deposits & Other Assets* – The Company expects to release $50 million of restricted cash currently used to support its borrowing base (on its existing ABL credit facility) upon securing an exit financing facility. As part of its settlement with Peabody, Peabody has agreed to guarantee Patriot's black lung obligations, which we further expect will allow us to release $15 million of cash currently collateralizing

those obligations. Also includes equity in affiliates and deferred exit financing fees.

vii. *Trade Accounts Payable* – Trade payables are calculated based on days payable calculations. Patriot's days payable are forecasted to increase over the Projection Period as the Company demonstrates increased financial stability post-emergence.

viii. *Interest Payable* - Consists of accrued but unpaid interest at the end of each year.

ix. *Other Payables and Accrued Expenses* – Includes taxes payable, fees payable, various accruals and the current portion of the Federal/PVR lease, and is projected to decline primarily as a result of payments on the Federal/PVR lease.

x. *Exit Financing* – In addition to the PIK Notes, the Company assumes a fully available $125 million ABL revolving credit facility (subject to a borrowing base), a $201 million 1st lien/1st out letter of credit facility and a $250 million 1st lien/2nd out term loan.

xi. *15% 2nd Lien PIK Notes* – The Company's Plan of Reorganization contemplates $250 million of new funding in the form of payment-in-kind notes ("PIK Notes"), as well as the issuance of approximately $13 million of additional PIK Notes to be paid to the Backstop Parties.

xii. *Asset Reclamation and Selenium Obligations* – Asset reclamation and selenium obligations are based on the Company's expected reclamation spending at each mining complex, forecasted by individual project. The beginning liability is based on the implementation of IFSeR selenium technology while ongoing selenium cash spending is projected based on the use of alternative technologies that the Company has begun to implement and represents the Company's best estimate of future selenium costs.

xiii. *Workers' Compensation* – Represents the Company's liability with respect to work-related injuries and black lung disease and is based primarily upon actuarial valuations.

xiv. *Post-Retirement Healthcare* – Post-retirement healthcare represents the Company's ongoing liability with respect to some salaried and Coal Act retirees. Future balances are based on the Company's best estimate of mortality rates and growth in health care costs.

xv. *Industry Wide Obligation* – Represents Patriot's liability to the Combined Fund and is based upon actuarial valuation.

xvi. *Deferred Income Taxes* – Consists of accrued but unpaid income taxes and is projected to remain flat.

xvii. *Other Non-Current Liabilities* – Includes long-term disability liability, long-term post-employment benefits and the Federal/PVR lease, and is projected to decline due to mining on the Federal/PVR lease.

xviii. *Shareholders' Equity* - Includes existing paid-in-capital, new equity based upon the proposed Plan and retained earnings. Shareholders' equity changes each year by the amount of net income.

c. Debtors' Projected Consolidated Statement of Cash Flows

i. *Operating Cash Flow* – Operating cash flow is projected starting with net income and adjusted for certain non-cash items included in income as well as for working capital changes.

ii. *Investing Cash Flow* – Capital expenditures is the only meaningful item included in investing cash flows. Capital expenditures are comprised primarily of continued investment in mine development, mining equipment and maintenance capital expenditures.

iii. *Financing Cash Flow* **–** Primarily includes costs related to the recapitalization of Patriot upon emergence from bankruptcy, included financing fees, upfront VEBA funding and cash settlement payments from Peabody and Arch.

Projected Consolidated Statements of Operations
(unaudited)
(in millions)

Income Statement
($ in millions)

	Forecast					
	2013	**2014**	**2015**	**2016**	**2017**	**2018**
Coal Revenue	$1,488	$1,616	$1,830	$2,020	$2,111	$2,055
Other Revenue	19	11	9	6	6	6
Total Revenue	**1,507**	**1,627**	**1,839**	**2,027**	**2,116**	**2,061**
Operating Expenses	1,375	1,405	1,495	1,622	1,688	1,594
(Income) / Loss from Equity Aff.	14	2	(0)	(0)	(1)	(1)
Segment EBITDA	**118**	**220**	**344**	**405**	**429**	**468**
% Margin	*8%*	*14%*	*19%*	*20%*	*20%*	*23%*
Past Mining Obligations	112	17	18	17	17	18
Gross Margin	**6**	**203**	**326**	**388**	**411**	**450**
% Margin	*0%*	*12%*	*18%*	*19%*	*19%*	*22%*
SG&A	38	32	32	33	34	34
Net Loss / (Gain) on Asset Sale	(24)	(10)	(25)	(5)	(5)	(5)
Proposals Overlay	(3)	(6)	4	17	25	–
EBITDA	**(5)**	**188**	**315**	**343**	**357**	**421**
% Margin	*(0%)*	*12%*	*17%*	*17%*	*17%*	*20%*
Depreciation, Depletion & Amort.	185	191	209	220	227	231
Asset Retirement Expense	66	65	67	72	74	74
Restructuring, Impairment and Reorganization Charges	67	0	–	–	–	–
Operating Profit	**(324)**	**(69)**	**39**	**51**	**57**	**116**
% Margin	*(21%)*	*(4%)*	*2%*	*3%*	*3%*	*6%*
DIP Extension & Covenant Fees	11	–	–	–	–	–
Interest Income	(0)	(1)	(2)	(3)	(4)	(6)
Interest Expense & Other	57	95	99	106	116	128
Pre-Tax Income	**(391)**	**(162)**	**(59)**	**(51)**	**(55)**	**(5)**
Income Tax Expense	0	–	1	2	2	3
Net Income	**$ (391)**	**$ (162)**	**$ (60)**	**$ (53)**	**$ (57)**	**$ (9)**

Projected Consolidated Balance Sheet
(unaudited)
(in millions)

Balance Sheet
($ in millions)

	Forecast					
	2013	2014	2015	2016	2017	2018
Assets						
Cash & Equivalents	$ 214	$ 169	$ 194	$ 252	$ 324	$ 506
Receivables	106	115	137	151	158	154
Inventory	77	69	69	72	72	72
Other Current Assets	66	66	66	66	66	66
Total Current Assets	463	418	466	541	620	798
Property Plant & Equipment, Net	3,038	2,971	2,959	2,943	2,906	2,832
Cash Collateral Deposits	65	–	–	–	–	–
Investments & Other Assets	35	58	48	38	28	19
Total Assets	**3,602**	**3,448**	**3,474**	**3,523**	**3,554**	**3,648**
Liabilities						
Trade Accounts Payable	89	112	131	142	148	141
Interest Payable	1	1	1	1	1	1
Other Payables and Accrued Liabilities	122	127	117	116	116	115
Revolving Facility	–	–	–	–	–	–
1st Lien Term Loan	250	250	250	250	250	250
15% 2nd Lien PIK Notes	263	303	351	405	468	541
Capital Leases & Other [1]	14	10	3	2	2	2
Asset Reclamation and Selenium Obligation [1]	743	764	812	858	887	930
Workers' Compensation [1]	286	287	287	290	292	293
Post Retirement Healthcare [1]	91	88	86	84	82	81
Industry Wide Obligation [1,2]	36	33	30	27	25	22
Deferred Income Taxes	50	50	50	50	50	50
Other Non-Current Liabilities	19	7	5	5	5	5
Total Liabilities	**1,964**	**2,034**	**2,125**	**2,232**	**2,326**	**2,431**
Shareholders' Equity	**1,638**	**1,414**	**1,349**	**1,291**	**1,228**	**1,218**
Total Liabilities and Shareholders' Equity	**$3,602**	**$3,448**	**$3,474**	**$3,523**	**$3,554**	**$3,648**

Notes
(1) Includes both current and long-term portion.
(2) Combined Fund.

Projected Consolidated Statements of Cash Flows
(unaudited)
(in millions)

Cash Flow Statement
($ in millions)

	Forecast					
	2013	2014	2015	2016	2017	2018
CASH FLOW FROM OPERATING ACTIVITIES:						
Net income (loss)	$ (391)	$ (162)	$ (60)	$ (53)	$ (57)	$ (9)
Adjustments to Reconcile to Net Cash Provided by Operating Activities:						
Depreciation, depletion, and amortization	185	191	209	220	227	231
Non-Cash Interest	1	50	56	63	71	81
ARO amortization	(0)	(1)	(1)	1	1	1
Restructuring charge	(1)	–	–	–	–	–
Bankruptcy reorganization[1]	(9)	–	–	–	–	–
Net gain on disposal or exchange of assets	(24)	(10)	(25)	(5)	(5)	(5)
Income from equity affiliates	14	2	(0)	(0)	(1)	(1)
Distribution from equity affiliates	0	1	2	2	2	2
Stock-based compensation expense	6	–	–	–	–	–
Changes in Current Assets & Liabilities:						
Accounts receivable	(1)	(9)	(22)	(14)	(7)	4
Inventories	22	8	0	(3)	0	(0)
Other current assets	18	1	0	(0)	(0)	(0)
Accounts payable and accrued expenses[2]	(14)	–	–	–	–	–
Trade accounts payable	(5)	23	19	11	6	(7)
Interest payable	(0)	(0)	–	–	–	–
Other payables and accrued liabilities	10	5	(11)	(0)	(1)	(0)
Reclamation and remediation obligations	19	15	38	45	29	42
Workers' compensation obligations	7	0	0	2	2	1
Accrued postretirement benefit costs	26	(4)	(4)	(4)	(3)	(3)
Obligation to industry fund	(3)	(3)	(3)	(3)	(3)	(3)
Claims, Fees & Other	0	(60)	(3)	(3)	(3)	–
Cash Collateral	–	65	–	–	–	–
Other, net	(12)	(12)	(1)	(1)	(0)	(0)
Ch. 11 Operating Adjustments[3]	(3)	0	(0)	0	(0)	(0)
Net Cash Provided by (Used In) Operating Activities	**(155)**	**100**	**193**	**258**	**258**	**335**
CASH FLOW FROM INVESTING ACTIVITIES:						
Additions to property, plant, equipment and mine development	(94)	(106)	(170)	(192)	(181)	(147)
Adjustment for non-cash capitalized lease additions	3	–	–	–	–	–
Additions to advanced mining royalties	(12)	(10)	(10)	(9)	(7)	(7)
Investments and other assets	6	–	–	–	–	–
Proceeds from disposal or exchange of assets, net of receivable	8	10	20	3	3	3
Proceeds from sale of Guffey Reserves	16	–	–	–	–	–
Acquisition of Coventry Mining Services, LLC	(1)	–	–	–	–	–
Investment in joint ventures	(0)	–	–	–	–	–
Net Cash Provided By (Used In) Investing Activities	**(75)**	**(106)**	**(160)**	**(199)**	**(186)**	**(152)**
Free Cash Flow	**(230)**	**(6)**	**33**	**59**	**72**	**182**
CASH FLOW FROM FINANCING ACTIVITIES:						
Long-term debt payments	(125)	–	–	–	–	–
Rights Offering - 15% 2nd Lien PIK Notes	250	–	–	–	–	–
Capital Lease Payments	(7)	(5)	(7)	(1)	(0)	–
Equipment Note Payments	(0)	(0)	(0)	–	–	–
Other emergence costs	–	(35)	–	–	–	–
Proceeds from employee stock purchases	(0)	–	–	–	–	–
Proceeds from sale-leaseback	(2)	–	–	–	–	–
Upfront VEBA Funding	(10)	–	–	–	–	–
Arch Settlement Cash Contribution	5	–	–	–	–	–
Net Cash Provided By (Used In) Financing Activities	**110**	**(40)**	**(7)**	**(1)**	**(0)**	**–**
Cash at beginning of period	334	214	169	194	252	324
Cash generated (used)	(120)	(45)	26	58	72	182
Cash at end of period	**$ 214**	**$ 169**	**$ 194**	**$ 252**	**$ 324**	**$ 506**

Notes

(1) Includes write-off of debt discount, acquisition costs, contract rejections, AP settlements, and other.

(2) Broken into "Trade Accounts Payable" and "Other Payables and Accrued Liabilities" in forecasted periods.

(3) Anticipated financial impact.

Appendix D

Rights Offerings Term Sheet

SUMMARY OF PRINCIPAL TERMS OF PROPOSED RIGHTS OFFERINGS AND RELATED TRANSACTIONS

*This Summary of Principal Terms of Proposed Rights Offerings and Related Transactions and the schedules hereto (this "**Rights Offerings Term Sheet**") provides an outline of a proposed rights offering for Senior Secured Second Lien Notes (the "**Notes**", and the rights offering for the Notes, the "**Notes Rights Offering**") and a proposed rights offering for warrants ("the "**Warrants**") exercisable for new Class A common stock (the "**Class A Common Stock**") of the reorganized issuer identified below (the rights offering for the Warrants, the "**Warrants Rights Offering**", and together with the Notes Rights Offering, the "**Rights Offerings**") and related financing transactions in connection with and upon the emergence of the issuer and its affiliates (collectively, the "**Debtors**") from chapter 11 proceedings pursuant to a chapter 11 plan of reorganization for the Debtors (the "**Plan**"), as approved by Knighthead Capital Management, LLC solely on behalf of certain funds and accounts it manages and/or advises ("**Knighthead**" or the "**Investor**"). Knighthead reserves the right to identify other investors to join this term sheet and/or to assign its rights hereunder to one or more investors identified by it (a "**Co-Investor**" and together with the Investor, the "**Investors**").*

*This Rights Offerings Term Sheet provides that the United Mine Workers of America (the "**UMWA**") will receive cash, in the form of an initial and installment payments, to fund the voluntary employees' beneficiary association trust (the "**VEBA**") established by the UMWA during these chapter 11 proceedings to fund and administer certain retiree benefits.*

*This Rights Offerings Term Sheet shall serve as the basis for further negotiations regarding a definitive agreement (the "**Backstop Agreement**"), which Backstop Agreement shall be (i) signed by the Debtors, Knighthead and any Co-Investor, (ii) consented to by the Official Committee of Unsecured Creditors (the "**UCC**") and the UMWA and (iii) approved by the Bankruptcy Court no later than November 8, 2013. Subject to the conditions set forth herein and the execution of definitive documentation consistent with this Rights Offerings Term Sheet, each Party hereto hereby agrees to take all actions reasonably necessary to negotiate, document and consummate the transactions contemplated by this Rights Offerings Term Sheet, and the UCC and the UMWA agree to support the Backstop Agreement and the consummation of the transactions contemplated thereby, including supporting confirmation of the plan of reorganization contemplated by this Rights Offerings Term Sheet and the Backstop Agreement. If, by November 8, 2013, the Parties are unable to agree to a Backstop Agreement or the Backstop Agreement is not approved by the Bankruptcy Court, this Rights Offerings Term Sheet shall expire and be null and void, and each Party shall be relieved of any and all obligations to take any further action in connection with this Rights Offerings Term Sheet.*

The statements contained in this Rights Offerings Term Sheet and all discussions between and among the parties in connection therewith constitute privileged settlement communications entitled to protection under Rule 408 of the Federal Rules of Evidence and shall not be treated as an admission regarding the truth, accuracy or completeness of any fact or the applicability or strength of any legal theory.

Issuer: Patriot Coal Corporation (the "***Company***").

Offerings: Rights Offerings to the following parties:

Holders as of a specified record date of the Company's 8.25% Senior Notes due 2018 (the "***Senior Notes***") and (ii) holders as of a specified record date of the General Unsecured Claims (as defined below), in the proportion of 92.3% and 7.7%, respectively.

The parties eligible to participate in the Rights Offerings are collectively referred to herein as the "***Participants***." The specified record date shall be determined by the Company and the Investors, with the consent of the UCC (not to be unreasonably withheld or conditioned).

Each of the Rights Offerings will be effected by means of the issuance to "eligible holders" (as defined herein) and the Backstop Parties (as defined herein) of subscription rights to purchase the Company's new Notes (the "***Notes Rights***") and Warrants (the "***Warrants Rights***", and together with the Notes Rights, collectively, the "***Rights***"), as applicable. The aggregate subscription price for the Notes offered for purchase in the Notes Rights Offering (the "***Rights Offering Notes***") shall be $250.0 million. The aggregate subscription price for the Warrants offered for purchase in the Warrants Rights Offering (the "***Rights Offering Warrants***") shall be $25.00. The aggregate purchase price for the Rights Offering Notes and the Rights Offering Warrants shall be $250,000,025 (the "***Rights Offerings Amount***"). The Backstop Parties (as defined herein) shall be offered Rights to purchase up to 40% of the Rights Offering Notes and up to 40% of the Rights Offering Warrants for an aggregate combined subscription price of $100,000,010 (the "***Backstop Allocation***"), and any remaining Rights shall be allocated to the Participants in the proportions set forth in the first paragraph under this caption.

To the extent that any Rights allocated to the Participants are not exercised (such Rights, the "***Unsubscribed Rights***"), 60% of such Unsubscribed Rights shall be allocated to the Participants that have subscribed for additional Rights, in the proportions set forth in the first paragraph under this caption, and the remaining 40% of such Unsubscribed Rights shall be allocated to the Backstop Parties that have subscribed for additional Rights, with any remaining Rights offered to such parties in such proportions until all Unsubscribed Rights have been exercised.

To the extent the Backstop Parties must purchase Unsubscribed Rights, the Backstop Parties shall purchase such Rights in accordance with the allocation among the Backstop Parties set forth in the Backstop Agreement (the "***Backstop Party Allocation***"). Any "eligible holder" of Rights who elects to exercise such Rights must exercise its Notes Rights and its Warrant Rights together, and may not exercise one without exercising the other. Any "eligible holder" who is otherwise entitled to receive Rights in accordance with the terms of the Plan may designate an affiliate to receive such Rights and who may exercise such Notes Rights or Warrant Rights, so long as such affiliate is also an "eligible holder" (or

would be an "eligible holder" if such affiliate were a Holder) (each, an "***Eligible Affiliate***") in accordance with the designation and notice provisions set forth in the Plan; *provided*, *however*, that both the "eligible holder" and the Eligible Affiliate must exercise their applicable Notes Rights or Warrant Rights together, and neither the eligible holder nor the Eligible Affiliate may exercise their applicable Notes Rights or Warrant Rights without the other also exercising their applicable Notes Rights or Warrant Rights. Any participants in the Notes Rights Offering must also participate in the Warrants Rights Offering (and vice versa) by subscribing for and purchasing a proportionate share of the aggregate Notes Rights or Warrant Rights, as applicable, offered pursuant to the Rights Offerings.

The Notes shall have no voting rights. The Plan shall provide that the Notes issued to the Investors shall be issued to funds designated by them, provided that each such fund certifies that it is an eligible holder (or would be an "eligible holder" if such fund were a Holder).

The Warrants shall have no voting rights prior to their exercise for the Class A Common Stock underlying such Warrants. The Plan shall provide that the Class A Common Stock shall be entitled to a single vote per share on all matters on which the common stock is entitled to vote. The exercise price of the Warrants shall be as set forth in Schedule A hereto. Pursuant to and as directed by the terms of the Plan, the Warrants to be issued to the Investors will be issued to one or more Eligible Affiliates affiliated with each such Investor.

The Plan will provide for the designation and distribution of any voting securities to the Backstop Parties and their affiliates on the effective date of the Plan, as acceptable to the Backstop Parties.

Holders of the Senior Notes and the General Unsecured Claims, collectively, are referred to herein as the "***Holders***."

The Rights Offerings will be made only to "eligible holders" (i.e., Holders that certify their status as a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended (the "***Securities Act***") or an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6) or (7) under the Securities Act) pursuant to Section 4(2) of the Securities Act.

Common Stock:

The existing equity of the Company shall be cancelled on the effective date pursuant to the Plan. The common stock of the reorganized Company outstanding as of the effective date will be distributed in the proportion of 60%, 35% and 5%, to (i) holders as of a specified record date of the Senior Notes, (ii) the UMWA and (iii) holders as of a specified record date of the General Unsecured Claims, respectively, in each case, subject to dilution by shares of Class A Common Stock issuable in respect of the Warrants and in respect of the Management Incentive Packages (as defined below), *provided that* the Plan shall provide that the common stock issued in respect of claims to other than the Investors shall be Class A Common Stock and shall further require

that the shares of common stock otherwise issuable to the Investors in respect of their claims shall be issued directly to one or more voting trusts designated by the Plan (a "***Voting Trust***"); *provided further that* the common stock issued to such Voting Trust(s) shall be a separate class of supervoting Class B Common Stock (the "***Class B Common Stock***") entitled to 100 votes per share of such Class B Common Stock on matters on which the common stock is entitled to vote.

The shares of common stock issued to the holders of the Senior Notes and of the General Unsecured Claims shall be issued in respect of their claims. The Plan shall provide that the holders of the Senior Notes may elect to cause such shares to be issued to a Voting Trust, which Common Stock shall be Class B Common Stock in lieu of Class A Common Stock otherwise issuable in respect of claims. The shares of Class A Common Stock issued to the UMWA will be issued pursuant to an exemption to the registration requirements of the Securities Act, subject to its certification that it is an eligible holder (or would be an "eligible holder" if it were a Holder).

The Plan will have a convenience class in the aggregate amount of $3 million to pay in cash certain claims not to exceed certain dollar thresholds as the Backstop Parties and the Debtors shall mutually agree in consultation with the UCC; *provided* that such thresholds shall be set at an amount necessary to permit the Reorganized Debtors (as defined in the Plan) to not be a '34 Act reporting company under applicable law or have to be registered on any public exchange as of the effective date of the Plan; and *provided further* that an appropriate percentage of the convenience class, as the Backstop Parties and Debtors shall mutually agree in consultation with the UCC, will be reserved for general unsecured claims that are contingent, unliquidated and/or disputed as of the effective date of the Plan.

The closing of the Rights Offerings shall occur on the effective date of the Plan.

Voting Trust:

The Plan shall establish and mandate that the trust formation and governing documents provide:

(1) the duty of the trustee shall be to vote the shares of Class B Common Stock held in trust so as to maximize the enterprise value of the Company for the benefit of all economic stakeholders;

(2) the trustee shall be appointed permanently, subject to customary successor provisions (*e.g.*, not removable by any of the Investors);

(3) the beneficiary of the trust shall be one or more parties to be determined, *provided that*, none of the Investors may be a direct or indirect beneficiary of the trust; *provided further that* the UMWA will be the beneficiary of the economic value of any shares of Class B Common Stock issued to the Voting Trust on the effective date of the Plan in

respect of any claims held by Knighthead, and

(4) other customary voting trust provisions.

Warrants: The Warrants shall have the terms set forth in Schedule A hereto.

Backstop Parties: One or more funds, accounts or entities managed and/or advised by Knighthead and each other Co-Investor (if any).

The foregoing parties are referred to herein as the "***Backstop Parties***." Each of the Backstop Parties shall be a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act or an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6) or (7) under the Securities Act.

Transferability of Rights: The Rights are generally not transferable, other than to Eligible Affiliates or as otherwise provided to the Backstop Parties.

Backstop Commitment: The Backstop Parties will, pursuant to an agreement to be entered into between the Company and the Backstop Parties, and consented to by the UCC and the UMWA, containing the terms and conditions set forth in this Rights Offerings Term Sheet and other customary terms (the "***Backstop Agreement***"), backstop the Rights Offerings, with respect to the Investor, on a joint and several basis, and, with respect to the other Backstop Parties, on a several but not joint and several basis, by purchasing, on a pro rata basis based on the Backstop Party Allocation, from the Company simultaneously with the closing of the Rights Offerings, at the applicable subscription price, all of the Rights Offering Notes and Rights Offering Warrants that are not purchased by the Holders in the Rights Offerings up to an aggregate subscription price of $250,000,025 (the "***Backstop Commitment***").

In consideration for its Backstop Commitment, the Backstop Parties will receive, on the effective date of the Plan, a backstop fee (the "***Backstop Fee***"), in an amount equal to 5% of the Rights Offerings Amount, payable to each Investor in the form of additional Notes and additional Warrants in an aggregate combined principal amount equal to such Investor's portion of the Backstop Fee (which portion shall be determined based on such Investor's allocated portion of the Backstop Commitment); *provided* that no Investor who has failed to comply with its obligations under the Backstop Agreement in any material respect shall be paid its portion of the Backstop Fee (and such portion shall not be payable to any other Backstop Party).

The Backstop Agreement will provide for typical plan support provisions applicable to the Backstop Parties, the UCC and the UMWA.

In the event the Debtors enter into or seek court authority to enter into a transaction, or series of transactions, whether pursuant to a plan of reorganization, liquidation or otherwise, or merger, consolidation or combination or any other disposition of all or substantially all of the

assets of or equity, capital stock or ownership interests in the Company and its subsidiaries, with or sponsored by any entity other than the Backstop Parties (an "***Alternative Transaction***"), the Company shall pay to the Backstop Parties a fee of $10.0 million in cash (the "***Breakup Fee***"); *provided, however*, that the Breakup Fee shall not be payable in the event that the Rights Offerings are not consummated due to (i) the termination of the Backstop Agreement by the Backstop Parties as a result of the failure of one or more conditions precedent to the Backstop Parties' obligations thereunder to be satisfied or waived by the Backstop Parties or (ii) the termination of the Backstop Agreement following any uncured breach of the Backstop Agreement by one or more Backstop Parties, in each case, other than due to a breach of the no-shop provision of the Backstop Agreement by the Company or the other Debtors.

The Backstop Agreement shall provide that the Debtors' obligations to pay the Backstop Fee and the Breakup Fee shall constitute superpriority administrative expense claims against the Debtors junior only to the superpriority administrative expense claims granted pursuant to the Debtors' debtor-in-possession financings.

Without derogating from the Backstop Commitment, the Backstop Parties may direct the Company to issue a portion of the Rights Offering Notes and the Rights Offering Warrants that is not purchased by the Holders to one or more third parties who are "eligible holders" (or would be eligible holders if they were Holders) approved by the Backstop Parties ("***Backstop Participants***").

Use of Proceeds: Net proceeds from the sale of the Rights Offering Notes and the Rights Offering Warrants, along with the Company's unrestricted cash and borrowing under its First Lien Exit Facilities (as defined herein), shall be used to (1) repay the Company's existing debtor-in-possession financing facilities, (2) provide cash for general corporate purposes, (3) fund $3.75 million of cash for the non-union retiree VEBA, (4) fund ongoing obligations under the UMWA 1974 Pension Plan and Trust (the "***1974 Pension Plan***") and (5) pay certain fees and expenses.

Registration Rights: On the effective date of the Plan, the Company shall enter into a registration rights agreement with the Backstop Parties that will provide, among other things, that from and after the earlier of the first anniversary of the effective date and the Company's first public offering of its securities, any one or more Backstop Parties (or their affiliates) who in the aggregate hold at least 10% of the Class A Common Stock on a fully-diluted basis shall have the right to request (i) up to three long-form demand registrations (i.e., on Form S-1) and (ii) an unlimited number of short-form demand registrations (i.e., after the Company is eligible to use Form S-3) with respect to such holder's Class A Common Stock (including Class A Common Stock underlying any warrants) and its warrants, subject to standard underwriter cutbacks and other customary limitations. The Backstop Parties shall also have the right to request piggyback registration rights (i.e., if the Company is pursuing a registration apart from a registration requested from the Backstop

Parties), which is also subject to customary cutbacks and other limitations.

At any time after the date the Company is S-3 eligible, any of the Backstop Parties may request the Company file a shelf registration statement with respect to such holder's Class A Common Stock (including Class A Common Stock underlying any warrants) and its warrants, which shelf registration may include underwritten offerings of such securities. The Company will use its commercially reasonable efforts to keep such shelf registration statement continuously effective until the earlier of two years following its initial effectiveness or the date at which all securities registered thereunder have been sold or are eligible to be freely sold without restriction by the holders thereof.

In any demand, piggyback or shelf registration, the Company shall provide notice and opportunity for other holders of registrable securities to participate in such registration. The Company shall be permitted to delay the filing of or suspend the effectiveness of any demand or shelf registration (or the use of the related prospectus) during specified periods (not to exceed 90 days in the aggregate in any 12 month period and no such suspension shall be longer than 30 consecutive days during such 12 month period) in certain circumstances, including circumstances relating to pending corporate developments.

The Company is required to pay all fees and expenses incurred in connection with the registrations, except for any underwriting discounts or commissions or transfer taxes relating to the transfer of securities by any persons other than the Company.

Each of the Backstop Parties shall agree to comply with any lock-up restrictions that may be reasonably requested by the managing underwriters of an underwritten offering which are also applicable to other holders, regardless of whether such person's securities are included in such registration.

Each of the Company and the Backstop Parties shall agree to customary cross-indemnification and contribution arrangements.

Class A Common Stock and warrants shall not be considered "registrable securities" for purposes of the registration rights agreement if such securities may be transferred freely (without complying with volume, manner of sale or current public information requirements) by the holder thereof under Rule 144 under the Securities Act.

First Lien Exit Facilities: On the effective date of the Plan, the Company shall enter into agreements governing first lien exit facilities (the "***First Lien Exit Facilities***") providing for: (1) no more than a $250.0 million first lien term loan facility, (2) a $200.0 million first lien letter of credit facility, none of which letters of credit shall be cash collateralized as of the effective date of the Plan, or such other replacement letter of credit facility in such aggregate amount as may be necessary to fully satisfy the Debtors'

postpetition letter of credit financing obligations, and (3) a first lien revolving facility with commitments of $125.0 million that shall be fully available (subject to a borrowing base) at the Company's exit, the terms of which agreements are reasonably satisfactory to the Backstop Parties, *provided* that the material financial terms thereof, including, without limitation, the coupon rate, the amount of any original issue discount or the maturity, shall be satisfactory to the Backstop Parties in their sole discretion.

VEBA Funding:

In addition to the 35% of the Class A Common Stock that will be held by the UMWA on the effective date of the Plan, the Company and the subsidiaries of the Company that are signatories to collective bargaining agreements with the UMWA shall enter into a binding agreement with the UMWA to fund the VEBA with (i) the cash payment to be received by the Company from Peabody for the VEBA on the later of (x) January 2, 2014 or the next business day thereafter if not a business day or (y) the first business day that is seven business days after the effective date of the Plan, as contemplated by the settlement with Peabody, plus $10 million in cash on the effective date of the Plan, (ii) an additional cash payment of $5 million at the end of the first quarter of 2014, (iii) $15 million in cash as of the anniversary of the effective date of the Plan falling in 2015, payable semi-annually in equal portions during such anniversary year, (iv) $20 million in cash as of the anniversary of the effective date of the Plan falling in 2016, payable semi-annually in equal portions during such anniversary year, (v) $25 million in cash as of the anniversary of the effective date of the Plan falling in 2017, payable semi-annually in equal portions during such anniversary year (each such semi-annual payment date in clauses (iii) through (v), a "***Semi-Annual Payment Date***"), *provided*, *however*, that the obligation of the Company and such subsidiaries to fund the cash payments on each of the Semi-Annual Payment Dates shall be subject to the occurrence of each of the following conditions:

1) the Company having a minimum trailing twelve (12) month EBITDA (defined as GAAP net income plus interest, taxes, depreciation, amortization and any non-recurring non-cash items) of $200.0 million, calculated as of March 31 and September 30, as the case may be, immediately preceding a Semi-Annual Payment Date; and

2) the Company having unrestricted cash in an amount no less than $75.0 million (net of any outstanding revolver borrowings), tested as of the date immediately prior to the respective Semi-Annual Payment Date and calculated without giving effect to such semi-annual cash payment;

provided, *further*, that each semi-annual cash payment made on any Semi-Annual Payment Date will be reduced dollar for dollar by the Profit Sharing Payments made by the Company and its subsidiaries during the 12-month period ending on the March 31 or September 30 immediately preceding such Semi-Annual Payment Date.

Additionally, the Company and each of its subsidiaries that is a signatory to collective bargaining agreements with the UMWA shall contribute the following to the VEBA:

1) to the extent that in any calendar period the Company's liquidity exceeds the greater of $125 million or 125% of the then applicable minimum liquidity requirements in the debt covenants contained in the First Lien Exit Facilities (after taking the amount of any such payment into account), 15 percent of net income over $75 million for 2014 and 2015, and 15 percent of net income over $150 million for 2016 and beyond, subject to an annual cap of $75 million and a lifetime cap of $300 million ("***Profit Sharing Payments***"); and

2) a per-ton royalty payments on all tons produced from all mining complexes owned or operated by the Company or any of its subsidiaries as of the effective date of the Company's approved plan of reorganization of (a) $0.20 per ton on annual production up to the levels set forth in the Company's October 2012 five-year business plan and (b) $1.00 per ton on production in excess of the levels set forth in the Company's October 2012 five-year business plan.

Management Incentive Packages: TBD

Corporate Governance: On the effective date of the Plan, the board of directors of the Company (the "***Post-Effective Date Board***") shall initially consist of seven (7) directors, designated as set forth in the Plan; *provided* that the chief executive officer of the Company shall (i) be a director and (ii) consult in the appointment of the other directors.

Consistent with an issuer whose equity securities are listed on a national securities exchange, the Company shall be subject to the corporate governance rules of such exchange (which rules are subject to certain exceptions such as in the case of a controlled company), including that (1) a majority of directors are determined by the Post-Effective Date Board to be independent directors and (2) the Post-Effective Date Board shall have authorized and formed any required committees, such as the audit committee, nominating/corporate governance committee and compensation committee.

Stockholders Agreement: The Company shall enter into a stockholders agreement on the effective date of the Plan with the Backstop Parties and certain other holders of Class A Common Stock or Warrants whose number of shares of Class A Common Stock plus the number of shares of Class A Common Stock into which their Warrants could be exercised for would, in the aggregate, be equal to or greater than 5% of the total number of outstanding shares of Class A Common Stock (calculated on a fully-diluted basis), that will provide for, among other things, consent rights of one or more of the

parties prior to any issuance by the Company of common stock, or securities convertible into common stock, at less than fair-market value at the time of such issuance (except in the case of the issuance of securities convertible into common stock, restricted stock or other derivative instruments as (i) equity compensation for management or (ii) consideration in any acquisition, merger or other similar transaction by the Company for which stockholder approval would not be required under applicable listing rules of the New York Stock Exchange if the Company were a public company listed on the New York Stock Exchange).

The stockholders agreement shall provide that the Backstop Parties are making a passive investment into reorganized Patriot and shall not be actively involved in the management and operation of reorganized Patriot.

Conditions Precedent to the Closing:

The obligation of the Backstop Parties to participate in the Rights Offerings and to purchase the Rights Offering Notes and the Rights Offering Warrants in the Backstop Commitment will be conditioned upon satisfaction of the following terms and conditions on or prior to the effective date of the Plan:

- Upon the effective date of the Plan (following satisfaction of all administrative claims and bankruptcy costs and expenses) immediately following the consummation of the Rights Offerings, the Company's unrestricted cash balance shall not be less than $175.0 million (which shall include the $15 million dollar cash collateral posted by the Company in respect of federal black lung benefits even if not yet released by the Department of Labor), net of any amount in respect of the Expense Reimbursement, assuming, on a pro forma basis, no borrowings under the First Lien Exit Facilities' revolving facility, and its working capital accounts shall have been managed in a manner generally consistent with past practice;

- The Debtors shall have entered into a settlement agreement with Peabody Holding Company, LLC and certain of its affiliates (collectively, "***Peabody***") under the terms and conditions substantially as set forth in the term sheet executed by the Debtors and Peabody on October 4, 2013, and which settlement agreement shall have become effective substantially in accordance with its terms on the effective date of the Plan;

- The Debtors shall have entered into a settlement agreement with Arch Coal, Inc. and its subsidiaries and affiliates (collectively, "***Arch***") under the terms and conditions substantially as set forth in the term sheet executed by the Debtors and Arch on October 4, 2013, and which settlement agreement shall have become effective substantially in accordance with its terms on the effective date of the Plan;

- The Company and the UMWA shall have executed a final and binding amended version of the VEBA Funding Agreement to reflect the terms set forth in this Rights Offerings Term Sheet with respect to funding

the VEBA, and, provided that the funding payable to the VEBA on the Effective Date is made as set forth herein, the UMWA shall have waived any rights or ability to terminate the amended VEBA Funding Agreement, the Collective Bargaining Agreements, and all related agreements, including, but not limited to, the Memorandum of Understanding, that were ratified by the UMWA on August 16, 2013, and approved by the Bankruptcy Court on August 22, 2013 Docket No. 4511, on the basis that the Initial Investor Payment (as defined in the amended VEBA Funding Agreement) was not received;

- The VEBA shall have been funded with the amount contemplated by this Rights Offerings Term Sheet to be funded on the effective date of the Plan;

- The Company shall have entered into definitive documentation for the First Lien Exit Facilities on or before the effective date of the Plan, consistent with this Rights Offerings Term Sheet and otherwise in form and substance reasonably satisfactory to the Backstop Parties, *provided* that the material financial terms thereof, including, without limitation, the coupon rate, the amount of any original issue discount or the maturity, shall be satisfactory to the Backstop Parties in their sole discretion;

- The Company shall have executed employment contracts with key employees identified by the Company to the reasonable satisfaction of the Backstop Parties;

- The certificate of incorporation, bylaws, and other corporate governance documents of Company that will be in effect after the effective date of the Plan (the "***Postconfirmation Organizational Documents***") which shall provide to the Backstop Parties pre-emptive rights in the event the Company issues or proposes to issue any equity securities and shall otherwise be in form and substance acceptable to the Backstop Parties;

- The Registration Rights Agreement shall be in form and substance consistent with this Rights Offerings Term Sheet and reasonably acceptable to the Backstop Parties;

- Except as otherwise provided, the Plan, the disclosure statement that will accompany the Plan, the confirmation order and any material documents, including, without limitation, the amended VEBA Funding Agreement (collectively, the "***Plan Documents***"), shall be in form and substance needed to effectuate the Plan and the Rights Offerings and the transactions contemplated thereby and shall otherwise be in form and substance reasonably acceptable to the Backstop Parties;

- The Plan shall provide that voting securities to be received by the Backstop Parties on account of their claims and/or upon exercise of their Rights shall be distributed by the Company on the effective date

to entities designated by the Backstop Parties;

- All motions and other documents to be filed with the United States Bankruptcy Court for the Eastern District of Missouri (the "***Bankruptcy Court***") in connection with the Rights Offerings, and payment of the fees contemplated under the Plan, the Backstop Agreement and certain offerings procedures to be attached to the Plan (the "***Offerings Procedures***") shall be in form and substance needed to effectuate the Plan and the Rights Offerings and the transactions contemplated thereby and shall otherwise be in form and substance reasonably acceptable to the Backstop Parties;

- The Backstop Agreement, executed by the Debtors, Knighthead and any Co-Investor, and consented to by the UMWA and the UCC, shall have been approved by the Bankruptcy Court by November 8, 2013, and shall not have terminated;

- All reasonable and documented out-of-pocket fees and expenses of (i) Kirkland & Ellis LLP and (ii) in the event the Debtors and the Backstop Parties agree that the Backstop Parties require a financial advisor in connection with litigation regarding the Plan and the Rights Offerings and the transactions contemplated thereby, one financial advisor in an amount to be agreed between the Debtors and the Backstop Parties, either shall have been paid or the Company shall be prepared to pay such expenses upon the closing of the Rights Offerings;

- since the date of this Rights Offerings Term Sheet, there shall not have been any change, conditions, development or event that, individually or in the aggregate, has had or could reasonably be expected to have a material adverse change in, or a material adverse effect on, the operations, business, assets, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Company and its subsidiaries or the industry in which it operates (a "***Material Adverse Change***"); provided that "Material Adverse Change" shall not include any such change, condition, development or event arising out of or resulting from (a) conditions or effects that generally affect persons operating in the industries and markets in which the Company and its subsidiaries operate, (b) general economic conditions in the U.S, or globally, (c) national or international political or social conditions, including the engagement by the U.S. in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the U.S. or any of its territories, possessions or personnel, or (d) financial, banking, securities, credit or commodities markets, prevailing interest rates or general capital markets conditions in the U.S. or globally; except in each of clauses (a), (b), (c) and (d) above, if the Company and its subsidiaries, taken as a whole, are disproportionately affected thereby relative to other persons engaged in the industry in which they operate;

- The Plan shall have become, or simultaneously with the issuance of the Rights Offering Notes and the Rights Offering Warrants will become, effective;

- The additional Notes and Warrants in respect of the Backstop Fee will be issued simultaneously with the Rights Offering Notes and the Rights Offering Warrants; and

- The Management Incentive Packages have been, or will be, issued concurrently with the issuance of the Rights Offering Notes and the Rights Offering Warrants.

Termination of Backstop Commitment:

Prior to the effective date of the Plan, the commitment of the Backstop Parties to purchase the Rights Offering Notes and the Rights Offering Warrants set forth in the Backstop Agreement shall terminate and all of the obligations of the Debtors (other than the obligations of the Debtors to (i) pay the Breakup Fee, if applicable, (ii) pay the reimbursable fees and expenses, and (iii) satisfy their indemnification obligations, in each case, as and to the extent set forth in the Backstop Agreement), shall be of no further force or effect, upon the giving of written notice of termination by the Backstop Parties, in the event that any of the items set forth below, among others, occurs, each of which may be waived in writing by the Backstop Parties:

- since the date of this Rights Offerings Term Sheet, there shall have been a Material Adverse Change;

- the Bankruptcy Court shall not have entered an order approving the Backstop Agreement, including the Breakup Fee, the Backstop Fee and the Expense Reimbursement (as defined below) on or prior to November 8, 2013;

- the Bankruptcy Court enters an order confirming a plan of reorganization other than the Plan;

- the Company shall have failed to comply with all or any of its obligations or covenants set forth herein or in the Backstop Agreement in any material respect or it shall be reasonably apparent that it shall be unable to satisfy each of the conditions to closing on or before the effective date of the Plan and such failure or inability remains uncured or continues for a period of 10 Business Days following delivery of written notice thereof to the Company by the Backstop Parties;

- the Company shall have breached any of the representations and warranties made or deemed made in any material respect; or

- the effective date of the Plan shall not have occurred by December 31, 2013.

Expenses:

Whether or not the transactions contemplated hereunder or the Backstop Agreement are consummated, the Debtors shall pay the reasonable and documented out-of-pocket fees and expenses of (i) Kirkland & Ellis LLP incurred on or after the date of the execution of this Rights Offerings Term Sheet relating to the preparation, negotiation and execution of the Backstop Agreement, the Plan, the Offerings Procedures, this Rights Offerings Term Sheet, the Plan documents or the Postconfirmation Organizational Documents (including, without limitation, in connection with the successful enforcement of any of rights and remedies under such documents) and, in each of the foregoing cases, the proposed documentation and the transactions contemplated thereunder and (ii) in the event the Debtors and the Backstop Parties agree that the Backstop Parties require a financial advisor in connection with litigation regarding the Plan and the Rights Offerings and the transactions contemplated thereby, one financial advisor in an amount to be agreed between the Debtors and the Backstop Parties (the "***Expense Reimbursement***").

Fiduciary Out:

The Backstop Agreement will contain a no-shop provision for each of the parties to the Backstop Agreement, that shall include the requirement that the parties to the Backstop Agreement and their advisors and representatives will not, directly or indirectly, take any action to solicit, initiate, encourage or assist the submission of, or enter into any discussions, negotiations or agreements regarding, any proposal, negotiation or offer relating to an Alternative Transaction; *provided, however,* that if the Company receives, after the execution date of the Backstop Agreement, a bona fide unsolicited Alternative Transaction proposal, and the Debtors' board of directors (the "***Board***") reasonably determines in its good faith judgment that:

(i) such Alternative Transaction provides a higher and better economic recovery to the Debtors' estates than that proposed in the Rights Offerings Term Sheet;

(ii) the Board's fiduciary obligations require it to direct the Company to accept such Alternative Transaction proposal (but subject to compliance with paragraphs (A) and (B) below);

(iii) such Alternative Transaction is from a proponent that the Board has reasonably determined is capable to consummate such Alternative Transaction;

then the Board may terminate the Backstop Agreement, *provided*,

(A) the Company has been in compliance with its no-shop obligations under the Backstop Agreement through the time of such proposed termination (including notifying the Backstop Parties in writing of such Alternative Transaction prior to any discussions (other than accepting an initial inbound communication) regarding such Alternative Transaction taking place); and

(B) the Company gives the Backstop Parties at least five (5) business days'

written notice (accompanied by the proposal and any materials supporting such Alternative Transaction) and negotiates in good faith with and provides the Backstop Parties an opportunity to propose a revised transaction, before the earliest to occur of

(x) the Company exercising any permitted termination right in accordance with the Backstop Agreement,

(y) the Company entering into such Alternative Transaction, and

(z) the Company filing a motion with the Bankruptcy Court seeking approval of such Alternative Transaction,

provided, *further*, the Company shall pay to the Backstop Parties the Breakup Fee.

The UCC will be permitted to exercise a fiduciary out substantially consistent with the terms of the Company's fiduciary out.

In addition, in the event that the Company or the UCC receives a bona fide unsolicited Alterative Transaction proposal that it reasonably believes could be expected to lead to an Alternative Transaction proposal that would permit it to terminate the Backstop Agreement in accordance with the above, then notwithstanding the above restrictions, the Company and its representatives, or the UCC and its representatives, as applicable, shall be permitted to engage in negotiations or discussions with the party making such Alternative Transaction proposal, and, with respect to the Company, to furnish non-public information relating to the Company and its subsidiaries to such party (so long as such information has already been provided or is provided contemporaneously to the Backstop Parties), in each case, following a good faith determination by the Board or the UCC, as applicable,that the failure to take such action could be inconsistent with its fiduciary obligations.

IN WITNESS WHEREOF, each of the parties set forth below has caused this Rights Offerings Term Sheet to be executed and delivered as of the last date set forth below.

Patriot Coal Corporation, on behalf of itself
and its affiliated debtors and debtors-in-possession

By: Bennett K. Hatfield
Name: Bennett K. Hatfield
Title: President and CEO
Date: October 9, 2013

Knighthead Capital Management, LLC, solely on behalf of certain funds and accounts it manages and/or advises

By: _____
Name:
Title:
Date:

Consented to by:

The Official Committee of Unsecured Creditors

By: _____
Name:
Title:
Date:

and

The United Mine Workers of America

By: _____
Name:
Title:
Date:

IN WITNESS WHEREOF, each of the parties set forth below has caused this Rights Offerings Term Sheet to be executed and delivered as of the last date set forth below.

Patriot Coal Corporation, on behalf of itself
and its affiliated debtors and debtors-in-possession

By:_____
Name:
Title:
Date:

Knighthead Capital Management, LLC, solely on behalf of certain funds and accounts it manages and/or advises

By: _____
Name: THOMAS A. WAGNER
Title: MANAGING MEMBER
Date: OCTOBER 8, 2013

Consented to by:

The Official Committee of Unsecured Creditors

By: _____
Name:
Title:
Date:

and

The United Mine Workers of America

By: _____
Name:
Title:
Date:

IN WITNESS WHEREOF, each of the parties set forth below has caused this Rights Offerings Term Sheet to be executed and delivered as of the last date set forth below.

Patriot Coal Corporation, on behalf of itself
and its affiliated debtors and debtors-in-possession

By:_____
Name:
Title:
Date:

Knighthead Capital Management, LLC, solely on behalf of certain funds and accounts it manages and/or advises

By: _____
Name:
Title:
Date:

Consented to by:

The Official Committee of Unsecured Creditors

By: _____
Name: Adam C. Rogoff
Title: Kramer Levin Naftalis & Frankel LLP
Date: Counsel to The Official Committee of Unsecured Creditors
October 9, 2013

and

The United Mine Workers of America

By: _____
Name:
Title:
Date:

IN WITNESS WHEREOF, each of the parties set forth below has caused this Rights Offerings Term Sheet to be executed and delivered as of the last date set forth below.

Patriot Coal Corporation, on behalf of itself
and its affiliated debtors and debtors-in-possession

By:_____
Name:
Title:
Date:

Knighthead Capital Management, LLC, solely on behalf of certain funds and accounts it manages and/or advises

By: _____
Name:
Title:
Date:

Consented to by:

The Official Committee of Unsecured Creditors

By: _____
Name:
Title:
Date:

and

The United Mine Workers of America

By: _____
Name: Grant Kendall
Title: General Counsel
Date: 10/8/13

Schedule A

TERMS OF WARRANTS

Recipients:	Participants in Warrants Rights Offering.
Warrants Issued:	The Warrants will be issued in a single series. Each Warrant will entitle the holder to purchase one share of Class A Common Stock. In the aggregate, the Warrants will entitle the holders to purchase shares of Class A Common Stock representing 95% of the Company's common stock that would be outstanding as of the Issue Date (as defined below), subject to dilution by the Management Incentive Packages.
Issue Date:	The effective date of the Plan (the "***Issue Date***").
Exercise Price:	The per share exercise price for the Warrants will be $0.01. The Warrants may be exercised on a cashless basis (effected by the custodian institution that holds the Warrants for the benefit of the beneficial owners) such that the Company receives the exercise price of such Warrants in cash; *provided* that no fractional shares shall be issued.
Exercise:	The Warrants will be immediately exercisable upon issuance and not subject to any vesting conditions.
Expiration Date:	The Warrants will expire on the tenth anniversary of the Issue Date.
Anti-Dilution Adjustments:	The number of shares of Class A Common Stock purchasable upon exercise of Warrants and the exercise price, as applicable, will, subject to certain exceptions, be subject to customary anti-dilution adjustments with respect to future issuances of equity securities at prices below the then current market value of the common stock.
Transferability:	Subject to applicable securities laws and customary exceptions approved by the Investors, the Warrants will be freely transferable by the holder thereof.
Trading:	The Warrants will be issued pursuant to an exemption from the registration requirements of the Securities Act, and the Warrants and the Class A Common Stock that may be purchased on exercise thereof will constitute restricted securities under the Securities Act and will be subject to certain transfer restrictions thereunder. See "Registration Rights." The Company does not intend to list the Warrants on any national securities exchange or automated quotation system.

EXHIBIT A

SUMMARY OF TERMS OF SENIOR SECURED SECOND LIEN NOTES

Issuer:	Patriot Coal Corporation (the "***Company***").
Securities Offered:	Senior secured second lien notes (the "***Notes***") and the guarantees of the Notes by the Guarantors (as defined below).
Principal Amount:	The Notes Rights Offering at an aggregate subscription price of $250.0 million.
Issue Date:	The date of emergence under the Plan (the "***Issue Date***").
Maturity:	Tenth anniversary of the Issue Date.
Interest Rate and Payment Dates:	Interest shall accrue at a rate of 15% per annum, payable either in cash or by increasing the principal amount of the Notes or by issuing additional Notes, semi-annually in arrears on dates to be determined by the Company and the Investors.
Guarantees:	The Notes will be fully guaranteed, jointly and severally, subject to certain customary limitations by each of the Company's existing and future direct and indirect domestic subsidiaries that guarantee the First Lien Exit Facilities (as defined below) (the "***Guarantors***").
Collateral:	The Notes and the guarantees of the Notes will be secured by a second lien (the "***Collateral***") on substantially all property and assets owned by the Company and the Guarantors, granted to the agents under the Company's first lien exit facilities (the "***First Lien Exit Facilities***"). These liens will be junior in priority only to those liens on the Collateral securing the First Lien Exit Facilities (and permitted replacements thereof) and to other customary permitted liens, including, without limitation, liens securing certain hedging obligations and certain cash management obligations. The relative priorities of the First Lien Exit Facilities in the Collateral shall be agreed among the lenders under the First Lien Exit Facilities.
Intercreditor Agreement:	The trustee and the collateral agent under the indenture governing the Notes (the "***Indenture***") and the collateral agents under the First Lien Exit Facilities will enter into an intercreditor agreement as to the relative priorities of their respective security interests in the Company's and the Guarantor's assets securing the Notes, obligations under the First Lien Exit Facilities and certain other matters relating to the administration of security interests.
Ranking:	The Notes and the guarantees of the Notes will be second lien senior secured obligations of the Company and the Guarantors and will:

- rank equally in right of payment to all of the Company's and the Guarantors' existing and future senior indebtedness;
- rank senior in right of payment to all of the Company's and the Guarantors' existing and future indebtedness and other obligations that expressly provide for their subordination to the Notes and the guarantees;
- be effectively senior to all of the Company's and the Guarantors' existing and future unsecured indebtedness to the extent of the value of the Collateral securing the Notes, after giving effect to first priority liens under the First Lien Exit Facilities on the collateral and permitted liens; and
- be effectively junior to the Company's and the Guarantors' indebtedness that is either (i) secured by priority liens on the collateral under the First Lien Exit Facilities, or (ii) secured by assets that are not part of the collateral that is securing the Notes to the extent of the value of such assets.

Optional Redemption:	The Notes shall not be redeemable at the option of the Company.
Repurchase Upon Fundamental Change:	When a fundamental change, such as a change in control, sale of all or substantially all of the Company's assets or its liquidation occurs, or upon the Company's public offering of its common stock, the holders of the Notes shall have the right to require the Company to repurchase their Notes at the percentage of the aggregate principal amount of Notes to be repurchased for the periods shown in Schedule A hereto, plus accrued and unpaid interest, if any, to the date of repurchase.
Asset Sales:	The Indenture shall provide covenants limiting asset sales by the Company and its subsidiaries, by providing, among other things, that the Company or its subsidiaries must, subject to certain exceptions to be agreed, receive fair market value in any asset sale, the net proceeds of such asset sale must, subject to certain exceptions to be agreed, be used to reinvest in mining assets used in its business or, subject to any requirement to repay the First Lien Exit Facilities contained therein, to repay the Notes, and that the Company must make a repurchase offer to all holders of the Notes on a *pro rata* basis at a price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to the date of repurchase within 180 days of such asset sale with any excess proceeds of such asset sale.
Restricted Payments:	The Indenture will contain covenants limiting the Company's ability to pay dividends or make certain other restricted payments or investments, with permitted exceptions to include that the Company may declare and pay dividends or make other distributions in respect of its capital stock only if the Company is in compliance with certain financial leverage ratios.
Events of Default:	Usual and customary.

Certain Other Covenants:	The Indenture will contain covenants limiting the Company's and its subsidiaries ability to: • incur additional indebtedness and issue disqualified stock; • create liens on assets; • merge, consolidate, or sell all or substantially all of the Company's and its subsidiaries' assets; • enter into certain transactions with affiliates; • create restrictions on dividends or other payments by the Company's subsidiaries; and • create guarantees of indebtedness by restricted subsidiaries, in each case subject to customary limitations and exceptions.
Registration Rights:	The Company will use commercially reasonable efforts to register the Notes under the Securities Act by a date to be determined by the Company and the Investors.
Form of Notes:	The Notes shall be DTC-eligible as of the Issue Date.
Trading:	The Notes will be issued pursuant to an exemption from the registration requirements of the Securities Act, and the Notes will constitute restricted securities under the Securities Act and will be subject to certain transfer restrictions thereunder. The Company does not intend to list the Notes on any national securities exchange or automated quotation system.
Governing Law:	New York.

Schedule A

For the first twenty semi-annual periods following the Issue Date:

Repurchase Period	**Percentage**
Semi-annual period 1	315%
Semi-annual period 2	298%
Semi-annual period 3	281%
Semi-annual period 4	265%
Semi-annual period 5	251%
Semi-annual period 6	237%
Semi-annual period 7	223%
Semi-annual period 8	211%
Semi-annual period 9	199%
Semi-annual period 10	188%
Semi-annual period 11	178%
Semi-annual period 12	168%
Semi-annual period 13	158%
Semi-annual period 14	149%
Semi-annual period 15	141%
Semi-annual period 16	133%
Semi-annual period 17	126%
Semi-annual period 18	119%
Semi-annual period 19	112%
Semi-annual period 20	106%

Appendix E

Peabody Settlement Agreement

SETTLEMENT AGREEMENT

This Settlement Agreement (this "Settlement Agreement") is entered into as of October 24, 2013 (the "Execution Date"), by and among (i) Patriot Coal Corporation ("Patriot Corp."), a Delaware corporation, and its Affiliates (collectively, "Patriot"), including those that are debtors and debtors-in-possession (collectively with Patriot Corp., the "Debtors") in the jointly administered chapter 11 cases captioned *In re Patriot Coal Corporation, et al.*, Case No. 12-51502-659 (Bankr. E.D. Mo.) (the "Chapter 11 Cases") pending in the United States Bankruptcy Court for the Eastern District of Missouri (the "Bankruptcy Court"); (ii) Peabody Energy Corporation ("PEC"), a Delaware corporation, and its Affiliates (collectively, "Peabody"); (iii) the United Mine Workers of America (the "UMWA"), on behalf of itself; (iv) the UMWA Employees (as defined below), by and through the UMWA as their authorized representative; and (v) the UMWA Retirees (as defined below), by and through the UMWA as their authorized representative to the full extent permitted under section 1114 of title 11 of the United States Code (the "Bankruptcy Code"). Together, Patriot, the UMWA, the UMWA Employees, the UMWA Retirees, and Peabody are referred to in this Settlement Agreement as the "Parties."

RECITALS

WHEREAS, on October 31, 2007, PEC completed a series of transactions, pursuant to the terms of the Separation Agreement, Plan of Reorganization and Distribution by and between PEC and Patriot Corp., dated as of October 22, 2007 (the "Separation Agreement"), whereby certain assets owned by PEC were transferred to Patriot Corp., and whereby the stock of Patriot Corp. was distributed to the shareholders of PEC (the "Spin-Off"); and

WHEREAS, in connection with the Spin-Off, Patriot Corp., PEC and certain of their respective Affiliates entered into a variety of Ancillary Agreements (as defined below) that, among other things, set forth the terms and conditions of the Spin-Off, allocated various liabilities between Peabody and the Spin-Off Entities (as defined below), and provided a framework for the relationship between Peabody and the Spin-Off Entities after the Spin-Off (collectively, and together with the Separation Agreement, the "Spin-Off Agreements"); and

WHEREAS, the Debtors filed for protection under chapter 11 of the Bankruptcy Code on July 9, 2012 (the "Petition Date"), in the United States Bankruptcy Court for the Southern District of New York; and

WHEREAS, the Debtors' Chapter 11 Cases are being jointly administered; and

WHEREAS, in November 2012, the Debtors began formal negotiations with the UMWA with the goal of securing consensual modifications to the Debtors' then-existing collective bargaining agreements and to the retiree healthcare obligations of certain Debtors; and

WHEREAS, on March 14, 2013, the Debtors filed a motion for relief under sections 1113 and 1114 of the Bankruptcy Code (the "1113/1114 Motion"); and

WHEREAS, the Bankruptcy Court presided over comprehensive litigation of the 1113/1114 Motion, including a week-long trial involving more than a dozen fact and expert witnesses; and

WHEREAS, on May 29, 2013, the Bankruptcy Court granted the 1113/1114 Motion, thereby authorizing the Debtors to implement proposed changes to their collective bargaining agreements and to retiree benefits; and

WHEREAS, the UMWA has appealed the Bankruptcy Court's decision on the 1113/1114 Motion; and

WHEREAS, the Debtors and the UMWA continued to negotiate following the Bankruptcy Court's ruling on the 1113/1114 Motion; and

WHEREAS, on August 9, 2013, the Debtors and the UMWA reached a settlement which consensually resolved the UMWA's appeal of the Bankruptcy Court's ruling on the 1113/1114 Motion (the "UMWA Settlement") and resulted in a new collective bargaining agreement (the "New CBA"); and

WHEREAS, on August 16, 2013, the members of the UMWA ratified the UMWA Settlement, and on August 22, 2013, the Bankruptcy Court entered an order approving the UMWA Settlement; and

WHEREAS, in connection with the UMWA Settlement, the Debtors entered into a VEBA Funding Agreement (the "VFA") under which the Patriot Retirees Voluntary Employee Benefit Association (the "VEBA") would receive an equity stake in the reorganized Debtors and certain other consideration; and

WHEREAS, the VFA provided the UMWA with the right to terminate the VFA and the New CBA unless the Debtors could secure an arrangement under which fixed dollars would be contributed to the VEBA; and

WHEREAS, in connection with the UMWA Settlement, the Debtors and the UMWA entered into a Memorandum of Understanding, dated August 26, 2013 (the "Memorandum of Understanding"), which provides for, *inter alia*, the establishment of a litigation trust to pursue claims or causes of action for or on behalf of the Debtors against Peabody or Arch Coal, Inc. (the "Litigation Trust"), and for the Debtors to contribute $2,000,000 to fund such Litigation Trust; and

WHEREAS, on October 23, 2012, the UMWA and certain UMWA-represented retirees instituted the action captioned *Lowe et al. v. Peabody Holding Company, LLC et al.*, No. 2:12-cv-06925 (the "Lowe Action") in the United States District Court for the Southern District of West Virginia (the "West Virginia Court"); and

WHEREAS, on September 27, 2013, the West Virginia Court dismissed the Lowe Action with prejudice; and

WHEREAS, on September 27, 2013, the UMWA filed a Notice of Appeal with the United States Court of Appeals for the Fourth Circuit with respect to the West Virginia Court's order dismissing the Lowe Action (the "Lowe Appeal"); and

WHEREAS, the Debtors and the Official Committee of Unsecured Creditors of Patriot Coal Corporation (the "Creditors' Committee") have been investigating potential causes of action arising out of or relating to the Spin-Off; and

WHEREAS, the Debtors and the Creditors' Committee obtained leave to take discovery of Peabody pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"); and

WHEREAS, on June 10, 2013, the Debtors and the Creditors' Committee served on Peabody a subpoena containing 37 individual requests pertaining to potential causes of action against Peabody (the "Peabody Rule 2004 Subpoena"), and over the following weeks, negotiated 43 paragraphs of electronic search terms to be used to cull Peabody's over one million electronic files pulled from a three-and-a-half-year period, which search terms were finally agreed to in July 2013; and

WHEREAS, on May 22, 2013, the Debtors and the Creditor's Committee obtained leave to take discovery of Duff & Phelps Corp. ("Duff & Phelps") and Morgan Stanley & Co. LLC ("Morgan Stanley") pursuant to Bankruptcy Rule 2004, whereafter the Debtors and the Creditors' Committee served subpoenas upon each of Duff & Phelps and Morgan Stanley (the "Professionals Rule 2004 Subpoenas"); and

WHEREAS, the Bankruptcy Court entered three protective orders in connection with the Peabody Rule 2004 Subpoena and the Professionals Rule 2004 Subpoenas: the (i) Stipulated Confidentiality Protective Order (Docket No. 4240); (ii) Stipulated Confidentiality Protective Order (Docket No. 4239); and (iii) Stipulated Confidentiality Protective Order (Docket No. 4115) (collectively, the "Protective Orders"); and

WHEREAS, Peabody and its professionals have produced tens of thousands of pages of documents to the Debtors and the Creditors' Committee in connection with the investigation of the Spin-Off; and

WHEREAS, the Debtors and the Creditors' Committee have been engaged in analysis of Patriot's own documents, and have conducted interviews with current Patriot employees, as part of the investigation of the Spin-Off; and

WHEREAS, on March 14, 2013, Patriot Corp. and Heritage Coal Company, LLC (f/k/a Peabody Coal Company, LLC f/k/a Peabody Coal Company) ("Heritage") commenced an adversary proceeding against PEC and Peabody Holding Company, LLC ("PHC") in the Bankruptcy Court, seeking a declaration that PHC's healthcare obligations with respect to certain retirees of Heritage pursuant to the NBCWA Individual Employer Plan Liabilities Assumption Agreement, by and between PHC, Patriot Corp., Heritage and PEC (the "NBCWA Liabilities Assumption Agreement"), dated October 22, 2007, would not be affected by any relief the Debtors obtained pursuant to section 1114 of the Bankruptcy Code; and

WHEREAS, on May 29, 2013, the Bankruptcy Court denied Patriot Corp.'s and Heritage's motion for summary judgment on the declaratory judgment claim and *sua sponte* granted summary judgment on the declaratory judgment claim in favor of PEC and PHC (the "Declaratory Judgment Order"); and

WHEREAS, on June 5, 2013, Patriot Corp. and Heritage appealed the Declaratory Judgment Order to the United States Bankruptcy Appellate Panel for the Eighth Circuit (the "Panel"); and

WHEREAS, on August 21, 2013, the Panel reversed the Declaratory Judgment Order; and

WHEREAS, on September 13, 2013, PEC and PHC appealed the Panel's judgment and opinion to the United States Court of Appeals for the Eighth Circuit; and

WHEREAS, on September 13, 2013, PEC and PHC also filed counterclaims against Patriot Corp., Heritage, and the UMWA in the Bankruptcy Court, seeking declarations as to the effect, if any, of the Debtors' new agreements with the UMWA on PHC's obligations pursuant to the NBCWA Liabilities Assumption Agreement; and

WHEREAS, Peabody denies (i) any wrongdoing or liability with respect to all claims, events and transactions that the Debtors, the UMWA, the UMWA Employees and the UMWA Retirees have threatened and/or asserted; (ii) that it has any liability in connection with the Spin-Off; (iii) that there is any merit to the arguments the Debtors have made in the disputes regarding the respective obligations of the parties under various Spin-Off Agreements, including the Attachment A Dispute (as defined below); (iv) that it has any obligation to fund Retiree Benefits (as defined below) for UMWA Retirees beyond Peabody's explicit contractual obligations under certain Spin-Off Agreements; (v) that there is any merit to the claims asserted against Peabody in the Lowe Action; and (vi) that it has committed any violation of law, acted in bad faith or acted improperly in any way; and

WHEREAS, the Parties have engaged in extensive, arms'-length negotiations in an attempt to reach a global resolution of the matters settled in this Settlement Agreement; and

WHEREAS, on October 4, 2013, the Parties entered into a term sheet (the "Term Sheet"), that set forth the principal terms of a settlement that resolves all disputes between the Parties; and

WHEREAS, upon execution of the Term Sheet by the Parties, (i) the Rule 2004 Discovery (as defined below) was suspended, (ii) the Parties sought to suspend the Benefits Litigation (as defined below) and the Lowe Appeal, (iii) the statutes of limitation applicable to the Parties' various alleged claims against one another were tolled and (iv) the Parties became bound by various non-disparagement provisions; and

WHEREAS, the Debtors have concluded that the settlement embodied in this Settlement Agreement is in the best interests of the Debtors and their estates and their creditors, as it provides for fair, reasonable, and adequate consideration in exchange for the releases and consideration the Debtors and their estates will provide; and

WHEREAS, the Parties acknowledge that the consideration being provided by Peabody pursuant to this Settlement Agreement and resolution of the matters settled herein is an essential and integral aspect of the Debtors' strategy for emergence from bankruptcy protection and is expressly not being provided as any concession as to the validity of any claims or Causes of Action (as defined below) against the Peabody Released Parties (as defined below), whether or not being released pursuant to this Settlement Agreement; and

WHEREAS, all Parties are willing to enter into this Settlement Agreement to resolve finally the matters settled herein, among other reasons, to avoid the attendant expense, risk, difficulties, delays, and uncertainties of litigation and so that (i) the Debtors are able to confirm a plan of reorganization and emerge successfully from chapter 11 and (ii) the VEBA will receive funding to provide Retiree Benefits to UMWA Retirees in connection with the resolution of the 1113/1114 Motion; and

WHEREAS, the Debtors have filed (i) a motion to approve this Settlement Agreement pursuant to sections 105, 363, 1113, and 1114 of the Bankruptcy Code and Rule 9019 of the Bankruptcy Rules (the "Settlement Motion") and (ii) a motion for approval to amend the Memorandum of Understanding and the VFA to eliminate the Litigation Trust and modify the VEBA funding provisions (the "Modification Motion"):

NOW, THEREFORE, for and in sufficient consideration of the promises and the mutual covenants contained herein, and subject to Bankruptcy Court approval, the Parties hereby agree as follows:

Agreement

1. Definitions. As used in this Settlement Agreement, the following terms have the respective meanings indicated in this Section 1.

   1.1. "1974 Pension Plan" means the multi-employer United Mine Workers of America 1974 Pension Plan and Trust.

   1.2. "1992 Benefit Plan" means the United Mine Workers of America 1992 Benefit Plan established pursuant to section 9712 of the Coal Act (26 U.S.C. § 9712).

   1.3. "1993 Benefit Plan" means the United Mine Workers of America 1993 Benefit Plan established pursuant to the National Bituminous Coal Wage Agreement of 1993.

   1.4. "2008 Settlement and Release Agreement" means the Settlement and Release Agreement, dated September 2, 2008, by and between PEC and Patriot Corp.

   1.5. "Acknowledgement and Assent" means that certain Acknowledgement and Assent Agreement entered into by the UMWA, PHC, and, for limited purposes, Heritage on August 14, 2007.

   1.6. "Administrative Services Agreement" means the Administrative Services Agreement, dated October 22, 2007, by and between PHC, Patriot Corp. and PEC,

as amended by that certain Letter Agreement dated October 22, 2007, by and between PHC and Patriot Corp.

1.7. "Affiliate" means, when used with respect to a specified Person, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such specified Person. For the purposes of this definition, "control", when used with respect to any specified Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise.

1.8. "Approval Date" means the date on which the Approval Order becomes Final.

1.9. "Approval Order" means an order of the Bankruptcy Court, in form and substance acceptable to the Parties, that, among other things, approves the Settlement Agreement and enjoins the pursuit of Causes of Action released pursuant to this Settlement Agreement against the Peabody Released Parties, it being understood and agreed that the form of order attached hereto as Exhibit A is acceptable to the Parties.

1.10. "Ancillary Agreements" has the meaning set forth in Article I of the Separation Agreement.

1.11. "Attachment A Dispute" means the dispute that has arisen between Peabody and Patriot regarding the number of retirees included within PHC's obligations pursuant to the NBCWA Liabilities Assumption Agreement, as raised by Patriot in a letter from Joseph Bean of Patriot Corp. to PEC, dated February 22, 2013.

1.12. "Attachment A Retirees" means the individuals identified on Attachment A of the NBCWA Liabilities Assumption Agreement and their eligible dependents.

1.13. "Banked Vacation Benefit Policy" means the prior policy that allowed certain employees of the Debtors to use or to receive a payout for unused vacation that such employees deferred and accrued prior to 2001, and which had an account balance of approximately $2.4 million as of the Petition Date.

1.14. "Bankruptcy Code" has the meaning set forth in the preamble hereof.

1.15. "Bankruptcy Court" has the meaning set forth in the preamble hereof.

1.16. "Benefits Litigation" means the adversary proceeding captioned *Patriot Coal Corporation v. Peabody Holding Company, LLC*, Adv. Pro. No. 13-04067-659 (Bankr. E.D. Mo. 2013), including the counterclaims asserted by PEC and PHC therein against Patriot Corp., Heritage and the UMWA, and any related appeals and proceedings.

1.17. "Black Lung Credit Support" has the meaning set forth in Section 4.1(b) of this Settlement Agreement.

1.18. "Business Day" means a day which is not a Saturday, a Sunday, or a "legal holiday" as defined in Rule 9006 of the Federal Rules of Bankruptcy Procedure.

1.19. "Cash Contribution" has the meaning set forth in Section 2.1 of this Settlement Agreement.

1.20. "Causes of Action" means, without limitation, any and all actions, proceedings, causes of action, controversies, liabilities, obligations, rights, rights of set-off, recoupment rights, suits, damages, judgments, accounts, defenses, offsets, powers, privileges, licenses, franchises, claims (as defined in section 101(5) of the Bankruptcy Code and including alter-ego claims and claims under chapter 5 of the Bankruptcy Code as well as any claims or rights created pursuant to sections 301 and 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases), counterclaims, cross-claims, affirmative defenses and demands of any kind or character whatsoever, whether known or unknown, asserted or unasserted, reduced to judgment or otherwise, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in contract or in tort, in law, in equity or otherwise in any court, tribunal, forum or proceeding, under any local, state, federal, foreign, statutory, regulatory or other law or rule, based in whole or in part upon any act or omission or other event occurring prior to July 9, 2012, or during the course of the Chapter 11 Cases, including through the Effective Date, in all cases other than those arising in connection with the enforcement of this Settlement Agreement or as otherwise set forth in this Settlement Agreement, which are not released and are expressly preserved.

1.21. "Chapter 11 Cases" has the meaning set forth in the preamble hereof.

1.22. "Claim" has the meaning set forth in Section 9.1.2 of this Settlement Agreement.

1.23. "Coal Act" means the Coal Industry Retiree Health Benefits Act of 1992, 26 U.S.C. §§ 9701-9722.

1.24. "Coal Act LC" has the meaning set forth in Section 4.1(a) of this Settlement Agreement.

1.25. "Coal Act Liabilities Assumption Agreement" means that certain Section 9711 Coal Act Liabilities Assumption Agreement, dated October 22, 2007, by and between PHC, Patriot Corp. and PEC.

1.26. "Collective Bargaining Agreements" means any contracts subject to Section 301 of the Labor Management Relations Act, 29 U.S.C. § 185, by and between the UMWA and Debtors Apogee Coal Company, LLC; Colony Bay Coal Company; Eastern Associated Coal, LLC; Gateway Eagle Coal Company, LLC; Heritage Coal Company LLC; Highland Mining Company, LLC; Hobet Mining, LLC; Mountain View Coal Company, LLC; Pine Ridge Coal Company, LLC; and Rivers Edge Mining, Inc.

1.27. "Combined Fund" means the United Mine Workers of America Combined Benefit Fund established pursuant to section 9702 of the Coal Act (26 U.S.C. § 9702).

1.28. "Confirmed Plan" means a Plan confirmed by the Bankruptcy Court pursuant to section 1129 of the Bankruptcy Code.

1.29. "Credit Support Fee" has the meaning set forth in Section 4.4 of this Settlement Agreement.

1.30. "Creditors' Committee" has the meaning set forth in the recitals to this Settlement Agreement; *provided, however*, that, where appropriate, reference to the "Creditors' Committee" shall be deemed to include each member of the Creditors' Committee, solely in its capacity as such, and each advisor to the Creditors' Committee, solely in its capacity as such.

1.31. "Debtors" has the meaning set forth in the preamble hereof; *provided that* wherever the context so requires, reference to the "Debtors" shall mean (or shall also mean, as the case may be) the reorganized Debtors.

1.32. "December 28 Letter Agreement" means that letter agreement, dated December 28, 2011, by and between PEC, PHC and Patriot Corp.

1.33. "DTA Agreement" means the Coal Terminaling Agreement, dated May 3, 2011, by and among Peabody Terminals, LLC, James River Coal Terminal, LLC and Patriot Coal Sales LLC.

1.34. "Duff & Phelps" has the meaning set forth in the recitals to this Settlement Agreement.

1.35. "Effective Date" has the meaning set forth in Section 14 of this Settlement Agreement.

1.36. "Elkland Transloading Agreement" means the Second Amended and Restated Transloading Agreement, dated December 22, 2011, by and among Eastern Associated Coal, LLC and Elkland Holdings, LLC.

1.37. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.38. "Execution Date" has the meaning set forth in the preamble hereof.

1.39. "Federal Black Lung Benefits" means those monthly payments and medical benefits required to be paid under the Black Lung Benefits Act, 30 U.S.C. §§ 901-945.

1.40. "Final" means, with respect to the Approval Order and the Modification Approval Order, that such orders (i) shall not have been reversed or vacated, or amended or

modified without the consent of the Parties, (ii) shall not be subject to a stay and (iii) shall not be subject to any appeal that, factoring in all applicable circumstances, including the probability of success, could, in the event it were to be successful, reasonably be expected to materially and adversely impact Peabody, the enforceability of the Settlement or any of its material terms, or the rights and benefits for which Peabody has bargained under the terms of the Settlement, as determined by Peabody on advice of counsel in its reasonable discretion.

1.41. "Heritage" has the meaning set forth in the recitals to this Settlement Agreement.

1.42. "Indemnification Carve-Out Claims" means any liability to the extent specifically arising out of or relating to: (a) the promissory notes referenced in Schedule 1.1(d) of the Separation Agreement, payable to Donald and Betty Bowles or Bentley Badgett II and Linda Badgett; (b) the Amended and Restated Lease Agreement by and between U.S. Bank, National Association ("U.S. Bank") and Eastern Associated Coal, LLC, dated July 12, 2006 (the "Equipment Lease") and the related (i) trust agreement, dated as of July 15, 1986, pursuant to which Banc of America Leasing & Capital, LLC ("BALC") maintains one hundred percent of the beneficial interest in the trust created thereby, which trust is the owner and lessor of the equipment leased pursuant to the Equipment Lease, (ii) Facility Agreement 1, Facility Agreement 2 and Sub Subleases between U.S. Bank and Eastern Associated Coal, LLC (collectively with the Equipment Lease, the "Lease Agreements") and (iii) Guarantee of Peabody Energy Corporation, dated as of July 12, 2006, pursuant to which PEC guaranteed to U.S. Bank and BALC the full and prompt payment of liabilities in connection with the Lease Agreements; or (c) Patriot's termination of the Banked Vacation Benefit Policy; *provided that*, for the avoidance of doubt, any claims of Peabody for indemnity relating to any claims by or on behalf of the 1974 Pension Plan are not included in the Indemnification Carve-Out Claims.

1.43. "Litigation Trust" has the meaning set forth in the recitals to this Settlement Agreement.

1.44. "Lowe Action" has the meaning set forth in the recitals to this Settlement Agreement.

1.45. "Lowe Appeal" has the meaning set forth in the recitals to this Settlement Agreement.

1.46. "Memorandum of Understanding" has the meaning set forth in the recitals to this Settlement Agreement.

1.47. "Modification Approval Order" means an order of the Bankruptcy Court granting the relief requested in the Modification Motion.

1.48. "Modification Motion" has the meaning set forth in the recitals to this Settlement Agreement.

1.49. "Morgan Stanley" has the meaning set forth in the recitals to this Settlement Agreement.

1.50. "NBCWA Liabilities Assumption Agreement" has the meaning set forth in the recitals to this Settlement Agreement.

1.51. "New Credit Support" has the meaning set forth in Section 4.1(c) of this Settlement Agreement.

1.52. "Ordinary Course Adjustments" has the meaning set forth in Section 8.1 of this Settlement Agreement.

1.53. "Parties" has the meaning set forth in the preamble hereof.

1.54. "Patriot" has the meaning set forth in the preamble hereof.

1.55. "Patriot Corp." has the meaning set forth in the preamble hereof.

1.56. "Patriot Released Parties" means, collectively, Patriot Corp. and its Affiliates, and each of their current and former professionals, employees, advisors, officers, directors, and agents.

1.57. "Peabody" has the meaning set forth in the preamble hereof.

1.58. "Peabody Released Parties" means, collectively, PEC and its Affiliates, and each of their current and former professionals, employees, advisors, officers, directors, insurers, and agents. For the avoidance of doubt, Peabody Released Parties shall not include the Aluminum Company of America or its Affiliates, current and former professionals, employees, advisors, officers, directors, or agents, acting in such capacity.

1.59. "Peabody Rule 2004 Subpoena" has the meaning set forth in the recitals to this Settlement Agreement.

1.60. "PEC" has the meaning set forth in the preamble hereof.

1.61. "Person" means any natural person, entity, estate, trust, union or employee organization or governmental authority.

1.62. "Petition Date" has the meaning set forth in the recitals to this Settlement Agreement.

1.63. "PHC" has the meaning set forth in the recitals to this Settlement Agreement.

1.64. "Plan" means a proposed, filed, or confirmed joint plan of reorganization for the Debtors.

1.65. "Plan Documents" means a Plan, disclosure statement, solicitation procedures order, confirmation order and related notices.

1.66. "Plan Effective Date" means the effective date of a Confirmed Plan.

1.67. "Preliminary Injunction Action" means the adversary proceeding commenced in the Bankruptcy Court on September 3, 2013, by the Debtors against PEC and PHC (Adv. Proc. No. 13-04204) seeking to enjoin the enforcement of the subpoena *duces tecum* propounded on the Debtors by PEC and PHC in connection with the Lowe Action.

1.68. "Professionals Rule 2004 Subpoenas" has the meaning set forth in the recitals to this Settlement Agreement.

1.69. "Replacement LCs" has the meaning set forth in Section 4.1(c) of this Settlement Agreement.

1.70. "Retiree Benefits" means payments to any entity or person for the purpose of providing or reimbursing payments for retired employees and their spouses and dependents, for medical, surgical, or hospital care benefits, or benefits in the event of sickness, accident, disability, or death under any plan, fund, or program (through the purchase of insurance or otherwise) maintained or established in whole or in part by the Debtors prior to the Petition Date.

1.71. "Rule 2004 Discovery" means any subpoena, deposition notice, request for production of documents, interrogatories, request for admission, or other discovery request pursuant to Bankruptcy Rule 2004 by any party in interest in the Chapter 11 Cases.

1.72. "Salaried Employee Liabilities Assumption Agreement" means that certain Salaried Employee Liabilities Assumption Agreement dated October 22, 2007, by and between PHC, Patriot Corp., Heritage and PEC.

1.73. "Separation Agreement" has the meaning set forth in the recitals to this Settlement Agreement.

1.74. "Settlement" means the settlement embodied in this Settlement Agreement.

1.75. "Settlement Agreement" has the meaning set forth in the preamble hereof.

1.76. "Settlement Motion" has the meaning set forth in the recitals to this Settlement Agreement.

1.77. "Spin-Off Agreements" has the meaning set forth in the recitals to this Settlement Agreement.

1.78. "Spin-Off Entities" means Patriot Corp. and those Affiliates of Patriot Corp. that were included in the group of corporate entities spun off from Peabody in 2007.

1.79. "Term Sheet" has the meaning set forth in the recitals to this Settlement Agreement.

1.80. "UMWA" has the meaning set forth in the preamble hereof.

1.81. "UMWA Employees" means all of the Debtors' current employees (including employees on approved leaves of absence or layoff with recall rights) who are represented for collective bargaining purposes by the UMWA, together with all such individuals' spouses and dependents.

1.82. "UMWA Released Parties" means the UMWA and its current and former professionals, employees, advisors, officers, directors, and agents.

1.83. "UMWA Retirees" means all Persons who were previously employed by any of the Debtors, who were represented by the UMWA while employed by any of the Debtors, and who are eligible to receive Retiree Benefits from the Debtors under the Coal Act or any Collective Bargaining Agreement, together with all such Persons' spouses, dependents and survivors.

1.84. "VEBA" has the meaning set forth in the recitals to this Settlement Agreement.

1.85. "VEBA Contributions" has the meaning set forth in Section 3.1 of this Settlement Agreement.

1.86. "West Virginia Court" has the meaning set forth in the recitals to this Settlement Agreement.

2. Cash Contribution

2.1. Peabody shall pay or cause to be paid an aggregate amount of $90 million to the VEBA and to Patriot (the "Cash Contribution") on the later of (x) January 2, 2014 or the next Business Day thereafter if not a Business Day or (y) the first Business Day that is seven Business Days after the Effective Date.

2.2. Within one Business Day of receiving any portion of the Cash Contribution, Patriot shall contribute such portion of the Cash Contribution to the VEBA.

2.3. The allocation of the Cash Contribution between the VEBA and Patriot will be set forth in writing and provided to the Parties no later than December 1, 2013, and the Parties will execute an amendment to this Settlement Agreement reflecting such allocation.

3. VEBA Contribution

3.1. Peabody shall pay or cause to be paid a total of $220 million to the VEBA (the "VEBA Contributions"), payable as follows:

(a) $75 million on January 2, 2015, or the next Business Day thereafter if not a Business Day;

(b) $75 million on January 2, 2016, or the next Business Day thereafter if not a Business Day; and

(c) $70 million on January 2, 2017, or the next Business Day thereafter if not a Business Day.

3.2. For the avoidance of doubt, the sum of the Cash Contribution and the VEBA Contributions will be $310 million (in nominal dollars).

4. Credit Support

4.1. On the Effective Date, Peabody shall:

(a) cause to be issued a letter of credit in the original face amount of $41.525 million to secure the benefits of the UMWA Retirees covered by the Coal Act Liabilities Assumption Agreement (the "Coal Act LC");

(b) cause to be replaced (by surety bond or otherwise) the $15 million of cash collateral posted by Patriot for Federal Black Lung Benefits (the "Black Lung Credit Support"); and

(c) cause to be issued letters of credit, guarantees or sureties, in Peabody's discretion as acceptable to the beneficiaries thereof, in the aggregate original face amount of up to $84 million (the "Replacement LCs" and, together with the Black Lung Credit Support, the "New Credit Support") to replace certain of the letters of credit currently posted by Patriot in a like aggregate value (the "Existing LCs"), which Existing LCs are listed on the schedule attached hereto as Exhibit B as it may be amended by agreement between Patriot and Peabody. For the avoidance of doubt, and subject to section 4.3 below, "Replacement LCs" shall include any subsequently issued letter of credit, guaranty or surety issued on behalf of Peabody to replace a Replacement LC on terms mutually agreed by Patriot and Peabody (it being understood that such replacement shall not have the effect of increasing the face amount of the Replacement LC so replaced).

4.2. The terms and provisions (including, without limitation, the draw terms) of each of the Coal Act LC and the New Credit Support shall be satisfactory to Peabody, in its discretion as acceptable to the beneficiaries thereof.

4.3. In no event shall Peabody be obligated to keep any New Credit Support in place after the fifth anniversary of the Plan Effective Date and the New Credit Support will be reduced over time as any New Credit Support rolls off or is reduced and not replaced.

4.4. If, during the term of the New Credit Support, Patriot pursues a new loan facility to refinance its loan facility in effect immediately after the Plan Effective Date (other than any such new loan facility entered into within 60 days after the Plan Effective Date in an aggregate amount not to exceed the amount of the facility being refinanced) or any subsequent loan facility, Patriot will use its reasonable best efforts to obtain a facility that will permit the New Credit Support to be replaced by letters of credit issued pursuant to such new loan facility. In the event that any New Credit Support shall remain in place on and after the fourth year after the Plan Effective Date, Patriot Corp. and all of its Affiliates, jointly and severally, shall pay to Peabody a fee in an amount equal to 100 bps per annum of the aggregate original face amount of the New Credit Support then outstanding (the "Credit Support Fee"). The Credit Support Fee shall be payable monthly in arrears on the first Business Day of each month, commencing on the first such day closest to the fourth year anniversary of the Plan Effective Date and continuing on the first Business Day of each calendar month thereafter until all New Credit Support shall be replaced or terminated.

4.5. Patriot Corp., all of its Affiliates and any of their successors, jointly and severally (a) shall perform, honor and comply with all of their respective underlying obligations that are secured by each New Credit Support; and (b) will use reasonable best efforts to reduce such obligations and the amounts required under the New Credit Support.

4.6. In the event that Patriot Corp. or any of its Affiliates or any of their successors act in any manner contrary to or fail to comply with Section 4.5(a) above, and such act or failure to comply could reasonably be expected to cause the beneficiary of a New Credit Support to make a draw thereunder, Patriot Corp., its respective Affiliates or their successors, as the case may be, shall provide prompt notice to PEC of such act or failure to comply and will take such action as may be necessary to allow Peabody an opportunity to cure, and Peabody may so cure in its sole discretion, any default of the underlying obligations caused by such act or failure to comply within a reasonable time prior to a draw on the applicable New Credit Support.

4.7. Patriot Corp. and its Affiliates shall reimburse Peabody for (i) the amount of any draws or other payments made to beneficiaries under the New Credit Support, (ii) all losses, claims, damages, penalties, incremental taxes, liabilities and related expenses, including the reasonable fees, charges and disbursements of outside counsel for Peabody, incurred by or asserted against Peabody arising out of, in connection with, or as a result of any events described in clause (i) above or any refusal by the issuing bank to honor a demand for payment under any such New Credit Support if the documents presented in connection with such demand do not strictly comply with the terms of such New Credit Support and (iii) any reasonable out-of-pocket expenses incurred by Peabody in connection with asserting Peabody's rights or taking any action under Section 4.6 of this Settlement Agreement (collectively, clauses (i) – (iii), "Losses").

4.8. In the event that there are any Losses under Section 4.7 of this Settlement Agreement, Peabody shall provide Patriot, within three Business Days after such Loss, written notice thereof specifying (i) the aggregate amount of such Loss, (ii) the date such Loss took place and (iii) the account information for the account to which the reimbursement amount for such Loss should be directed (any such notice, a "Notice of Reimbursement Request"). Within three Business Days of receipt of any Notice of Reimbursement Request, Patriot shall either (1) provide Peabody with written notice disputing any Loss under clauses (ii)-(iii) of Section 4.7 above ("Notice of Dispute") or (2) reimburse Peabody in an amount equal to the amount of the Loss described under clauses (i)-(iii) of Section 4.7 above in such Notice of Reimbursement Request. All payments to be made by Patriot hereunder shall be made in U.S. dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein, in the account specified by Peabody in the relevant Notice of Reimbursement Request. The obligation to reimburse Peabody for any Losses will be a joint and several obligation of Patriot Corp. and its Affiliates. If the Notice of Dispute cannot be resolved by agreement within 30 days, Peabody may seek relief from a court having jurisdiction, pursuant to section 16.8 of this Settlement Agreement.

5. Continued Provision of Benefits

5.1. Peabody will pay, at the level in effect as of October 4, 2013, all benefits claims with respect to the Attachment A Retirees incurred by the Attachment A Retirees through and including December 31, 2013. Patriot will continue to administer such benefit claims under the Administrative Services Agreement notwithstanding the termination of the NBCWA Liabilities Assumption Agreement pursuant to Section 5.2 of this Settlement Agreement. Peabody shall have no obligation to pay for (and Patriot shall have no obligation to administer, other than as set forth in any Collective Bargaining Agreements) retiree healthcare benefits for the Attachment A Retirees for claims incurred after December 31, 2013, and, thereafter, the benefits of the Attachment A Retirees will be included in the VEBA.

5.2. As of the Effective Date, any obligations of Peabody under the NBCWA Liabilities Assumption Agreement and the Acknowledgement and Assent will be deemed satisfied in full and such agreements shall be deemed terminated and of no further force and effect.

5.3. Patriot Corp., all of its Affiliates and any successors thereto shall indemnify Peabody from and against any and all claims that may be incurred by or asserted against the Peabody Released Parties by UMWA Retirees relating to the NBCWA Liabilities Assumption Agreement or the Acknowledgement and Assent, other than claims for the payment of benefits claims incurred by the Attachment A Retirees through December 31, 2013, which are to be funded by Peabody pursuant to Section 5.1 of this Settlement Agreement.

5.4. Peabody shall continue to honor its obligations under the Coal Act Liabilities Assumption Agreement and the Salaried Employee Liabilities Assumption Agreement under the terms of such agreements.

6. Modification of Certain Spin-Off Agreements and Other Agreements

6.1. As of the Effective Date, the term of the DTA Agreement shall be extended through and including March 31, 2016, and the rate for the services to be provided under the DTA Agreement shall remain $5.50 per ton, *provided, however*, that in exchange for the releases and consideration provided for under this Settlement Agreement, Patriot shall have the right to offset $3.75 per ton of the payment to Peabody for such services so that the payment to Peabody is $1.75 per ton from October 1, 2013, through and including March 31, 2016. A copy of the form of amendment to the DTA Agreement effectuating these changes is attached hereto as Exhibit C. The rate offset discussed in this provision may be implemented by Patriot in advance of the Effective Date, but should the Settlement Agreement be terminated pursuant to Section 15.1, Patriot will pay Peabody an amount equal to any offsets taken by Patriot pursuant to this provision and any such amounts will be entitled to administrative priority under section 503 of the Bankruptcy Code.

6.2. As of the Effective Date, the assignment provision of the Elkland Transloading Agreement, shall be modified to (i) eliminate the requirement of Patriot's consent for the first actual or constructive assignment (whether by change of control or otherwise) that may occur after the Effective Date if such assignment is made to a prudent operator and (ii) amend the requirement of Patriot's consent for any actual or constructive assignment (whether by change of control or otherwise) thereafter to require that such consent not be unreasonably withheld. A copy of the form of amendment to Elkland Transloading Agreement effectuating these changes is attached hereto as Exhibit D.

6.3. As of the Effective Date, the December 28 Letter Agreement shall be modified to reflect (a) the obligation of Peabody, pursuant to Section 4.1(a) of this Settlement Agreement, to cause the Coal Act LC to be issued and (b) the termination of the NBCWA Liabilities Assumption Agreement pursuant to Section 5.2 of this Settlement Agreement. A copy of the form of amendment to the December 28 Letter Agreement effectuating these changes is attached hereto as Exhibit E.

6.4. As of the Effective Date, the Administrative Services Agreement shall be modified to account for the termination of the NBCWA Liabilities Assumption Agreement pursuant to Section 5.2 of this Settlement Agreement and the reduction in (a) the services provided by Patriot and (b) the fees and expenses to be paid by Peabody. A copy of the form of amendment to the Administrative Services Agreement effectuating these changes is attached hereto as Exhibit F.

7. Cessation of Litigation

7.1. Rule 2004 Discovery.

7.1.1. Pursuant to the Term Sheet, Patriot has suspended the Peabody Rule 2004 Subpoena propounded upon Peabody and the Professionals Rule 2004 Subpoenas propounded upon Duff & Phelps and Morgan Stanley. Upon the Effective Date, Peabody shall have no further obligation to produce materials responsive to the Peabody Rule 2004 Subpoena and Duff & Phelps and Morgan Stanley shall have no further obligation to produce materials responsive to the Professionals Rule 2004 Subpoenas, all of which shall be deemed withdrawn.

Upon the Effective Date (and with the consent of the Creditors' Committee, which shall be obtained by the Debtors), all materials previously produced by Peabody, Duff & Phelps and Morgan Stanley shall be (i) returned or (ii) destroyed in accordance with (and within the time provided by) the relevant provisions of the Protective Orders, in which case counsel to the Debtors and the Creditors' Committee shall advise Peabody, in writing, that such materials have been destroyed.

7.1.2. After the Approval Date, unless this Settlement Agreement is terminated pursuant to Section 15.1 of this Settlement Agreement, none of the Debtors nor the UMWA, for itself or as the authorized representative of the UMWA Employees and the UMWA Retirees, will support any efforts by any other party to obtain Rule 2004 Discovery from any Peabody Released Party, including Morgan Stanley and Duff & Phelps, relating in any way to the Spin-Off.

7.2. Dismissal of the Benefits Litigation. Pursuant to the Term Sheet, Patriot and Peabody have suspended the Benefits Litigation. Within two Business Days of the Effective Date, all documents to effectuate the dismissal with prejudice of the Benefits Litigation shall have been filed with the appropriate court or courts.

7.3. Dismissal of the Lowe Appeal and Preliminary Injunction Action. Within two Business Days of the Effective Date, all documents to effectuate the dismissal with prejudice of the Lowe Appeal and the Preliminary Injunction Action shall have been filed with the appropriate court. Each Party hereby agrees to bear its own costs and expenses in connection with the Lowe Action, the Lowe Appeal and the Preliminary Injunction Action.

7.4. Statutes of Limitation. The statute of limitations on any of the Debtors' Causes of Action against the Peabody Released Parties, the UMWA's Causes of Action against the Peabody Released Parties, or Peabody's Causes of Action against the Patriot Released Parties or against the UMWA Released Parties shall be tolled from October 4, 2013 until the earlier of (i) March 31, 2014; (ii) the Effective Date; or (iii) the date that this Settlement Agreement otherwise terminates and

notice of such termination is provided. Nothing in this Section 7.4 shall operate to revive or extend the time for filing any Cause of Action that is time barred or barred by any applicable statute or period of limitations, statute of repose, waiver, laches, or other time-based limitation or defense as of October 4, 2013.

8. Assumption of Agreements.

8.1. Patriot shall amend its proposed Plan to reflect the assumption of the Spin-Off Agreements, including the NBCWA Liabilities Assumption Agreement but with the understanding that such agreement shall be terminated in accordance with Section 5.2 of this Settlement Agreement. Such assumption shall include, without limitation, Patriot's indemnification obligations contained in the Spin-Off Agreements, *provided, however,* that Patriot shall not be required to indemnify Peabody under the assumed Spin-Off Agreements for any liability to the extent specifically arising out of or relating to the Indemnification Carve-Out Claims, and Peabody shall not request any indemnification for any such Indemnification Carve-Out Claims. From and after the Effective Date, Patriot Corp. and PEC, their respective Affiliates and any successors thereto shall perform, honor and comply with all of their respective obligations under the assumed Spin-Off Agreements, including (i) the timely remittance of any refunds, rebates or other monies owed to the other and (ii) compliance with the litigation cooperation obligations under Section 5.02 of the Separation Agreement. For the avoidance of doubt, ordinary course adjustments that may be necessary on account of amounts paid for Retiree Benefits prior to the Effective Date ("Ordinary Course Adjustments") are not being waived or released pursuant to the terms of this Settlement Agreement.

8.2. Patriot shall amend its proposed Plan to reflect the assumption of all other agreements entered into by and between Patriot and Peabody prior to the Petition Date and not previously assumed, rejected, terminated or expired, including the 2008 Settlement and Release Agreement, all of which shall be deemed executory. From and after the Effective Date, Patriot Corp. and PEC, their respective Affiliates and any successors thereto shall perform, honor and comply with all of their respective obligations under these assumed agreements. A non-exclusive list of the agreements to be assumed pursuant to Sections 8.1 and 8.2 of this Settlement Agreement is attached hereto as Exhibit G.

8.3. Peabody and Patriot agree that the cure amounts in connection with the assumption of agreements contemplated in Sections 8.1 and 8.2 hereof are zero, *provided, however* that this Section 8.3 is not intended to and shall not limit any of Peabody's rights to indemnification from the Debtors pursuant to this Settlement Agreement, including Sections 5.3, 8.1 and 8.2 hereof.

9. Releases

9.1. Releases by Patriot.

9.1.1. Upon the occurrence of the Effective Date, Patriot and each of the Debtors' estates fully and forever release and shall be deemed to have fully and forever released the Peabody Released Parties from any and all Causes of Action, including, but not limited to, (i) the Preliminary Injunction Action, (ii) any Causes of Action under chapter 5 of the Bankruptcy Code or created pursuant to sections 301 and 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases, (iii) any Causes of Action relating to the Spin-Off and (iv) any Causes of Action that Patriot Corp., Heritage or their estates may have against the Peabody Released Parties with respect to the obligations of PEC and PHC under the NBCWA Liabilities Assumption Agreement, including those asserted in the Benefits Litigation and the Attachment A Dispute, and such releases shall be binding on any trustees or successors to the foregoing. As a result, no Causes of Action against any Peabody Released Party will be included in any Litigation Trust established in the Chapter 11 Cases and/or pursuant to any Plan, and the Debtors have filed a motion to amend the Memorandum of Understanding accordingly.

9.1.2. The release in Section 9.1.1 of this Settlement Agreement will not (x) waive or release any action, cause of action, grievance, suit, charge, demand, complaint or claim of any nature ("Claim") (1) arising after the Effective Date under any agreement between Patriot and Peabody (A) entered into after the Petition Date, (B) previously assumed by the Debtors or (C) assumed by the Debtors pursuant to the terms of this Settlement Agreement, including without limitation, with respect to (i) any indemnification or related liability of any Peabody Released Party, or (ii) any express agreement, covenant or obligation of any Peabody Released Party contained therein; or (2) arising after the Petition Date but prior to the Effective Date with respect to Ordinary Course Adjustments or on account of obligations arising in the ordinary course of business between Peabody and Patriot under, and relating to the specific subject matter covered by, agreements between them or (y) impact, impair or in any way limit any defenses that Patriot may have with respect to any Claims described in Section 9.7.2 of this Settlement Agreement.

9.1.3. Patriot and Peabody hereby agree to cooperate to take any actions reasonably necessary to give effect to the release and injunction provisions contemplated by this Settlement Agreement and the Approval Order.

9.2. Releases by the UMWA, the UMWA Employees and the UMWA Retirees.

9.2.1. Upon the occurrence of the Effective Date, the UMWA, on behalf of itself, the UMWA Employees, by and through the UMWA as their

authorized representative, and the UMWA Retirees, by and through the UMWA as their authorized representative, fully and forever release and shall be deemed to have fully and forever released any Causes of Action that they might have against the Peabody Released Parties, including without limitation any Causes of Action under the Acknowledgment and Assent or ERISA, including those asserted in the Lowe Action and Lowe Appeal, or in any way relating to any benefit plan, Collective Bargaining Agreement or Retiree Benefits.

9.2.2. The UMWA, on behalf of itself and as the authorized representative of the UMWA Employees and the UMWA Retirees, hereby agrees to support, cooperate and assist in additional filings or proceedings or other actions necessary to give effect to the release, covenant not to sue and injunction provisions contemplated by this Settlement Agreement and the Approval Order. For the avoidance of doubt, this provision shall not impose any duty on the part of any individual UMWA Employee or individual UMWA Retiree to take any action with respect to this provision.

9.3. UMWA Reserved Causes of Action. Notwithstanding anything to the contrary herein, the UMWA, the UMWA Employees, and the UMWA Retirees do not release, and expressly preserve, any claims or causes of action arising out of or related to the following:

(a) any direct employment relationship between Peabody Western Coal Company, Big Sky Coal Company, Seneca Coal Company, LLC, and Big Ridge, Inc. and individuals belonging to, or represented by, the UMWA; or

(b) the pending dispute between United Mine Workers of America, District 12 and Peabody Holding Company, LLC and Black Beauty Coal Company (n/k/a Peabody Midwest Mining, LLC) relating to the Memorandum of Understanding Regarding Job Opportunities effective January 1, 2007 between the UMWA and Peabody Coal Company, LLC, n/k/a Heritage Coal Company LLC.

9.4. For the avoidance of doubt, nothing in this Settlement Agreement shall release or otherwise affect any claims or causes of action of the UMWA or the UMWA Retirees with respect to the obligation of the Aluminum Company of America to pay retiree healthcare benefits with respect to UMWA Retirees of the Squaw Creek Coal Company.

9.5. UMWA Covenant Not to Sue. Upon the occurrence of the Effective Date, the UMWA, on behalf of itself, the UMWA Employees, by and through the UMWA as their authorized representative, and the UMWA Retirees, by and through the UMWA as their authorized representative, hereby covenant not to sue, or otherwise support, encourage or participate in, directly or indirectly any lawsuit on account of, in connection with, or with respect to any Causes of Action against

the Peabody Released Parties released by the UMWA, the UMWA Employees or the UMWA Retirees, including without limitation any Causes of Action under the Acknowledgment and Assent or ERISA, including those asserted in the Lowe Action and Lowe Appeal, or in any way relating to any benefit plan, Collective Bargaining Agreement or Retiree Benefits.

9.6. Releases by Third Parties. In consideration of Peabody's agreement to, among other things, make the contributions and provide the credit support reflected in this Settlement Agreement, the Debtors will include the Peabody Released Parties in any third-party release, exculpation and injunction provisions contained in a Plan, to the extent permitted by law. The UMWA shall not object to any such third-party release, exculpation and injunction provisions.

9.7. Releases by Peabody.

9.7.1. Upon the occurrence of the Effective Date, Peabody fully and forever releases and shall be deemed to have fully and forever released the Patriot Released Parties from any and all Causes of Action, including, but not limited to, any Indemnification Carve-Out Claims and any counterclaims or defenses asserted by Peabody in the Benefits Litigation, and irrevocably withdraws and shall be deemed to have withdrawn irrevocably any and all proofs of claim filed against the Debtors in the Chapter 11 Cases and the Debtors' claims agent is authorized to amend the Debtors' claims register accordingly.

9.7.2. The release and withdrawal in Section 9.7.1 of this Settlement Agreement will not (x) waive or release any Claim (1) arising after the Effective Date under any agreement between Peabody and Patriot (A) entered into after the Petition Date, (B) previously assumed by the Debtors or (C) assumed by the Debtors pursuant to the terms of this Settlement Agreement, including without limitation, with respect to (i) any indemnification or related liability of any Patriot Released Party, or (ii) any express agreement, covenant or obligation of any Patriot Released Party contained therein; or (2) arising after the Petition Date but prior to the Effective Date with respect to Ordinary Course Adjustments or on account of obligations arising in the ordinary course of business between Peabody and Patriot under, and relating to the specific subject matter covered by, agreements between them or (y) impact, impair or in any way limit any defenses that Peabody may have with respect to any Claims described in Section 9.1.2 of this Settlement Agreement.

9.7.3. Upon the occurrence of the Effective Date, Peabody fully and forever releases and shall be deemed to have fully and forever released any and all Causes of Action it or its officers or directors may have against the UMWA Released Parties, including, but not limited to, any Causes of Action relating to the UMWA corporate campaign, picketing, handbilling,

bannering and other forms of organized activities directed against Peabody, its officers or directors.

9.7.4. Upon the occurrence of the Effective Date, Peabody fully and forever waives and releases any and all claims it may have for fees and/or costs incurred in connection with the Lowe Action, the Lowe Appeal and the Preliminary Injunction Action.

9.8. Peabody Reserved Causes of Action. Notwithstanding anything to the contrary herein, Peabody does not release, and expressly preserves, any claims or causes of action arising out of or related to the following:

(a) any direct employment relationship between Peabody Western Coal Company, Big Sky Coal Company, Seneca Coal Company, LLC, and Big Ridge, Inc. and individuals belonging to, or represented by, the UMWA; or

(b) the pending dispute between United Mine Workers of America, District 12 and Peabody Holding Company, LLC and Black Beauty Coal Company (n/k/a Peabody Midwest Mining, LLC) relating to the Memorandum of Understanding Regarding Job Opportunities effective January 1, 2007 between the UMWA and Peabody Coal Company, LLC, n/k/a Heritage Coal Company LLC.

9.9. The Parties agree that releases set forth in Section 9 of this Settlement Agreement constitute material provisions of this Settlement Agreement and are non-severable from the other provisions of this Settlement Agreement.

10. Non-Disparagement. The following provisions shall be effective as of the Approval Date, *provided, however,* that such provisions shall terminate if this Settlement Agreement is terminated:

10.1. Each of Patriot and Peabody hereby agree that other than what is necessary and appropriate for inclusion in formal court submissions in conjunction with seeking court approval of this Settlement Agreement, they will not make or cause or encourage others to make statements, written or oral, (i) concerning the Settlement or any of the disputed claims resolved by this Settlement except to say that this Settlement is a (acceptable/good/satisfactory/sound/significant, or words of similar import) resolution for the Debtors and their bankruptcy estates of the matters encompassed by the Settlement, or (ii) defaming, disparaging or criticizing the reputation, practices or conduct of the other party or its present or former directors, officers, employees or agents in relation to the Spin-Off, the Chapter 11 Cases or any matter, transaction or activity related thereto.

10.2. Each of Patriot and Peabody hereby agree that they will not materially encourage or materially assist any other person or entity, including but not limited to, the 1974 Pension Plan, the Combined Fund, the 1992 Benefit Plan and the 1993 Benefit Plan, in developing, commencing, maintaining or prosecuting any claims

or causes of action against the other party or such other party's present or former directors, officers, employees or agents relating in any way to the Spin-Off, the Chapter 11 Cases or any matter, transaction or activity related thereto.

10.3. Each of Patriot and Peabody hereby agree that the foregoing Sections 10.1 and 10.2 shall not apply to circumstances in which either party is compelled to provide information in response to legal process that it has not solicited, in the form of regulatory request or demand, deposition, subpoena or similar process, provided such party shall provide the other party with prompt written notice of any such event so that the other party shall have the opportunity to oppose or otherwise contest any such process, at no cost to the party receiving such process.

10.4. The UMWA and its officers, employees and agents will cease the corporate campaign, including strikes, picketing, handbilling, bannering and other forms of organized activities, directed against Peabody and its officers and directors. Each of the UMWA and Peabody will not disparage, defame or criticize the reputation, practices or conduct of the other party and the other party's present or former directors, officers, employees or agents in relation to the Spin-Off, the Chapter 11 Cases or any matter related thereto, including the allegations asserted in the Lowe Action; notwithstanding the foregoing, the UMWA and its officers and Peabody and its officers, as applicable, may make representations that are necessary and appropriate for inclusion in any formal court submissions in conjunction with seeking court approval of the Settlement, or to terminate other litigation, or to engage in reporting of this Settlement to its membership or to governmental bodies in pursuit of further remedies for affected retirees so long as such representations are limited to the terms of this Settlement and otherwise comport with the requirements of this non-disparagement provision.

10.5. Each of the UMWA and its officers and Peabody and its officers agree that they will not make or cause or encourage others to make statements, written or oral, concerning this Settlement or any of the disputed claims resolved by the Settlement except to accurately state the VEBA contribution schedule provided herein and number of dollars to be contributed to the VEBA in accordance with such schedule and to state that the settlement proceeds will be utilized for the sole purpose of delivering healthcare to the VEBA participants and to state that this Settlement is a (acceptable/good/satisfactory/sound/significant, or words of similar import) resolution of the matters encompassed by the Settlement. Each of the UMWA and its officers and Peabody and its officers further agree that they will not encourage or assist any other person or entity, including but not limited to the 1974 Pension Plan, the Combined Fund, the 1992 Benefit Plan and the 1993 Benefit Plan, in developing, commencing, maintaining or prosecuting any claims or causes of action against the other party or such other party's present or former directors, officers, employees or agents relating in any way to the Spin-Off, the Chapter 11 Cases or any matter, transaction or activity related thereto, including any Causes of Action released pursuant to this Settlement Agreement; *provided, however,* that the UMWA may assist UMWA Retirees in obtaining any benefits payable by Peabody under the Coal Act.

10.6. The foregoing Section 10.5 does not apply to circumstances in which the UMWA or Peabody is required or compelled to provide information in response to legal process that it has not solicited, law or regulation, whether in the form of regulatory requirement, request or demand, deposition, subpoena or similar process, provided the UMWA or Peabody, as applicable, shall provide the other party with prompt written notice of any such event so that such party shall have the opportunity to oppose or otherwise contest any such process, except where such disclosure relates to Peabody securities.

10.7. The Parties understand that the UMWA expects to support current or future legislative or rule-making activity to address matters involving pension and healthcare funding and benefit issues that may include matters resulting from the Patriot bankruptcy. UMWA advocacy and other statements in such efforts may refer to the Patriot bankruptcy and the impact upon the funding of benefits and the benefits paid to beneficiaries, and may refer to the Patriot bankruptcy, and matters relating to the reduction of health care liabilities in connection therewith, but shall otherwise comport with the requirements of this Section 10. Peabody and the UMWA agree to (i) discuss areas of potential cooperation on legislation regarding healthcare benefits for Patriot retirees and (ii) support legislation on which they mutually agree.

10.8. Each Party agrees that the non-disparagement provisions of this Section 10 are essential provisions of the Settlement, the breach of which would cause irreparable harm to the non-breaching Party or Parties.

11. Plan of Reorganization and Other Pleadings

11.1. Peabody shall not object to the confirmation of any Plan, *provided* that such Plan is consistent with, and does not breach or alter the terms of, this Settlement Agreement or the Approval Order, and that such Plan contains as a condition to its effectiveness the entry of the Approval Order.

11.2. Peabody and the UMWA shall have a reasonable opportunity to review the provisions of any Plan Documents that relate to Peabody (including any provisions relating to the Settlement Agreement) or the UMWA, respectively.

12. Notice of Settlement. Commencing on October 17, 2013, the Debtors mailed notice of this Settlement Agreement, in the form attached to the Settlement Motion as Exhibit B, to the UMWA Employees and the Debtors' UMWA-represented retirees, including the Attachment A Retirees, and any surviving spouse of such retirees.

13. Representations.

13.1. Each of PEC and Patriot Corp. represent to all other Parties that: (i) they are duly organized, validly existing and in good standing under the laws of their jurisdictions of formation; (ii) they are authorized to execute and deliver this Settlement Agreement and perform their obligations hereunder (in the case of the Debtors, subject to Bankruptcy Court approval); (iii) they possess the power and

authority necessary to (A) bind each of their Affiliates to the terms of this Settlement Agreement and (B) enter into this Settlement Agreement on behalf of each of their Affiliates (in the case of the Debtors, subject to Bankruptcy Court approval); and (iv) all claims waived or released pursuant to this Settlement Agreement by that Party have not been assigned or otherwise transferred.

13.2. The UMWA represents to all other Parties that: (i) it is authorized to execute and deliver this Settlement Agreement and perform its obligations hereunder, on behalf of itself and as the authorized representative of the UMWA Employees and the UMWA Retirees; and (ii) all claims waived or released pursuant to this Settlement Agreement by the UMWA, the UMWA Employees and the UMWA Retirees have not been assigned or otherwise transferred.

13.3. Subject to Section 14 hereof and, with respect to the Debtors, Bankruptcy Court approval, each of the Parties represent to one another that this Settlement Agreement, when executed and delivered in accordance with the terms hereof, shall constitute a valid and binding obligation of Peabody, Patriot, the UMWA, the UMWA Employees and the UMWA Retirees, enforceable in accordance with its terms.

14. Effective Date. The Effective Date shall occur on the first Business Day on which each of the following conditions shall have been satisfied in accordance with this Settlement Agreement:

(a) Neither Patriot, Peabody, nor the UMWA, solely in this event as represented by its national officers and directors of departments, shall have materially breached any of its obligations under Sections 7 and 10 of this Settlement Agreement that became binding and enforceable as of the Execution Date or the Approval Date, as applicable; *provided, however*, that the condition set forth in this Section 14(a) shall be deemed fulfilled despite a material breach of the aforementioned obligations if the breaching party(ies) has cured such breach to the reasonable satisfaction of the non-breaching party(ies);

(b) The Creditors' Committee shall have provided written confirmation to Peabody (A) of its agreement to (1) suspend, and ultimately terminate in accordance with Section 7.1 of this Settlement Agreement, the Rule 2004 Discovery and (2) support the approval of the Settlement; and (B) that it will not object to the incorporation into a Plan of any provisions of this Settlement Agreement, including the releases and injunctions contemplated herein and in the Approval Order;

(c) The Approval Order has been entered by the Bankruptcy Court;

(d) The Approval Order has become Final;

(e) The Modification Approval Order has been entered by the Bankruptcy Court and has become Final;

(f) Any provision in the Plan Documents that relates to Peabody, the Term Sheet or this Settlement Agreement shall be in form and substance reasonably acceptable to Peabody and shall not have been changed in a manner adverse to Peabody without Peabody's consent;

(g) The Plan Effective Date of a Confirmed Plan consistent in form and substance with this Settlement Agreement shall have occurred; and

(h) Patriot shall have (x) $175 million cash (which shall include the $15 million cash collateral posted by Patriot in respect of Federal Black Lung Benefits, without regard to whether such cash collateral has been released by the Department of Labor) and (y) a $125 million revolving credit facility, undrawn as of the closing of such facility, with at least $75 million of availability at closing and will provide written confirmation of same to Peabody.

15. Termination.

15.1. Notwithstanding any other provision of this Settlement Agreement, this Settlement Agreement may be terminated by any Party by written notice to the other Parties, pursuant to Section 16.23 of this Settlement Agreement if: (a) the Bankruptcy Court denies the relief requested in the Settlement Motion and there is no reasonable prospect that the Bankruptcy Court will grant the relief requested in a renewed Settlement Motion; (b) the Approval Order is vacated or reversed prior to the Effective Date; or (c) the conditions set forth in Section 14 of this Settlement Agreement have not been satisfied in accordance with this Settlement Agreement by March 31, 2014, or are incapable of being satisfied.

15.2. If this Settlement Agreement terminates pursuant to Section 15.1, then, with the exception of Section 7.4, this Settlement Agreement shall be *void ab initio* and the Parties shall revert to their respective positions on the date immediately prior to the Execution Date, and in such event the Parties shall not rely on this Settlement Agreement, any of the negotiations that resulted in this Settlement Agreement, or any objections filed with respect to this Settlement Agreement, in any further proceedings in connection with the matters that are being settled in connection with this Settlement Agreement.

16. Miscellaneous.

16.1. With respect to any press releases regarding the Settlement issued prior to or immediately following the Effective Date, the Parties shall coordinate and have an opportunity to review each other's press releases (if any), and any such press releases shall be released on a coordinated basis; *provided, however,* that this provision shall not apply to any disclosures that any Party may be obligated to make under applicable securities laws.

16.2. No payment or other obligation of Peabody set forth in this Settlement Agreement shall be delayed, reduced, offset, recouped or withheld based on any claim,

allegation or contract between the Debtors and Peabody, other than claims or allegations that arise under the terms of this Settlement Agreement; *provided, however*, that this Section 16.2 shall not limit any rights that Peabody or the Debtors may have to delay, reduce, offset, recoup or withhold payments or obligations owing to the other under any agreements assumed pursuant to this Settlement Agreement.

16.3. Peabody, Patriot and the UMWA agree that in performing their obligations hereunder, each shall be considered an independent party, and not the agent, servant or employee of the other.

16.4. Nothing contained in this Settlement Agreement shall be construed to constitute or create a joint venture, trust, mining partnership, commercial partnership, fiduciary relationship or other relationship between Peabody, Patriot or the UMWA whereby any would be liable for the acts and deeds of the other.

16.5. Nothing contained in this Settlement Agreement, including Peabody's payment obligations under Sections 2 and 3 or credit support obligations under Section 4 hereof, shall create any third party beneficiary rights in any other Person, it being understood that the UMWA, the UMWA Employees, and the UMWA Retirees as Parties to this Settlement Agreement shall not be considered third party beneficiaries for the purposes of this provision.

16.6. Peabody's entry into this Settlement Agreement shall not make Peabody a party to any collective bargaining agreement with the UMWA, the UMWA Employees or the UMWA Retirees or create any collective bargaining relationship between Peabody and the UMWA, the UMWA Employees or the UMWA Retirees for any purpose under the National Labor Relations Act, the Labor Management Relations Act or any other labor and employment laws.

16.7. This Settlement Agreement shall be construed in accordance with, and governed by, the laws of the State of New York, excluding and without regard to the conflict of laws rules thereof.

16.8. For so long as the Chapter 11 Cases remain open, the Bankruptcy Court shall retain exclusive jurisdiction to resolve any dispute arising out of or relating to this Settlement Agreement. The Parties hereby consent to the Bankruptcy Court's entry of a final order with respect to any such dispute. After the close of the Chapter 11 Cases, if the Bankruptcy Court declines to exercise jurisdiction, the United States District Court for the Eastern District of Missouri (or, in the event such court declines to exercise jurisdiction, the courts of the State of Missouri sitting in the city of St. Louis) shall have exclusive jurisdiction of all matters arising out of and related to disputes arising in connection with the interpretation, implementation or enforcement of this Settlement Agreement, and each of the Parties irrevocably (a) submits and consents in advance to the exclusive jurisdiction of that court for the purposes described in this sentence; and (b)

waives any objection that such Party may have based upon lack of personal jurisdiction, improper venue or forum non conveniens.

16.9. Each party shall be responsible for its own fees and expenses in connection with the Settlement described in this Settlement Agreement.

16.10. Upon the Approval Date, this Settlement Agreement constitutes the entire agreement among the Parties on the subjects addressed herein. Upon the Approval Date, this Settlement Agreement supersedes in its entirety the Term Sheet and any previous or subsequent written or oral descriptions of the settlement. No supplement, modification, amendment, waiver or termination of this Settlement Agreement shall be binding unless executed in writing by each of the Parties (or their successors and assigns) to be bound thereby, or by their authorized counsel.

16.11. This Settlement Agreement is executed without reliance on any representations by any person or entity concerning the nature, cause or extent of injuries, or legal liability therefor, or any other representations of any type or nature except as set forth herein. No contrary or supplementary oral agreement shall be admissible in a court to contradict, alter, supplement, or otherwise change the meaning of this Settlement Agreement. This Settlement Agreement has been negotiated by the Parties adequately represented by counsel, none of whom shall be deemed the "drafter" of the agreement, and no provision of this Settlement Agreement shall be applied or interpreted by reference to any rule construing provisions against the drafter.

16.12. This Settlement Agreement, the fact of its existence, any documents related hereto, and the Approval Order shall in no event be deemed a presumption, concession, or admission by any Party of (a) any fault, liability or wrongdoing as to any facts, claims or contentions that have been or might be alleged or asserted in connection with the various disputes that are the subject of this Settlement Agreement and the released Causes of Action or (b) any infirmity in the claims or defenses that any Party could have asserted in any other action or proceeding, whether civil, criminal or administrative, *provided, however* that this provision shall not apply with respect to the enforcement of this Settlement Agreement or the Approval Order.

16.13. The provisions of this Settlement Agreement shall be breached and a cause of action accrued thereon immediately on any Party's commencement of any action contrary to this Settlement Agreement, and in the event of any such action this Settlement Agreement may be asserted both as a defense and as a counterclaim or crossclaim.

16.14. In the event of any conflict between this Settlement Agreement and the terms of the Confirmed Plan, the terms of this Settlement Agreement shall govern.

16.15. Facsimile or other electronic copies of signatures on this Settlement Agreement are acceptable, and a facsimile or other electronic copy of a signature on this Settlement Agreement is deemed an original.

16.16. This Settlement Agreement may be executed in counterparts, each of which is deemed an original, but when taken together constitute one and the same document.

16.17. This Settlement Agreement shall be binding on the Parties, their successors, assigns, transferees, and any other Persons who have asserted or seek to assert claims on behalf of or against the Debtors' estates.

16.18. The Parties acknowledge and agree that a breach of the provisions of this Settlement Agreement by any Party would cause irreparable damage to the other Parties and that such other Parties would not have an adequate remedy at law for such damage. Therefore, the obligations of the Parties set forth in this Settlement Agreement shall be enforceable by a decree of specific performance issued by any court of competent jurisdiction, and appropriate injunctive relief may be applied for and granted in connection therewith. Such remedies shall, however, be cumulative and not exclusive and shall be in addition to any other remedies that the Parties may have under this Settlement Agreement or otherwise. Notwithstanding the foregoing, nothing herein shall impair the Debtors' ability to act in accordance with their fiduciary duties to maximize the value of their estates.

16.19. No failure or delay by any party in exercising any right or remedy provided by law under or pursuant to this Settlement Agreement shall impair such right or remedy or be construed as a waiver or variation of it or preclude its exercise at any subsequent time, and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.

16.20. As used in this Settlement Agreement, any reference to any federal, state, local, or foreign law, including any applicable law, will be deemed also to refer to such law as amended and all rules and regulations promulgated thereunder, unless the context requires otherwise. The words "include," "includes" and "including" will be deemed to mean "including without limitation" and "including, but not limited to." Pronouns in masculine, feminine, or neutral genders will be construed to include any other gender, and words in the singular form will be construed to include the plural and vice versa, unless the context otherwise requires. The words "this Settlement Agreement," "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Settlement Agreement as a whole and not to any particular subdivision unless expressly so limited.

16.21. The provisions of this Settlement Agreement are integrated, essential and non-severable from one another.

16.22. Each Party shall, at its own expense and upon the reasonable request of another Party, duly execute and deliver, or cause to be duly executed and delivered, to such Party such further instruments and do and cause to be done such further acts as may reasonably be necessary or proper to carry out the provisions of this Settlement Agreement, including the use of reasonable best efforts to obtain the Approval Order.

16.23. Any notice required or desired to be served, given or delivered under this Settlement Agreement shall be in writing, and shall be deemed to have been validly served, given or delivered if provided by (i) electronic mail and (ii) overnight or international air courier to the addresses set forth below, or to such other address as each Party may designate to the other Party named below by notice given in accordance with this Section 16.23.

(a) If to Patriot:

General Counsel
Patriot Coal Corporation
12312 Olive Boulevard
St. Louis, Missouri 63141
Telephone: (314) 275-3680

with a copy to:

Marshall S. Huebner, Esq.
Elliot Moskowitz, Esq.
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000

(b) If to Peabody:

Chief Legal Officer
Peabody Energy Corporation
701 Market Plaza
St. Louis, Missouri 63101
Telephone: (314) 342-3400

with a copy to:

Carl E. Black, Esq.
Jones Day
901 Lakeside Avenue
Cleveland, Ohio 44114
Telephone: (216) 586-3939

(c) If to the UMWA: General Counsel
International Union, United Mine Workers of America
18354 Quantico Gateway Drive, Suite 200
Triangle, Virginia 22172

with a copy to: Frederick Perillo, Esq.
The Previant Law Firm, s.c.
1555 N. River Center Drive, Suite 202
Milwaukee, Wisconsin 53212
Telephone: (414) 271-4500

[*Remainder of Page Intentionally Blank; Signature Page Follows]*

IN WITNESS WHEREOF, each of the Parties has caused this Settlement Agreement to be executed and delivered as of the last date set forth below.

Patriot Coal Corporation, on behalf of itself
and its Affiliates

By: _____
Name: Joseph W. Bean
Title: Senior Vice President - Law & Administration
Date: October 24, 2013

Peabody Energy Corporation, on behalf of itself
and its Affiliates

By: _____
Name:
Title:
Date:

United Mine Workers of America, on behalf of itself

By: _____
Name:
Title:
Date:

The UMWA Employees, by and through the United Mine Workers of America
as their authorized representative

By: _____
Name:
Title:
Date:

The UMWA Retirees, by and through the United Mine Workers of America
as their authorized representative to the full extent permitted
by section 1114 of the Bankruptcy Code

By: _____
Name:
Title:
Date:

IN WITNESS WHEREOF, each of the Parties has caused this Settlement Agreement to be executed and delivered as of the last date set forth below.

Patriot Coal Corporation, on behalf of itself
and its Affiliates

By:_____
Name:
Title:
Date:

Peabody Energy Corporation, on behalf of itself
and its Affiliates

By: _____
Name: Alexander C. Schoch
Title: Executive Vice President, Chief Legal Officer & Secretary
Date: October 25, 2013

United Mine Workers of America, on behalf of itself

By: _____
Name:
Title:
Date:

The UMWA Employees, by and through the United Mine Workers of America
as their authorized representative

By: _____
Name:
Title:
Date:

The UMWA Retirees, by and through the United Mine Workers of America
as their authorized representative to the full extent permitted
by section 1114 of the Bankruptcy Code

By:_____
Name:
Title:
Date:

IN WITNESS WHEREOF, each of the Parties has caused this Settlement Agreement to be executed and delivered as of the last date set forth below.

Patriot Coal Corporation, on behalf of itself
and its Affiliates

By:_____
Name:
Title:
Date:

Peabody Energy Corporation, on behalf of itself
and its Affiliates

By: _____
Name:
Title:
Date:

United Mine Workers of America, on behalf of itself

By: _____
Name: ARTHUR TRAYNOR
Title: ATTORNEY
Date: 10/25/13

The UMWA Employees, by and through the United Mine Workers of America
as their authorized representative

By: _____
Name: ARTHUR TRAYNOR
Title: ATTORNEY
Date: 10/25/13

The UMWA Retirees, by and through the United Mine Workers of America
as their authorized representative to the full extent permitted
by section 1114 of the Bankruptcy Code

By:_____
Name: ARTHUR TRAYNOR
Title: ATTORNEY
Date: 10/25/13

EXHIBIT A

Approval Order

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)**

ORDER AUTHORIZING AND APPROVING PURSUANT TO 11 U.S.C. §§ 105(a), 363(b), 1113, AND 1114(e) AND FED. R. BANKR. P. 9019(a) THE SETTLEMENT WITH PEABODY ENERGY CORPORATION, AND THE UMWA, ON BEHALF OF ITSELF AND IN ITS CAPACITY AS AUTHORIZED REPRESENTATIVE OF THE UMWA EMPLOYEES AND UMWA RETIREES

Upon the motion (the "**Motion**")[2] of Patriot Coal Corporation and its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the "**Debtors**"), for entry of an order pursuant to sections 105(a), 363(b), 1113 and 1114(e) of the Bankruptcy Code and Bankruptcy Rule 9019(a) approving a settlement among (i) Patriot; (ii) Peabody; (iii) the UMWA, on behalf of itself; (iv) the UMWA Employees, by and through the UMWA as their authorized representative; and (v) the UMWA Retirees, by and through the UMWA as their authorized representative to the full extent permitted under section 1114 of the Bankruptcy Code (together, the "**Parties**"), substantially in the form attached hereto as Exhibit A (the "**Peabody Settlement**"); and the Court having jurisdiction to consider the Motion and the relief requested therein

[1] The Debtors are the entities listed on Schedule 1 attached to the Motion (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] Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to such term in the Peabody Settlement (as defined herein).

pursuant to 28 U.S.C. § 1334; and consideration of the Motion and the requested relief being a core proceeding that the Bankruptcy Court can determine pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; due and proper notice of the Motion having been provided in accordance with the Order Establishing Certain Notice, Case Management and Administrative Procedures entered on March 22, 2013 [ECF No. 3361], and a supplemental notice of the relief requested in the Motion substantially in the form attached to the Motion as Exhibit B having been sent by U.S. first class mail to the UMWA Employees and the Debtors' UMWA-represented retirees, including all Attachment A Retirees, and any surviving spouse of such retirees, and it appearing that no other or further notice need be provided; the Court having reviewed the Motion; [and the Court having held a hearing with appearances of parties in interest noted in the transcript thereof (the "**Hearing**")]; the relief requested in the Motion, including the releases and injunctions described therein, (i) being in the best interests of the Debtors and their respective estates and creditors, (ii) being essential to the implementation of the Debtors' plan of reorganization and emergence from chapter 11 and (iii) allowing the Debtors to satisfy their obligations to the UMWA, the UMWA Employees and the UMWA Retirees pursuant to the UMWA Settlement; and the UMWA having the authority to enter into the Peabody Settlement on behalf of the UMWA Employees and UMWA Retirees as their authorized representative; and the Debtors having articulated good, sufficient and sound business justifications and compelling circumstances for the Peabody Settlement; the settlement and compromise reflected by the Peabody Settlement being the result of good faith, arm's-length negotiations in which the Parties were represented by sophisticated legal and financial

advisors, and being fair, reasonable and equitable to all of the parties in interest; the Court having determined that the legal and factual bases set forth in the Motion [and at the Hearing] establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby[3]

ORDERED that the relief requested in the Motion is hereby granted in full as set forth herein; and it is further

ORDERED that any objection to the Motion and the Peabody Settlement is hereby overruled with prejudice; and it is further

ORDERED that pursuant to sections 105(a), 363(b), 1113 and 1114(e) of the Bankruptcy Code and Bankruptcy Rule 9019, the Peabody Settlement, substantially in the form attached hereto as Exhibit A, is approved in its entirety and all of its terms are incorporated herein by reference; and it is further

ORDERED that the failure to specifically include any particular provision of the Peabody Settlement in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Peabody Settlement be authorized and approved in its entirety; and it is further

ORDERED that the Peabody Settlement and this Order shall be binding upon Patriot, Peabody, the UMWA, the UMWA Employees, and the UMWA Retirees, individually and collectively, and each of the respective successors and assigns of the foregoing (including, with respect to the Debtors, any chapter 7 or chapter 11 trustee

[3] Findings of fact that may be conclusions of law shall be treated as conclusions of law herein and vice versa.

hereinafter appointed or elected for any of the Debtors' estates, an examiner appointed pursuant to section 1104 of the Bankruptcy Code or any other fiduciary appointed as a legal representative of the Debtors or with respect to the property of the Debtors' estates) and shall inure to the benefit of the Parties and their respective successors and assigns; and it is further

ORDERED that none of the Debtors, the UMWA, the UMWA Employees, the UMWA Retirees or Peabody shall take any action that is inconsistent with the Peabody Settlement; and it is further

ORDERED that the Debtors are authorized to execute, deliver, implement, and fully perform any and all obligations, instruments, documents, and papers and to take any and all actions reasonably necessary or appropriate to consummate, complete, execute, and implement the Peabody Settlement and the relief granted in this Order, in accordance with the terms and conditions thereof; and it is further

ORDERED that, upon the occurrence of the effective date of the Peabody Settlement (the "**Effective Date**"), any obligations of Peabody under the NBCWA Liabilities Assumption Agreement and the Acknowledgment and Assent will be deemed satisfied in full and such agreements shall be terminated and of no further force and effect; and it is further

ORDERED that, upon the occurrence of the Effective Date, Patriot, the Debtors, each of their respective estates, and the Reorganized Debtors[4] fully and forever release

[4] "Reorganized Debtors" means, collectively, each of the Debtors, and any successor thereto, whether by merger, consolidation or otherwise, on and after the Plan Effective Date.

and shall be deemed to have fully and forever released the Peabody Released Parties from any and all Causes of Action[5]; and it is further

ORDERED that, the releases in the immediately preceding paragraph will not (x) waive or release any action, cause of action, grievance, suit, charge, demand, complaint or claim of any nature ("**Claim**") (1) arising after the Effective Date under any agreement between Patriot and Peabody (A) entered into after the Petition Date, (B) previously assumed by the Debtors or (C) assumed by the Debtors pursuant to the terms of the Peabody Settlement, including without limitation, with respect to (i) any indemnification or related liability of any Peabody Released Party, or (ii) any express agreement, covenant or obligation of any Peabody Released Party contained therein; or (2) arising after the Petition Date but prior to the Effective Date with respect to Ordinary Course Adjustments or on account of obligations arising in the ordinary course of business between Peabody and Patriot under, and relating to the specific subject matter covered by, agreements between them; or (y) impact, impair or in any way limit any defenses that Patriot may have with respect to any Claims described in Section 9.7.2 of the Peabody Settlement; and it is further

[5] "Causes of Action" means, without limitation, any and all, actions, proceedings, causes of action, controversies, liabilities, obligations, rights, rights of set-off, recoupment rights, suits, damages, judgments, accounts, defenses, offsets, powers, privileges, licenses, franchises, claims (as defined in section 101(5) of the Bankruptcy Code and including alter-ego claims and claims under chapter 5 of the Bankruptcy Code as well as any claims or rights created pursuant to sections 301 and 541 of the Bankruptcy Code upon the commencement of the above-captioned chapter 11 cases), counterclaims, cross-claims, affirmative defenses and demands of any kind or character whatsoever, whether known or unknown, asserted or unasserted, reduced to judgment or otherwise, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in contract or in tort, in law, in equity or otherwise in any court, tribunal, forum or proceeding, under any local, state, federal, foreign, statutory, regulatory or other law or rule, based in whole or in part upon any act or omission or other event occurring prior to July 9, 2012 or during the course of the Chapter 11 Cases, including through the Effective Date, in all cases other than those arising in connection with the enforcement of the Peabody Settlement or as otherwise set forth in the Peabody Settlement, which are not released and are expressly preserved.

ORDERED that, upon the occurrence of the Effective Date, the UMWA, on behalf of itself, the UMWA Employees, by and through the UMWA as their authorized representative, and the UMWA Retirees, by and through the UMWA as their authorized representative, fully and forever release and shall be deemed to have fully and forever released any Causes of Action that they might have against the Peabody Released Parties (the "**UMWA Released Causes of Action**"), *provided, however*, that the UMWA, the UMWA Employees and the UMWA Retirees do not release, and expressly preserve, any claims or causes of action arising out of or related to (a) any direct employment relationship between Peabody Western Coal Company, Big Sky Coal Company, Seneca Coal Company, LLC, and Big Ridge, Inc. and individuals belonging to, or represented by, the UMWA; or (b) the pending dispute between United Mine Workers of America, District 12 and Peabody Holding Company, LLC and Black Beauty Coal Company (n/k/a Peabody Midwest Mining, LLC) relating to the Memorandum of Understanding Regarding Job Opportunities effective January 1, 2007 between the UMWA and Peabody Coal Company, LLC, n/k/a Heritage Coal Company LLC (collectively, the "**UMWA Reserved Causes of Action**"); and it is further

ORDERED that, for the avoidance of doubt, nothing in the Peabody Settlement or this Order shall release or otherwise affect any claims or causes of action of the UMWA or the UMWA Retirees with respect to the obligation of the Aluminum Company of America to pay retiree healthcare benefits with respect to UMWA Retirees of the Squaw Creek Coal Company; and it is further

ORDERED that, upon the occurrence of the Effective Date, Peabody (i) fully and forever releases and shall be deemed to have fully and forever released the Patriot

Released Parties from any and all Causes of Action, and (ii) irrevocably withdraws and shall be deemed to have withdrawn irrevocably any and all proofs of claim filed against the Debtors in the Chapter 11 Cases, and, upon the Effective Date, the Debtors' claims agent and the Clerk of the Court are authorized and directed to amend the Debtors' claims register accordingly; and it is further

ORDERED that, the release and withdrawal in the immediately preceding paragraph will not (x) waive or release any Claim (1) arising after the Effective Date under any agreement between Peabody and Patriot (A) entered into after the Petition Date, (B) previously assumed by the Debtors or (C) assumed by the Debtors pursuant to the terms of the Peabody Settlement, including without limitation, with respect to (i) any indemnification or related liability of any Patriot Released Party, or (ii) any express agreement, covenant or obligation of any Patriot Released Party contained therein; or (2) arising after the Petition Date but prior to the Effective Date with respect to Ordinary Course Adjustments or on account of obligations arising in the ordinary course of business between Peabody and Patriot under, and relating to the specific subject matter covered by, agreements between them; or (y) impact, impair or in any way limit any defenses that Peabody may have with respect to any Claims described in Section 9.1.2 of the Peabody Settlement; and it is further

ORDERED that, upon the occurrence of the Effective Date, Peabody fully and forever releases and shall be deemed to have fully and forever released any and all Causes of Action it or its officers or directors may have against the UMWA Released Parties, including, but not limited to, any Causes of Action relating to the UMWA corporate campaign, picketing, handbilling, bannering and other forms of organized

activities directed against Peabody, its officers or directors, *provided*, *however*, that Peabody does not release, and expressly preserves, any claims or Causes of Action arising out of or related to (a) any direct employment relationship between Peabody Western Coal Company, Big Sky Coal Company, Seneca Coal Company, LLC, and Big Ridge, Inc. and individuals belonging to, or represented by, the UMWA; or (b) the pending dispute between United Mine Workers of America, District 12 and Peabody Holding Company, LLC and Black Beauty Coal Company (n/k/a Peabody Midwest Mining, LLC) relating to the Memorandum of Understanding Regarding Job Opportunities effective January 1, 2007 between the UMWA and Peabody Coal Company, LLC, n/k/a Heritage Coal Company LLC; and it is further

ORDERED that, upon the occurrence of the Effective Date, all persons and entities who have held, hold or may hold claims, interests or Causes of Action against the Debtors are hereby permanently barred, enjoined, and restrained from pursuing, commencing or continuing in this Court, in any federal or state court, or in any other court, tribunal, arbitration proceeding, administrative agency, or other forum in the United States or elsewhere, in any manner, any action or other proceeding against the Peabody Released Parties on account of any Causes of Action of the Debtors that are released by the Debtors pursuant to this Order and the Peabody Settlement; and it is further

ORDERED that, upon the occurrence of the Effective Date, in recognition of the good and valuable consideration that Peabody is obligated to provide for the benefit of the UMWA Employees and UMWA Retirees, and the fact that such consideration is essential to the Debtors' reorganization, the UMWA, the UMWA Employees, and the

UMWA Retirees are each hereby permanently barred, enjoined, and restrained from pursuing, commencing or continuing in this Court, in any federal or state court, or in any other court, tribunal, arbitration proceeding, administrative agency, or other forum in the United States or elsewhere, in any manner, any action or other proceeding on account of any UMWA Released Causes of Action against the Peabody Released Parties, including without limitation any Causes of Action under the Acknowledgment and Assent or ERISA or in any way relating to any benefit plan, Collective Bargaining Agreement or Retiree Benefits, *provided, however* that, for the avoidance of doubt, this paragraph shall not apply to any UMWA Reserved Causes of Action; and it is further

ORDERED that no payment or other obligation of Peabody set forth in the Peabody Settlement shall be delayed, reduced, offset, recouped or withheld based on any claim, allegation or contract between Patriot and Peabody, other than claims or allegations that arise under the terms of the Peabody Settlement; *provided, however*, that this paragraph shall not limit any rights that Peabody or Patriot may have to delay, reduce, offset, recoup or withhold payments or obligations owing to the other under any agreements being assumed in connection with the Peabody Settlement; and it is further

ORDERED that nothing in this Order or in the Peabody Settlement is to be construed as (i) releasing, discharging, precluding, waiving, or enjoining Peabody's or any third party's liability to the UMWA 1974 Pension Plan, the UMWA 1992 Benefit Plan, the UMWA Combined Benefit Fund, the UMWA 2012 Retiree Bonus Account Trust or the UMWA 1993 Benefit Plan (collectively, the "**UMWA Plans**"), if any, on account of any claim by or on behalf of the UMWA Plans; or (ii) affecting the rights and defenses of any party with respect to any such alleged right or claim. It being understood

that this provision shall not apply with respect to any Causes of Action of the Debtors or the Reorganized Debtors against Peabody that are released hereunder; and it is further

ORDERED that the Peabody Settlement, the fact of its existence, any documents related thereto, and this Order shall in no event be deemed a presumption, concession, or admission by any Party of (i) any fault, liability or wrongdoing as to any facts, claims or contentions that have been or might be alleged or asserted in connection with the various disputes that are the subject of the Peabody Settlement and the released Causes of Action or (ii) any infirmity in the claims or defenses that any Party could have asserted in any other action or proceeding, whether civil, criminal or administrative, *provided, however* that this provision shall not apply with respect to the enforcement of the Peabody Settlement or this Order; and it is further

ORDERED that nothing contained in the Peabody Settlement, including Peabody's payment obligations or credit support obligations thereunder, or in this Order shall create any third party beneficiary rights in any Person, it being understood that the UMWA, the UMWA Employees, and the UMWA Retirees as Parties to the Peabody Settlement shall not be considered third party beneficiaries for the purposes of this provision; and it is further

ORDERED that Peabody's entry into the Peabody Settlement shall not make Peabody a party to any collective bargaining agreement with the UMWA, the UMWA Employees or the UMWA Retirees or create any collective bargaining relationship between Peabody and the UMWA, the UMWA Employees or the UMWA Retirees for any purpose under the National Labor Relations Act, the Labor Management Relations Act or any other labor and employment laws; and it is further

ORDERED that entry into the Peabody Settlement by the Debtors and the performance and fulfillment of their obligations thereunder does not constitute the solicitation of a vote on a plan of reorganization, does not violate any law, including the Bankruptcy Code, and does not give rise to any claim or remedy against any of the Debtors; and its further

ORDERED that the effect of this Order shall survive the conversion, dismissal and/or closing of these Chapter 11 Cases, appointment of a chapter 11 trustee, confirmation of a plan of reorganization and/or the substantive consolidation of these Chapter 11 Cases with any other case or cases; and it is further

ORDERED that proper, timely, adequate and sufficient notice of the Motion has been provided, and no other or further notice of the Motion or the entry of this Order shall be required; and it is further

ORDERED that, in the event the Effective Date does not occur by March 31, 2014, or the Peabody Settlement otherwise terminates in accordance with its terms, then, with the exception of Section 7.4 thereof, the Peabody Settlement shall be *void ab initio* and the Parties shall revert to their respective positions on the date immediately prior to the Execution Date, and in such event the Parties shall not rely on the Peabody Settlement, any of the negotiations that resulted in the Peabody Settlement, or any objections filed with respect to the Peabody Settlement, in any further proceedings in connection with the matters that are being settled in connection with the Peabody Settlement; and it is further

ORDERED that this Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation of this Order; and it is further

ORDERED that to the extent of any conflict between the terms of this Order and any chapter 11 plan confirmed in the Chapter 11 Cases or any other order of this Court, the terms of this Order shall control; and it is further

ORDERED that, notwithstanding the possible applicability of Bankruptcy Rules 4001(d), 6004(h), 7062, 9014, or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

Dated: _____, 2013
St. Louis, Missouri

THE HONORABLE KATHY SURRATT-STATES
CHIEF UNITED STATES BANKRUPTCY JUDGE

Order prepared by:
Marshall S. Huebner
Elliot Moskowitz
Brian M. Resnick
Michelle M. McGreal
DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017

EXHIBIT B

List of Existing LCs

CURRENT PATRIOT OBLIGATIONS SUPPORTED BY LETTERS OF CREDIT
September 19, 2013

LC Number	Issuing Bank	Beneficiary	Current Balance	Type	Peabody To Replace
18108228-00-000	PNC Bank	Western Surety C.N.A.	$8,362,494.00	surety	$ 694,435.50
18108230-00-000	PNC Bank	ILL Workers Comp	$8,495,602.50	worker comp	$ 8,495,602.50
CIS407373	Fifth Third Bk	UMWA 1992 Benefit Plan	$51,593,121.00	retiree health	$ 41,525,000.00
68053236	BofA	Clerk of Ct, US Dist Ct for	$28,500,000.00	Reclamation	$ 28,500,000.00
63665782	Citicorp	Travelers	$ 17,628,605.00	reclamation	$ 17,628,605.00
SB-01801	Barclays	National Union(Chartis)	$ 4,775,000.00	insurance	$ 4,775,000.00
SB-01813	Barclays	Caterpillar Financial	$ 563,513.00	leasing	$ 563,513.00
63666905	Citicorp	Westchester Fire	$ 146,680.00	reclamation	$ 146,680.00
SB-01812	Barclays	First Surety	$ 255,400.00	reclamation	$ 255,400.00
68089891	BofA	Bond Safeguard	$ 1,700,000.00	reclamation	$ 1,700,000.00
SB01844	Barclays	Commonwealth of PA	$ 6,140,998.00	reclamation	$ 6,140,998.00
63667407	Citicorp	Commonwealth of PA	$ 11,007,818.00	reclamation	$ 11,007,818.00
63668701	Citicorp	Ins Commissioner of WV	$ 5,091,948.00	worker comp	$ 5,091,948.00
		Total LC's	**$144,261,179.50**		**$ 126,525,000.00**
		Plus Replacement of Federal Black Lung Cash Collateral of $15,000,000			**$ 141,525,000.00**

EXHIBIT C

Form of Amendment to the DTA Agreement

AMENDMENT NO. 1 TO
COAL TERMINALING AGREEMENT

This Amendment No. 1 to Coal Terminaling Agreement (the "Amendment") is made on this ____ day of _____, 2013 (the "Amendment Effective Date"), by and among **Peabody Terminals, LLC**, a Delaware limited liability company ("PTI"); **James River Coal Terminal, LLC**, a Delaware limited liability company ("James River," and together with PTI, "TSP"); and **Patriot Coal Sales LLC**, a Delaware limited liability company ("Customer").

Recitals

A. TSP and Customer entered into that certain Coal Terminaling Agreement made effective as of May 3, 2011 (as it may be previously amended, the "Agreement").

B. The ultimate parent companies of TSP and Customer entered into that certain Settlement Agreement dated October 24, 2013 (the "Settlement Agreement"), pursuant to which TSP and Customer are entering into this Amendment.

C. The parties now desire to amend the Agreement as set forth below.

Agreement

The parties hereby agree to amend the Agreement as follows:

1. The parties hereby delete Section 1.1 of the Agreement in its entirety and replace it with the following:

"Term. The "Term" of this Agreement shall commence on January 1, 2013 ("Commencement Date") and run through and including March 31, 2016, unless otherwise extended or earlier terminated in accordance with the terms of this Agreement."

2. The parties hereby delete Section 4.1 of the Agreement in its entirety and replace it with the following:

"Terminaling Charges. Payment for the Terminaling Services to be provided hereunder shall be on a per net ton basis and shall be based upon established weights calculated in accordance with Section 1.3. From the Commencement Date through the end of the Term, Customer shall pay Five Dollars and Fifty Cents ($5.50) per net ton of Customer's Coal loaded onto vessels for Terminaling Services, subject to offset or adjustment as provided in Section 6.1 of the Settlement Agreement ("Terminaling Charges")."

3. The parties hereby amend Section 4.2(a) of the Agreement by deleting "Customer shall pay TSP $5.50 per net ton" and replacing it with "Customer shall pay TSP $5.50 per net ton, subject to offset or adjustment as provided in Section 6.1 of the Settlement Agreement."

4. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

5. All other terms and conditions of the Agreement not amended hereby shall remain in full force and effect.

[Remainder of Page Intentionally Blank; Signature Page Follows.]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized representatives as of the day and year first written above.

PEABODY TERMINALS, LLC

By:_____

Name:_____

Title:_____

PATRIOT COAL SALES LLC

By:_____

Name:_____

Title:_____

JAMES RIVER COAL TERMINAL, LLC

By:_____

Name:_____

Title:_____

EXHIBIT D

Form of Amendment to the Elkland Transloading Agreement

AMENDMENT NO. 1 TO
SECOND AMENDED AND RESTATED TRANSLOADING AGREEMENT

This Amendment No. 1 to the Second Amended and Restated Transloading Agreement (the "Amendment") is made on this ____ day of _____, 2013, by and between **Eastern Associated Coal, LLC**, a West Virginia limited liability company ("EAC"), and **Elkland Holdings, LLC**, a Delaware limited liability company ("Customer").

Recitals

A. EAC and Customer entered into that certain Second Amended and Restated Transloading Agreement dated December 22, 2011 (as it may be previously amended, the "Agreement").

B. The ultimate parent companies of EAC and Customer entered into that certain Settlement Agreement dated October 24, 2013, pursuant to which EAC and Customer are entering into this Amendment.

C. The parties now desire to amend the Agreement as set forth below.

Agreement

The parties hereby agree to amend the Agreement as follows:

1. The parties hereby delete the phrase "two sentences" in the third sentence of Section 10.5 of the Agreement and replace it with the phrase "three sentences." Further, the parties hereby insert a new sentence into Section 10.5 of the Agreement. Such new sentence shall be inserted between the second and third sentences of Section 10.5 and shall read as follows:

   "Notwithstanding the previous two sentences, Customer may assign or otherwise transfer, in whole or in part, by operation of law or otherwise, whether by transfer of stock, membership unit or other ownership interest in Customer or otherwise (collectively, "Transfer") , this Agreement without the prior written consent of EAC; *provided*, however, that (a) such Transfer is to a prudent operator; (b) Customer provides written notice to EAC of such Transfer; and (c) Customer may make only one such Transfer without the prior written consent of EAC, and all subsequent Transfers by Customer or its assigns shall require such prior written consent of EAC, which prior written consent shall not be unreasonably withheld."

2. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

3. All other terms and conditions of the Agreement not amended hereby shall remain in full force and effect.

[Remainder of Page Intentionally Blank; Signature Page Follows.]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized representatives as of the day and year first written above.

EASTERN ASSOCIATED COAL, LLC

By:_____

Name:_____

Title:_____

ELKLAND HOLDINGS, LLC

By:_____

Name:_____

Title:_____

EXHIBIT E

Form of Amendment to the December 28 Letter Agreement

AMENDMENT NO.1 TO
LETTER AGREEMENT DATED DECEMBER 28, 2011

This Amendment No. 1 to Letter Agreement dated December 28, 2011 (the "Amendment") is made on this ___ day of _____, 2013, by and among **Peabody Energy Corporation**, a Delaware corporation ("PEC"); **Peabody Holding Company, LLC**, a Delaware limited liability company ("PHC"); and **Patriot Coal Corporation**, a Delaware corporation ("Patriot").

Recitals

A. The parties hereto entered into that certain Letter Agreement dated December 28, 2011, the subject line of which reads "Coal Act Security Obligation and Fees and Squaw Creek Liabilities" (the "Agreement").

B. PEC and Patriot entered into that certain Settlement Agreement dated October 24, 2013 (the "Settlement Agreement"), pursuant to which, among other things, (a) that certain NBCWA Individual Employer Plan Liabilities Assumption Agreement dated October 22, 2007, by and among Patriot, Peabody Coal Company, LLC, n/k/a Heritage Coal Company LLC, PHC and PEC will be terminated on the Effective Date (as defined in the Settlement Agreement) of the Settlement Agreement; (b) PEC agreed to replace a letter of credit in the face value of $41.525 million currently posted by Patriot in support of its obligations under the Coal Industry Retiree Health Benefits Act of 1992; and (c) the parties hereto are entering into this Amendment.

C. The parties now desire to amend the Agreement as set forth below.

Agreement

The parties hereby agree to amend the Agreement as follows:

1. Notwithstanding anything to the contrary in the Agreement, as of the Effective Date of the Settlement Agreement, neither Patriot nor PEC nor PHC shall have further obligations with respect to the Required Security under the terms of the Agreement.

2. The parties further agree to modify their obligations under the Agreement with respect to the Squaw Creek Issue as follows: With respect to PHC Obligations under the NBCWA Agreement, the parties acknowledge and agree that such PHC Obligations shall be limited to claims incurred through and including December 31, 2013. Accordingly, the Patriot reimbursement obligations set forth in Section 3 of the section of the Agreement entitled "Squaw Creek Issue" in connection with PHC Obligations under the NBCWA Agreement shall be limited to amounts collected from Alcoa with respect to such claims.

3. For the avoidance of doubt, the parties make no changes with respect to PHC Obligations under the CALAA or the Patriot reimbursement obligations set forth in Section 3 of the section of the Agreement entitled "Squaw Creek Issue" in connection with PHC Obligations under the CALAA.

4. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

5. All other terms and conditions of the Agreement not amended hereby shall remain in full force and effect.

[Remainder of Page Intentionally Blank; Signature Page Follows.]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized representatives as of the day and year first written above.

PEABODY HOLDING COMPANY, LLC

By:_____

Name:_____

Title:_____

PATRIOT COAL CORPORATION

By:_____

Name:_____

Title:_____

PEABODY ENERGY CORPORATION

By:_____

Name:_____

Title:_____

EXHIBIT F

Form of Amendment to the Administrative Services Agreement

AMENDMENT NO. 1 TO
ADMINISTRATIVE SERVICES AGREEMENT

This Amendment No. 1 to Administrative Services Agreement (the "Amendment") is made on this ___ day of _____, 2013, by and among **Peabody Holding Company, LLC**, a Delaware limited liability company ("PHC"), **Patriot Coal Corporation**, a Delaware corporation ("Patriot") and solely with respect to its obligations under Section 11 of the "Agreement," as defined below, **Peabody Energy Corporation**, a Delaware corporation ("PEC").

Recitals

A. Patriot, PHC and PEC entered into that certain Administrative Services Agreement dated October 22, 2007 (as amended by that certain Letter Agreement dated October 22, 2007, the "Agreement").

B. PEC and Patriot entered into that certain Settlement Agreement dated October **[23]**, 2013, pursuant to which, among other things, (a) that certain NBCWA Liabilities Assumption Agreement dated October 22, 2007 by and among Patriot, Peabody Coal Company, LLC, n/k/a Heritage Coal Company LLC, PHC and PEC will be terminated; and (b) the parties hereto are entering into this Amendment.

C. The parties now desire to amend the Agreement as set forth below.

Agreement

The parties hereby agree to amend the Agreement as follows:

1. The parties hereby insert a new recital in between the final recital and the paragraph beginning "NOW, THEREFORE," as follows:

   "WHEREAS, PHC, PEC and Patriot have agreed to terminate the NBCWA LAA such that PHC's payment obligations thereunder shall be limited to claims incurred through and including December 31, 2013."

2. The parties hereby amend Section 1(g) of the Agreement by inserting the words "it being understood and agreed that NBCWA Individual Employer Plan Liabilities shall not include any such liabilities with respect to claims incurred after December 31, 2013."

3. The parties hereby amend Section 2 of the Agreement by inserting, at the conclusion of the first sentence of Section 2, the following proviso: "*provided, however*, that Patriot shall have no obligation to provide such services with respect to the NBCWA LAA for claims incurred after December 31, 2013."

4. A schedule entitled "ADMINISTRATIVE SERVICES AGREEMENT – SERVICES" is attached to the Agreement and defines the services to be provided by Patriot to PHC under the Agreement and the Fair Market Value of such services to be paid on a monthly basis by PHC to Patriot. Effective as of February 1, 2014, the schedule attached hereto as Attachment 1 shall replace such schedule.

5. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

6. All other terms and conditions of the Agreement not amended hereby shall remain in full force and effect.

[Remainder of Page Intentionally Blank; Signature Page Follows.]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their duly authorized representatives as of the day and year first written above.

PEABODY HOLDING COMPANY, LLC

By:_____

Name:_____

Title:_____

PATRIOT COAL CORPORATION

By:_____

Name:_____

Title:_____

Solely for purposes of Section 11 of the Agreement, as amended by this Amendment:
PEABODY ENERGY CORPORATION

By:_____

Name:_____

Title:_____

ATTACHMENT 1

ADMINISTRATIVE SERVICES AGREEMENT – SERVICES

Administrative Services Agreement – Services

	Service Description	Service Detail	Average FTE	Monthly FTE Fair Market Value	Monthly Fair Market Value of Service
1.	HR call center	Handle phone calls from retirees and resolve related issues.	0.75	$11,000.00	$8,250.00
2.	Management of cost containment initiatives	Manage cost containment initiatives as defined in this Agreement, as amended by any side letter relation hereto (including without limitation medical and prescription drug initiatives).	0.08	$11,000.00	$880.00
3.	Administration of Medicare Part D program	Administer Medicare Part D program.	0.08	$11,000.00	$880.00
4.	Communication	Provide communications to retirees as needed about changes in benefit providers and cost containment initiatives.	0.08	$11,000.00	$880.00
5.	Vendor management	Manage vendor relationships and coordinate vendor activities.	0.08	$11,000.00	$880.00
6.	Eligibility	Manage eligibility for all retirees for which PHC has agreed to provide funding, including: Performing annual eligibility verifications; SSN verification for dependents; age 65 notification; income limitation for Coal Act; and Coal Act surviving spouse marital status check.	0.35	$11,000.00	$3,850.00
7.	Vendor paid claims reconciliation and invoicing	Verify and reconcile the paid claims data prepared by each third party to wire transfers made during each paid claim cycle. Invoice PHC for prescription drug claims.	0.15	$11,000.00	$1,650.00
8.	Monthly management reporting detail	Provide a monthly report within ten business days following the end of each month that describes by medical service and prescription drug the total paid claims and the number of primary beneficiaries apportioned between salaried and represented employees.	0.08	$11,000.00	$880.00
9.	Assistance with actuaries' FAS 106 data analysis	Provide information and data to support PHC's FAS 106 valuation, including quarterly and annual data.	0.08	$11,000.00	$880.00
			1.44	$11,000.00	$19,030.00

NOTES

- Specific metrics to determine whether each service has been performed in accordance with the terms of the Agreement will be mutually determined by the parties in good faith.

EXHIBIT G

Non-Exclusive List of Agreements to be
Assumed by the Debtors Pursuant to the Patriot Plan

- Separation Agreement, Plan of Reorganization and Distribution, by and between Peabody Energy Corporation and Patriot Coal Corporation, dated October 22, 2007
- Employee Matters Agreement, by and between Peabody Energy Corporation and Patriot Coal Corporation, dated October 22, 2007
- Tax Separation Agreement, by and between Peabody Energy Corporation and Patriot Coal Corporation, dated October 22, 2007
- Master Equipment Sublease, by and between PEC Equipment Company, LLC and Patriot Leasing Company LLC, dated October 22, 2007
- Administrative Services Agreement, by and between Peabody Holding Company, LLC and Patriot Coal Corporation, dated October 22, 2007
- NBCWA Individual Employer Plan Liabilities Assumption Agreement, by and between Peabody Holding Company, LLC and Patriot Coal Corporation, dated October 22, 2007
- Salaried Employee Liabilities Assumption Agreement, by and between Peabody Holding Company, LLC and Patriot Coal Corporation, dated October 22, 2007
- Section 9711 Coal Act Liabilities Assumption Agreement, by and between Peabody Holding Company, LLC and Patriot Coal Corporation, dated October 22, 2007
- Common Interest Agreement, by and between Peabody Energy Corporation and certain of its affiliates and Patriot Coal Corporation and certain of its affiliates, dated October 22, 2007
- Respective Rights Agreement, by and between Coaltrade, LLC, Cook Mountain Coal Company, Eastern Associated Coal Corp., Pine Ride Coal Company, Patriot Coal Corporation, and Peabody Energy Corporation, dated October 22, 2007
- Cooperation Agreement and Ratification of Assignment of Overriding Royalty Interest Payment Obligations to Tampa Electric Company – Henderson Reserves, by and between Peabody Coal Company, LLC, Highland Mining Company, LLC and Midwest Coal Reserves of Kentucky, LLC, dated October 22, 2007
- Agreement, by and between Coaltrade LLC and HCR Holding, LLC, dated October 22, 2007
- Software License Agreement, by and between Peabody Energy Corporation and Patriot Coal Corporation, dated October 22, 2007

- Patent License Agreement, by and between Peabody Energy Corporation and Patriot Coal Corporation, dated October 22, 2007

- Trademark Assignment, by and between Peabody Coal Company, LLC and Peabody Energy Corporation, dated October 24, 2007

- Patent Assignment, by and between Eastern Associated Coal, LLC and Peabody Energy Corporation, dated October 24, 2007

- Patent Assignment, by and between Peabody Coal Company, LLC and Peabody Energy Corporation, dated October 24, 2007

- Conveyance and Assumption Agreement, by and between PEC Equipment Company, LLC, Central States Coal Reserves of Indiana, LLC, Central States Coal Reserves of Illinois, LLC, Cyprus Creek Land Company and Peabody Coal Company, dated October 22, 2007

- Settlement and Release Agreement dated September 2, 2008, by and between Peabody Energy Corporation and Patriot Coal Corporation

- Letter Agreement, dated December 28, 2011, by and between Peabody Energy Corporation, Peabody Holding Company, LLC and Patriot Coal Corporation

Agreements Already Assumed by the Debtors during the Chapter 11 Cases

- Throughput and Storage Agreement, dated October 22, 2007, by and among Peabody Terminals, LLC, James River Coal Terminal, LLC and Patriot Coal Sales LLC, as amended on January 1, 2010, September 30, 2010, and May 3, 2011

- Coal Terminaling Agreement dated May 3, 2011, by and between Peabody Terminals, LLC and James River Coal Terminal, LLC, and Patriot Coal Sales LLC

- Second Amended and Restated Transloading Agreement dated December 22, 2011, by and among Eastern Associated Coal, LLC and Elkland Holdings, LLC

- Amended and Restated Road Use Agreement dated January 1, 2011, by and between Eastern Associated Coal, LLC and Elkland Holdings, LLC

- Amended and Restated Road Use Agreement dated January 1, 2011, by and between Pine Ridge Coal Company, LLC and Elkland Holdings, LLC

- Coal Washing Agreement dated May 3, 2011, by and between Eastern Associated Coal, LLC and Elkland Holdings, LLC

- Transaction Confirmation dated November 16, 2011, between Patriot Coal Sales LLC and Peabody COALTRADE, LLC, with a trade date of November 10, 2011

Appendix F

Arch Settlement Agreement

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into as of October 23, 2013 (the "Execution Date"), by and among (i) Patriot Coal Corporation and its affiliates that are debtors and debtors-in-possession (collectively, "Patriot" or the "Debtors") in the jointly administered chapter 11 cases captioned *In re Patriot Coal Corporation, et al.*, Case No. 12-51502-659 (Bankr. E.D. Mo.) (the "Chapter 11 Cases") pending in the United States Bankruptcy Court for the Eastern District of Missouri (the "Bankruptcy Court") and (ii) Arch Coal, Inc. and its subsidiaries and affiliates (collectively, "Arch"). Together, Patriot and Arch are referred to in this Term Sheet as the "Parties".

WHEREAS, Patriot filed for protection under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") on July 9, 2012 (the "Petition Date"), in the United States Bankruptcy Court for the Southern District of New York; and

WHEREAS, the Debtors' Chapter 11 Cases are being jointly administered; and

WHEREAS, on December 31, 2005, Arch and Magnum Coal Company ("Magnum") entered into the Purchase and Sale Agreement between Arch and Magnum (the "Magnum PSA"), whereby Arch sold 100% of the stock of certain mining operations in exchange for $15 million, the assumption of certain liabilities, and a contribution of $7.5 million to two newly-established voluntary employee benefit associations; and

WHEREAS, on April 2, 2008, Patriot, Magnum, ArcLight Energy Partners Fund I, L.P., and ArcLight Energy Partners Fund II, L.P. entered into the Agreement and Plan of Merger (the "Merger Agreement") whereby Patriot acquired the entirety of the outstanding stock of Magnum, in exchange for stock of Patriot and Patriot's assumption of certain liabilities (the "Merger"); and

WHEREAS, the Debtors and the Official Committee of Unsecured Creditors of Patriot Coal Corporation (the "Creditors' Committee") have been investigating potential causes of action arising out of or relating to the Merger; and

WHEREAS, on September 3, 2013, the Debtors and the Creditors' Committee moved for leave to take discovery of Arch pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure; and

WHEREAS, on September 20, 2013, the Bankruptcy Court entered a stipulated order authorizing the Debtors and the Creditors' Committee to take Rule 2004 discovery of Arch; and

WHEREAS, on September 23, 2013, Patriot served a subpoena containing 30 individual requests on Arch (the "Rule 2004 Subpoena"); and

WHEREAS, the Debtors and the Creditors' Committee have been engaged in analysis of Patriot's own documents, and interviews with current Patriot employees, as part of the investigation of the Merger; and

WHEREAS, the Overriding Royalty Agreement dated October 31, 1994 (the "Override Agreement") among Robin Land Company, LLC ("RLC") and STB Ventures, Inc. ("STB")

requires RLC to pay royalties to STB based on sales of coal mined from certain coal reserves located in West Virginia; and

WHEREAS, on August 10, 2012, RLC commenced an adversary proceeding in the Bankruptcy Court, *Robin Land Company, LLC v. STB Ventures, Inc.*, Adv. Pro. No. 12-04355 (Bankr. E.D. Mo.) (the "STB Adversary Proceeding"), seeking a declaration that the Override Agreement is a standalone, non-executory contract for purposes of section 365 of the Bankruptcy Code; and

WHEREAS, on February 4, 2013, Arch, Ark Land Company ("Ark Land") and Ark Land KH, Inc. ("ALKH", together with Arch and Ark Land, the "Arch Entities") intervened as defendants in the STB Adversary Proceeding, as a result of a Guaranty (the "Guaranty") that Arch Mineral Corporation (a predecessor-in-interest to Arch) and STB, among others, had executed on October 31, 1994; and

WHEREAS, STB contends that the Guaranty requires Arch to indemnify STB if RLC fails to pay the Override Agreement; and

WHEREAS, on February 19, 2013, STB and the Arch Entities answered RLC's complaint and filed counterclaims against RLC (i) seeking a declaration that the Override Agreement is an executory contract subject to section 365(d)(3) of the Bankruptcy Code and that RLC's obligation to pay royalties under the Override Agreement is integrated with and not severable from the Debtors' rights and obligations under certain other leases and executory contracts, (ii) claiming a post-petition breach of contract and (iii) claiming unjust enrichment and seeking to impose a constructive trust on RLC's assets; and

WHEREAS, on March 4, 2013, RLC filed a motion for judgment on the pleadings and a motion to dismiss the counterclaims, and, on April 2, 2013, filed an answer to STB's and Arch's counterclaims; and

WHEREAS, on March 5, 2013, STB and the Arch Entities moved to compel RLC to make payments under the Override Agreement to STB, arguing that the Override Agreement is integrated with and not severable from (1) the Combined, Amended and Restated Coal Lease dated October 31, 1994 between Ark Land and Kelly-Hatfield Land Company (as amended, the "Kelly-Hatfield Lease"); (2) the Combined, Amended and Restated Coal Lease dated October 31, 1994 between Ark Land and Lawson Heirs, Inc. (the " Lawson Heirs Lease"); (3) the Asset Purchase Agreement dated October 31, 1994 among Ark Land, Apogee Coal Company, STB, and others; and (4) the Assignment and Assumption of Leases dated October 31, 1994 by and among STB, Eagle Minerals Company and Ark Land; and (5) the Liabilities Undertaking Agreement dated October 31, 1994 by and among STB, Eagle Minerals Company, Ark Land and others; and

WHEREAS, on April 23, 2013, oral argument was held before the Bankruptcy Court on both RLC's motion for judgment on the pleadings and to dismiss counterclaims, and on STB's motion to compel, on April 23, 2013; and

WHEREAS, the Bankruptcy Court has not ruled on the motions pending in the STB Adversary Proceeding; and

WHEREAS, the Parties have engaged in extensive, arms'-length negotiations in an attempt to reach a global resolution of the matters settled in this Settlement Agreement; and

WHEREAS, on October 4, 2013, the Debtors and Arch entered into a term sheet (the "Term Sheet"), that set forth the principle terms of a settlement that resolves all disputes between the Debtors and Arch; and

WHEREAS, as of October 4, 2013, the Parties agreed to stay the STB Adversary Proceeding and related matters and suspend any obligations of Arch to respond to the Rule 2004 Subpoena; and

WHEREAS, on October 16, 2013, the Debtors filed the Motion of the Debtors for Entry of an Order Pursuant to 11 U.S.C. §§ 363(b) and 105(a) and Fed. R. Bankr. P. 9019(a) Approving the Settlement with Arch Coal, Inc., (the "Approval Motion") seeking approval of the settlement embodied in this Settlement Agreement; and

WHEREAS, the Debtors have concluded that the Settlement embodied in this Settlement Agreement is in the best interests of the Estates and their creditors, as it provides for fair, reasonable, and adequate consideration in exchange for the releases and consideration the Estates will provide; and

WHEREAS, the consideration provided pursuant to this Settlement Agreement and resolution of the matters settled herein is an essential and integral aspect of the Debtors' strategy for emergence from bankruptcy protection; and

WHEREAS, all Parties are willing to enter into this Settlement Agreement to resolve finally the matters settled herein, among other reasons, to avoid the attendant expense, risk, difficulties, delays, and uncertainties of litigation; and

NOW, THEREFORE, for and in sufficient consideration of the promises and the mutual covenants contained herein, and subject to Bankruptcy Court approval, the Parties hereby agree as follows:

1. Definitions. As used in this Settlement Agreement, the following terms have the respective meanings indicated in this Section 1.

   1.1. "Allowed Administrative Expense Claim" has the meaning set forth in Section 7.1 hereof.

   1.2. "Allowed Unsecured Claims" has the meaning set forth in Section 7.2 hereof.

   1.3. "Approval Motion" has the meaning set forth in the recitals to this Settlement Agreement.

1.4. "Approval Order" means an order of the Bankruptcy Court in form and substance reasonably acceptable to the Parties that, among other things, approves the Settlement Agreement and contains the releases set forth herein, it being understood and agreed that the form of order attached hereto as Exhibit A is acceptable to the Parties.

1.5. "Arch" has the meaning set forth in the recitals to this Settlement Agreement.

1.6. "Arch Discovery Obligations" has the meaning set forth in Section 12 hereof.

1.7. "Arch Entities" has the meaning set forth in the recitals to this Settlement Agreement.

1.8. "Arch Released Parties" means Arch, its current and former professionals, employees, advisors, officers, directors, agents, predecessors, and successors, but shall not include ArcLight.

1.9. "ArcLight" means ArcLight Capital Partners LLC and its affiliates, subsidiaries, and managed entities.

1.10. "AKLH" has the meaning set forth in the recitals to this Settlement Agreement.

1.11. "Ark Land" has the meaning set forth in the recitals to this Settlement Agreement.

1.12. "Bankruptcy Code" has the meaning set forth in the recitals to this Settlement Agreement.

1.13. "Bankruptcy Court" has the meaning set forth in the recitals to this Settlement Agreement.

1.14. "Business Day" means a day which is not a Saturday, a Sunday, or a "legal holiday" as defined in Rule 9006 of the Federal Rules of Bankruptcy Procedure.

1.15. "Cash Payment" has the meaning set forth in Section 2 hereof.

1.16. "Causes of Action" means, without limitation, any and all actions, proceedings, causes of action, controversies, liabilities, obligations, rights, rights of set-off, recoupment rights, suits, damages, judgments, accounts, defenses, offsets, powers, privileges, licenses, franchises, claims (as defined in section 101(5) of the Bankruptcy Code and including alter-ego claims and claims under chapter 5 of the Bankruptcy Code as well as any claims or rights created pursuant to sections 301 and 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases), counterclaims, cross-claims, affirmative defenses and demands of any kind or character whatsoever, whether known or unknown, asserted or unasserted, reduced to judgment or otherwise, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in contract or in tort, in law, in equity or otherwise in any court, tribunal, forum or proceeding, under any

local, state, federal, foreign, statutory, regulatory or other law or rule, based in whole or in part upon any act or omission or other event occurring prior to July 9, 2012 or during the course of the Chapter 11 Cases, including through the Effective Date, in all cases other than those arising under this Settlement Agreement or the Approval Order, or otherwise expressly preserved under this Settlement Agreement or the Approval Order, including, but not limited to, those that Arch may have against any of the Debtors arising under or related to any agreement entered into after the Petition Date or assumed prior to or as of the Effective Date, which are not released and are expressly preserved.

1.17. "Chapter 11 Cases" has the meaning set forth in the recitals to this Settlement Agreement.

1.18. "Claim" means "claim" as defined in section 101(5) of the Bankruptcy Code.

1.19. "Creditors' Committee" has the meaning set forth in the recitals to this Settlement Agreement; provided, reference to the "Creditors' Committee" shall be deemed to include each member of the Creditors' Committee solely in its capacity as such, and each advisor to the Creditors' Committee.

1.20. "Confirmed Plan" means a Plan confirmed by the Bankruptcy Court pursuant to section 1129 of the Bankruptcy Code.

1.21. "Contract Assumptions" has the meaning set forth in Section 5 hereof.

1.22. "Contract Rejections" has the meaning set forth in Section 6 hereof.

1.23. "Debtors" has the meaning set forth in the recitals to this Settlement Agreement; provided that wherever the context so requires, reference to the "Debtors" shall mean (or shall also mean, as the case may be) the reorganized Debtors.

1.24. "Effective Date" has the meaning set forth in Section 14 hereof.

1.25. "Execution Date" has the meaning set forth in the recitals to this Settlement Agreement.

1.26. "Guaranty" has the meaning set forth in the recitals to this Settlement Agreement.

1.27. "Kelly-Hatfield Lease" has the meaning set forth in the recitals to this Settlement Agreement.

1.28. "Lawson Heirs Lease" has the meaning set forth in the recitals to this Settlement Agreement.

1.29. "Lease Assumptions" has the meaning set forth in Section 4 hereof.

1.30. "Litigation Trust" means the post-emergence litigation trust described in the Memorandum of Understanding.

1.31. "Magnum" has the meaning set forth in the recitals to this Settlement Agreement.

1.32. "Magnum PSA" has the meaning set forth in the recitals to this Settlement Agreement.

1.33. "Master Coal Sales and Services Agreement" means the Master Coal Sales and Services Agreement effective as of December 31, 2005, by and between Arch Coal Sales Company, Inc., and Magnum.

1.34. "Memorandum of Understanding" means the Memorandum of Understanding between the United Mine Workers of America, on behalf of itself and its members, and Patriot, dated August 26, 2013.

1.35. "Merger" has the meaning set forth in the recitals to this Settlement Agreement.

1.36. "Merger Agreement" has the meaning set forth in the recitals to this Settlement Agreement.

1.37. "New Lease" has the meaning set forth in Section 4 hereof.

1.38. "Override Agreement" has the meaning set forth in the recitals to this Settlement Agreement.

1.39. "Parties" has the meaning set forth in the recitals to this Settlement Agreement.

1.40. "Person" means any natural person, entity, estate, trust, union or employee organization or governmental authority.

1.41. "Petition Date" has the meaning set forth in the recitals to this Settlement Agreement.

1.42. "Plan" means a plan of reorganization for the Debtors that is proposed, filed, or confirmed in the Chapter 11 Cases.

1.43. "Plan Documents" means, with respect to a Plan, disclosure statement, solicitation procedures order, confirmation order and related notices.

1.44. "Plan Effective Date" means the effective date of a Confirmed Plan that is (i) not inconsistent with the terms of this Settlement Agreement and (ii) does not include any provision that adversely affects Arch and such provision is not in form and substance reasonably acceptable to Arch.

1.45. "RLC" has the meaning set forth in the recitals to this Settlement Agreement.

1.46. "Settlement" means the settlement embodied in this Settlement Agreement.

1.47. "Settlement Agreement" has the meaning set forth in the preamble hereof.

1.48. "Settlement Documents" means the Settlement Agreement, the Term Sheet, all other mutually acceptable definitive agreements referenced herein setting forth the terms of the Settlement described herein, and the Approval Order.

1.49. "Surety Agreement" means that certain Surety Agreement, dated November 27, 2012, by and among Arch Coal, Inc., Magnum Coal Company LLC and Patriot Coal Corporation.

1.50. "STB" has the meaning set forth in the recitals to this Settlement Agreement.

1.51. "STB Adversary Proceeding" has the meaning set forth in the recitals to this Settlement Agreement.

1.52. "Term Sheet" has the meaning set forth in the recitals to this Settlement Agreement.

2. Cash Payment. Arch shall pay or cause to be paid $5 million in cash to Patriot (the "Cash Payment") on the Effective Date.

3. STB Override.

3.1. As of and subsequent to the Effective Date, Arch shall (i) make all payments required to be paid under the Override Agreement, including all past due prepetition and post-petition amounts, pursuant to and in accordance with the Guaranty; (ii) not request or seek any reimbursement or indemnification from Patriot for any such payments; (iii) not object to the rejection of the Override Agreement or assert that the Override Agreement is integrated with any other contract, agreement or understanding, whether written or oral, by and between Arch, STB and/or any of the Debtors.

3.2. The parties shall exercise commercially reasonable efforts to reach an agreement with STB, which shall include:

i. A stay of the STB Adversary Proceeding;

ii. Withdrawal of STB's objection to the Lease Assumptions and withdrawal of STB's motion to compel payments of amounts due under the Override Agreement;

iii. Entering into a Stipulation and Order of Voluntary Dismissal by and between RLC, Arch and STB, pursuant to which (a) the Override Agreement is rejected, and no rejection damages result therefrom, (b) the STB Adversary Proceeding is dismissed, and (c) STB irrevocably withdraws any and all proofs of claim filed against the Debtors in the Chapter 11 Cases and releases the Debtors from any and all Causes of Action including, but not limited to, any counterclaims and defenses asserted by or that could be asserted by STB in the STB Adversary Proceeding.

4. Lease Assumptions. As of the Effective Date,

4.1. Patriot shall assume, pursuant to Section 365 of the Bankruptcy Code, the Kelly-Hatfield Lease, which shall hereby be deemed amended to waive any minimum royalty payments otherwise due thereunder from and after January 1, 2014.

4.2. ALKH and RLC shall enter into a lease (the "New Lease") to become effective as of January 1, 2015 for the premises currently subject to the Kelly-Hatfield Lease, under terms and conditions customary for mineral leases in the industry that are not economically adverse to Patriot, to include, without limitation: (a) a base royalty rate of 6%, with total advance minimum annual royalty payments of $0 through December, 31, 2016 (through calendar year 2016), and thereafter, $500,000, with a five (5) year rolling recoupment period and (b) a term of ten (10) years with two five (5) year renewal or extension periods and then renewable or extendable annually thereafter for so long as mineable and merchantable coal remains on the premises.

4.3. Arch shall withdraw its objection to any currently pending motion to assume the Kelly-Hatfield Lease or any other lease (the "Lease Assumptions") and shall not object to the Lease Assumptions or assert that any of the leases is integrated with or not severable from any other agreement.

5. Contract Assumptions. Patriot shall, as of the Effective Date, assume, pursuant to Section 365 of the Bankruptcy Code, the contracts listed on Schedule 1 hereto (collectively, the "Contract Assumptions"), and (ii) Arch shall not object to the Contract Assumptions.

6. Contract Rejections. Patriot shall, as of the Effective Date, reject, pursuant to Section 365 of the Bankruptcy Code, (x) the Magnum PSA and (y) the contracts listed on Schedule 2 hereto (collectively, and including rejection of the Magnum PSA, the "Contract Rejections"). Arch shall not object to the Contract Rejections.

7. Cure Claims and Rejection Claims.

7.1. The Parties acknowledge and agree that the cure amount owed to Arch in connection with the Lease Assumptions and the Contract Assumptions is zero, except that the cure amount owed to Arch in connection with the assumption of the Kelly-Hatfield Lease is $1,131,398.45. Arch shall therefore be entitled to an allowed administrative expense claim against RLC in the amount of $1,131,398.45 (the "Allowed Administrative Expense Claim") in connection with the assumption of the Kelly-Hatfield Lease. Arch shall not assert any additional claims for cure costs in connection with the Contract Assumptions or the Lease Assumptions.

7.2. Arch shall be entitled to an allowed unsecured claim in the aggregate amount of $95 million as follows: $80.5 million against Magnum Coal Company LLC and $14.5 million against RLC, in respect of rejection damages owed to Arch in connection with the Contract Rejections, the previously rejected Master Coal

Sales and Service Agreement and guarantees related to previously rejected contracts (the "Allowed Unsecured Claims"). Arch shall not assert any other claims in the Bankruptcy Cases except as preserved or otherwise permitted hereunder.

8. South Guffey Reserve. On the Effective Date, pursuant to a mutually agreeable purchase agreement, Patriot shall sell and convey to Arch, and Arch shall purchase and receive from Patriot, free and clear of all liens, claims, encumbrances and other interests, all of Patriot's interests of whatever kind, nature and extent in and to the property and estates contained within the boundary identified and shown on Exhibit B hereto (commonly referred to as the South Guffey Reserve). In exchange, Arch shall (i) pay Patriot $16 million in cash on the Effective Date and (ii) pay Patriot a royalty of 6% on any coal recovered from such property in excess of 6.5 million tons.

9. Letters of Credit. The Parties shall execute a mutually agreeable amendment to the Surety Agreement that shall be effective on the Effective Date to (i) eliminate Patriot's obligation to maintain or arrange for the posting of any letters of credit thereunder until December 31, 2015, and (ii) require Patriot to post $8 million of letters of credit thereunder no later than December 31, 2015. Arch and Patriot shall cooperate to cancel the currently outstanding letters of credit.

10. Releases

10.1. Releases by the Debtors. Upon the occurrence of the Effective Date, the Debtors and each of their respective estates fully and forever release and shall be deemed to have fully and forever released the Arch Released Parties from any and all Causes of Action, including, without limitation, those Causes of Action based on avoidance liability under federal or state laws, veil piercing or alter ego theories of liability, contribution, indemnification and joint liability or otherwise, and such releases shall be binding on any trustees or successors to the Debtors. As a result, no Causes of Action against the Arch Released Parties will be included in any Litigation Trust established in the Chapter 11 Cases, and the Memorandum of Understanding has been modified accordingly.

10.2. Releases by Third Parties. To the extent that any Plan provides for the release of claims by third parties against parties other than the Debtors, the Debtors will use reasonable good faith efforts to include the Arch Released Parties in such releases.

10.3. Releases by Arch. Upon the occurrence of the Effective Date, Arch (i) fully and forever releases and shall be deemed to have fully and forever released the Debtors and their current and former professionals, employees, advisors, officers, directors, agents, predecessors and successors from any and all Causes of Action including, but not limited to, any counterclaims or defenses asserted by or that could be asserted by Arch in the STB Adversary Proceeding, and (ii) irrevocably withdraws and shall be deemed to have withdrawn irrevocably any and all proofs of claim filed against the Debtors in the Chapter 11 Cases other than the Allowed

Unsecured Claims and the Allowed Administrative Expense Claim, including, without limitation, (a) Claim No. 2143 asserting an administrative expense claim in the amount of $614,634.56 and (b) Claim No. 2144 an administrative claim that has been allowed in the amount of $13,500.00, and, upon the Effective Date, such proofs of claim are deemed to be disallowed with prejudice without further order of the Bankruptcy Court, and the Debtors' claims agent and the clerk of the Bankruptcy Court are authorized and directed to amend the Debtors' claims register accordingly.

11. Plan of Reorganization

11.1. Arch shall not object to the confirmation of, and shall vote in favor of, any Plan proposed by the Debtors, *provided* that such Plan is not inconsistent with and does not breach or alter the terms of the Settlement Documents, it being understood and agreed by the Parties that the Plan as filed by the Debtors on October 9, 2013, is not inconsistent with and does not breach or alter the terms of the Settlement Documents.

11.2. Patriot shall not propose or support any Plan that would (i) breach or alter the terms of the Settlement Documents, (ii) include any provision for a litigation trust or other similar arrangement that preserves the Debtors' Causes of Action against the Arch Released Parties released hereunder, or (iii) includes any provision that adversely affects Arch unless such provision is in form and substance reasonably acceptable to Arch.

12. Rule 2004 Discovery. Pursuant to the Term Sheet, any obligations of Arch to respond to any discovery request of the Debtors or Committee, including, without limitation, the Rule 2004 Subpoena propounded upon Arch (collectively, the "Arch Discovery Obligations") have been suspended, and the statute of limitations with respect to any Causes of Action of the Debtors against Arch have been tolled until the earlier of March 31, 2014 or the Effective Date. Upon the Effective Date, Arch shall have no further Arch Discovery Obligations, and the Rule 2004 Subpoena shall be deemed withdrawn.

13. Representations.

13.1. Each Party represents to all other Parties that: (i) it is authorized to execute and deliver this Settlement Agreement and all other agreements, documents and instruments to be executed and/or delivered in connection herewith or therewith and perform its obligations hereunder or thereunder (in the case of the Debtors, subject to entry of the Approval Order) and (ii) all claims waived or released pursuant to this Settlement Agreement by that Party have not been assigned or otherwise transferred.

14. Effective Date.

14.1. The Effective Date shall occur on the first Business Day on which each of the following conditions has been satisfied:

(a) The Approval Order has been entered by the Bankruptcy Court; and

(b) The Plan Effective Date has occurred.

15. Termination. This Settlement Agreement shall be void *ab initio* if the Effective Date has not occurred by March 31, 2014.

16. No Disgorgement, or Subordination of Allowed Claims. the Allowed Unsecured Claims and the Allowed Administrative Expense Claim shall not be subject to (i) any actions, including without limitation, reconsideration under section 502(j) of the Bankruptcy Code, or otherwise; or (ii) any action under section 510 of the Bankruptcy Code or otherwise that would have the effect of subordinating Arch's claims to the claims of general unsecured creditors or other creditors having the same or lower priority to general unsecured creditors.

17. Notices. All communications provided for herein shall be in writing and delivered by (i) electronic mail and (ii) overnight or international air courier to the addresses set forth below, or to such other address as each Party may designate to the other Party named below by notice given in accordance with this Section 17:

If to Arch:

Arch Coal, Inc.
City Place One
St. Louis, MO 63141
Attention: General Counsel

With a copy to:
Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, NY 10006
Attention: Sean A. O'Neal

If to the Debtors:

Patriot Coal Corporation
12312 Olive Boulevard, Suite 400
St. Louis, Missouri, 63141
Attention: General Counsel

With a copy to:
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017
Attention: Marshall S. Huebner and Elliot Moskowitz

18. Miscellaneous.

18.1. This Settlement Agreement shall be construed in accordance with, and governed by, the laws of the State of New York, excluding and without regard to the conflict of laws rules thereof.

18.2. The Bankruptcy Court shall retain jurisdiction to resolve any dispute arising out of or relating to this Settlement Agreement. The Parties hereby consent to the Bankruptcy Court's entry of a final order with respect to any such dispute.

18.3. Each party shall be responsible for its own fees and expenses in connection with the Settlement described in this Settlement Agreement.

18.4. Upon entry of the Approval Order, this Settlement Agreement, together with the other Settlement Documents, constitutes the entire agreement among the Parties on the subjects addressed herein. Upon entry of the Approval Order, the Settlement Documents supersede in its entirety any term sheet and any subsequent written or oral descriptions of the settlement. No supplement, modification, amendment, waiver or termination of this Settlement Agreement shall be binding unless executed in writing by each of the Parties (or their successors and assigns) to be bound thereby, or by their authorized counsel.

18.5. This Settlement Agreement is executed without reliance on any representations by any person or entity concerning the nature, cause or extent of injuries, or legal liability therefor, or any other representations of any type or nature except as set forth herein. No contrary or supplementary oral agreement shall be admissible in a court to contradict, alter, supplement, or otherwise change the meaning of this Settlement Agreement. This Settlement Agreement has been negotiated by the Parties adequately represented by counsel, none of whom shall be deemed the "drafter" of the agreement, and no provision of this Settlement Agreement shall be applied or interpreted by reference to any rule construing provisions against the drafter.

18.6. This Settlement Agreement is being entered into in the context of a settlement. Nothing in this Settlement Agreement shall be construed as an admission of liability or fault by any Party, which liability and fault are expressly denied. Except as otherwise expressly provided in this Settlement Agreement, neither the existence of this Settlement Agreement nor anything in this Settlement Agreement shall be deemed to prejudice in any way the position of any Party or its claims or defenses.

18.7. The provisions of this Settlement Agreement shall be breached and a cause of action accrued thereon immediately on any Party's commencement of any action contrary to this Settlement Agreement, and in any such action this Settlement Agreement may be asserted both as a defense and as a counterclaim or crossclaim.

18.8. In the event of any conflict between this Settlement Agreement and the terms of any Confirmed Plan, the terms of this Settlement Agreement shall govern.

18.9. Facsimile or other electronic copies of signatures on this Agreement are acceptable, and a facsimile or other electronic copy of a signature on this Agreement is deemed an original.

18.10. This Agreement may be executed in counterparts, each of which is deemed an original, but when taken together constitute one and the same document. A facsimile or scan of a signed copy of the Agreement shall serve as an original executed copy for all purposes.

18.11. This Settlement Agreement shall be binding on the Parties, their successors (including, without limitation, any chapter 11 or chapter 7 trustee), assigns, transferees, and any other Persons who have asserted or seek to assert claims on behalf of or against the Debtors' estates.

18.12. The Parties' respective rights, obligations, remedies and protections provided for in this Settlement Agreement and the Approval Order shall survive the conversion, dismissal or closing of the Chapter 11 Cases, appointment of a chapter 7 or chapter 11 trustee therein, substantive consolidation thereof and confirmation of any plan of reorganization or liquidation, and the terms and provisions of this Settlement Agreement and Approval Order shall continue in full force and effect notwithstanding the entry of any order effecting any of the foregoing.

18.13. The Parties acknowledge and agree that a breach of the provisions of this Settlement Agreement by any Party would cause irreparable damage to the other Parties and that such other Parties would not have an adequate remedy at law for such damage. Therefore, the obligations of the Parties set forth in this Settlement Agreement shall be enforceable by a decree of specific performance issued by any court of competent jurisdiction, and appropriate injunctive relief may be applied for and granted in connection therewith. Such remedies shall, however, be cumulative and not exclusive and shall be in addition to any other remedies that the Parties may have under this Settlement Agreement or otherwise. Notwithstanding the foregoing, nothing herein shall impair the Debtors' ability to act in accordance with their fiduciary duties to maximize the value of their estates.

18.14. No payment or other obligation of a Party set forth herein shall be delayed, reduced, offset, recouped or withheld based on any claim, allegation or contract between the Debtors and Arch, other than as expressly set forth in this Settlement Agreement.

18.15. No failure or delay by any party in exercising any right or remedy provided by law under or pursuant to this Settlement Agreement shall impair such right or remedy or be construed as a waiver or variation of it or preclude its exercise at any subsequent time, and no single or partial exercise of any such right or remedy

shall preclude any other or further exercise of it or the exercise of any other right or remedy.

18.16. If (i) the Bankruptcy Court declines to approve this Settlement Agreement, or (ii) the Approval Order is vacated or reversed prior to the Effective Date, then this Settlement Agreement shall be null and void and the Parties shall revert to their respective positions on the date immediately prior to entry into this Settlement Agreement, and in such event the Parties shall not refer to nor rely on the Settlement Agreement, nor to any of the negotiations that resulted in the Settlement Agreement, nor to any objections filed with respect to the Settlement Agreement, in any further proceedings in connection with the matters that are being settled in connection with the Settlement Agreement.

18.17. As used in this Settlement Agreement, any reference to any federal, state, local, or foreign law, including any applicable law, will be deemed also to refer to such law as amended and all rules and regulations promulgated thereunder, unless the context requires otherwise. The words "include," "includes" and "including" will be deemed to be followed by "without limitation." Pronouns in masculine, feminine, or neutral genders will be construed to include any other gender, and words in the singular form will be construed to include the plural and vice versa, unless the context otherwise requires. The words "this Settlement Agreement," "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Settlement Agreement as a whole and not to any particular subdivision unless expressly so limited.

18.18. The provisions of this Settlement Agreement are integrated, essential and non-severable terms of this Settlement Agreement. Each of the provisions of this Settlement Agreement has been agreed upon in consideration of each other provision of this Settlement Agreement. No Party would have entered into this Settlement Agreement unless each of the provisions hereof was valid, binding and enforceable against each other Party. If any provision of this Settlement Agreement is determined not to be valid, binding and enforceable against each Party, this Settlement Agreement shall be terminated and the Parties restored to their respective positions existing immediately before entry into this Settlement Agreement.

18.19. Each Party shall, at its own expense and upon the reasonable request of the other Party, duly execute and deliver, or cause to be duly executed and delivered, to such Party such further instruments and do and cause to be done such further acts as may be reasonably necessary or proper to carry out the provisions and purposes of this Settlement Agreement, including, without limitation, the use of reasonable best efforts to obtain the Approval Order.

18.20. Except as specifically set forth herein or therein, this Settlement Agreement and all other agreements, documents, and instruments to be executed and/or delivered in connection herewith or therewith and all transactions contemplated hereby or thereby shall not benefit or create any right or cause of action in or on behalf of

any person or entity other than the Parties, the parties released herein, and their respective successors and assigns.

18.21. Except as specifically set forth herein or therein, this Settlement Agreement and all other agreements, documents and instruments to be executed and/or delivered in connection herewith or therewith may not be transferred, assigned, pledged or hypothecated to an entity by a Party without the prior written consent of all Parties, which consent may not be unreasonably withheld, it being understood and agreed that this provision shall not apply to transfers from the Debtors to the Reorganized Debtors.

18.22. No failure or delay by a Party in exercising any right, remedy, power or privilege under this Settlement Agreement or any other agreement, document or instrument to be executed and/or delivered in connection herewith or therewith shall operate as a waiver thereof; nor shall any waiver by a Party of any provision or breach hereof or thereof constitute a continuing waiver or waiver on any subsequent occasion or of any subsequent breach of the same or different provision of this Settlement Agreement or any other agreement, document or instrument to be executed and/or delivered in connection herewith or therewith.

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IN WITNESS WHEREOF, each of the Parties has caused this Settlement Agreement to be executed and delivered as of the last date set forth below.

Patriot Coal Corporation, on behalf of itself
and its affiliated debtors and debtors-in-possession

By: _____
Name: Joseph W. Bean
Title: Senior Vice President - Law & Administration
Date: October 23, 2013

Arch Coal, Inc., on behalf of itself
and its subsidiaries and affiliates

By: _____
Name:
Title:
Date:

IN WITNESS WHEREOF, each of the Parties has caused this Settlement Agreement to be executed and delivered as of the last date set forth below.

Patriot Coal Corporation, on behalf of itself
and its affiliated debtors and debtors-in-possession

By:_____
Name:
Title:
Date:

Arch Coal, Inc., on behalf of itself
and its subsidiaries and affiliates

By: _____
Name: Robert G. Jones
Title: Senior Vice President - General Counsel
Date: 10-23-13

SCHEDULE 1

Contract ID	Date of Contract	Counterparty	Debtor Party
LND7150	12/31/05	ALLEGHENY LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7146	12/31/05	ARCH COAL SALES COMPANY, INC.	ROBIN LAND COMPANY, LLC
LND7148	12/31/05	Arch of West Virginia, Inc.	APOGEE COAL COMPANY, LLC; ROBIN LAND COMPANY, LLC
LND7136	12/31/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7137	12/8/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7138	12/8/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7139	12/8/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7140	12/31/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7141	12/31/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7142	12/22/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC; MAGNUM COAL COMPANY LLC
LND7143	12/21/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC

Contract ID	Date of Contract	Counterparty	Debtor Party
LND7144	12/8/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7145	12/8/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7147	12/31/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7149	12/28/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC; MAGNUM COAL COMPANY LLC
LND7151	11/28/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7152	10/26/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7154	12/30/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7155	12/30/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7156	12/29/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC

Contract ID	Date of Contract	Counterparty	Debtor Party
LND7157	12/30/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7158	12/31/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7159	12/31/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7160	12/31/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7161	12/29/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7162	12/29/05	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND7153	12/31/05	JULIAN TIPPLE, INC.	ROBIN LAND COMPANY, LLC

SCHEDULE 2

Contract ID	Date of Contract	Counterparty	Debtor Party
LND 7008	12/31/2005	ARCH COAL, INC.	MAGNUM COAL COMPANY LLC
CA 001	2/6/2012	ARCH COAL, INC.	PATRIOT COAL CORPORATION
LND 7051	12/30/2005	ALLEGHENY LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7054	12/30/2005	ALLEGHENY LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7057	12/30/2005	ALLEGHENY LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7072	12/30/2005	ALLEGHENY LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7083	12/31/2005	ALLEGHENY LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7043	12/30/2005	ARCH COAL SALES COMPANY, INC.	ROBIN LAND COMPANY, LLC
LND 7073	12/30/2005	ARCH COAL, INC.	ROBIN LAND COMPANY, LLC
LND 7047	12/30/2005	Arch of West Virginia, Inc.	ROBIN LAND COMPANY, LLC
LMS0138-001	12/31/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LMS0138-002	5/22/2007	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC

Contract ID	Date of Contract	Counterparty	Debtor Party
LND 7006	12/31/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7025	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7027	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7028	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7029	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7030	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7031	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7032	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7033	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7034	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7036	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7037	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC

Contract ID	Date of Contract	Counterparty	Debtor Party
LND 7038	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7039	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7040	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7041	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7042	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7044	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7048	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7049	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7050	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7052	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7059	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7060	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC

Contract ID	Date of Contract	Counterparty	Debtor Party
LND 7068	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7069	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7070	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7071	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7074	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7078	12/31/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7079	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7081	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7082	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7085	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7087	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7089	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC
LND 7091	12/30/2005	ARK LAND COMPANY	ROBIN LAND COMPANY, LLC

Contract ID	Date of Contract	Counterparty	Debtor Party
LND 7065	12/31/05	JULIAN TIPPLE, INC.	ROBIN LAND COMPANY, LLC
LND 7066	12/31/05	JULIAN TIPPLE, INC.	ROBIN LAND COMPANY, LLC
LND 7067	12/31/05	JULIAN TIPPLE, INC.	ROBIN LAND COMPANY, LLC

EXHIBIT A

Approval Order

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)**

ORDER AUTHORIZING AND APPROVING PURSUANT TO 11 U.S.C. §§ 105(a) AND 363(b) AND FED. R. BANKR. P. 9019(a) THE SETTLEMENT WITH ARCH COAL, INC.

Upon the motion (the "**Motion**")[2] of Patriot Coal Corporation and its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the "**Debtors**") for entry of an order pursuant to sections 105(a) and 363(b) of the Bankruptcy Code and Bankruptcy Rule 9019(a), and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and consideration of the Motion and the requested relief being a core proceeding that the Bankruptcy Court can determine pursuant to 28 U.S.C. § 157(b)[3]; and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided in accordance with the Order Establishing Certain Notice, Case Management and Administrative Procedures entered on March 22, 2013 [ECF No. 3361]; and it appearing that

[1] The Debtors are the entities listed on Schedule 1 attached to the Motion (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] Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to such term in the Motion, or, if not defined in the Motion, the Settlement Agreement (as defined herein).

[3] Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Fed. R. Bankr. P. 7052.

no other or further notice need be provided; and the Court having reviewed the Motion; [and having held a hearing with appearances of parties in interest noted in the transcript thereof (the "**Hearing**")]; and the relief requested in the Motion being in the best interests of the Debtors and their respective estates and creditors; and the Debtors having articulated good, sufficient and sound business justifications and compelling circumstances for the Arch Settlement; and the settlement and compromise reflected by the Arch Settlement being fair, reasonable and equitable to all of the parties in interest and the Court having determined that the legal and factual bases set forth in the Motion [and at the Hearing] establish just cause for the relief granted herein; and the terms and conditions of the Arch Settlement having been negotiated in good faith and at arm's length by the Debtors and Arch; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that the relief requested in the Motion is hereby granted as set forth herein; and it is further

ORDERED that any objection to the Motion and the Arch Settlement is hereby overruled with prejudice; and it is further

ORDERED that pursuant to sections 105(a), and 363(b) of the Bankruptcy Code and Bankruptcy Rule 9019, the settlement agreement, substantially in the form attached hereto as Exhibit A (the "**Settlement Agreement**"), is approved in its entirety and all of its terms are incorporated herein by reference; and it is further

ORDERED that the failure to specifically include any particular provision of the Settlement Agreement in this Order shall not diminish or impair the effectiveness of such

provision, it being the intent of the Court that the Settlement Agreement be authorized and approved in its entirety; and it is further

ORDERED that the Settlement Agreement shall be binding upon Patriot and upon Arch, and each of their successors and assigns; and it is further

ORDERED that neither the Debtors nor Arch shall take any action that is inconsistent with the Settlement Agreement; and it is further

ORDERED that the Debtors are authorized to execute, deliver, implement, and fully perform any and all obligations, instruments, documents, and papers and to take any and all actions reasonably necessary or appropriate to consummate, complete, execute, and implement the Settlement Agreement and the relief granted in this Order, in accordance with the terms and conditions thereof; and it is further

ORDERED that upon the occurrence of the Effective Date (as defined in the Settlement Agreement), the Debtors and each of their respective estates fully and forever release and shall be deemed to have fully and forever released Arch and its current and former professionals, employees, advisors, officers, directors, agents, predecessors, and successors (not including ArcLight Capital Partners, LLC or its subsidiaries, affiliates, or managed entities) (the "**Arch Released Parties**") from any and all Causes of Action[4],

[4] "Causes of Action" means, without limitation, any and all actions, proceedings, causes of action, controversies, liabilities, obligations, rights, rights of set-off, recoupment rights, suits, damages, judgments, accounts, defenses, offsets, powers, privileges, licenses, franchises, claims (as defined in section 101(5) of the Bankruptcy Code and including alter-ego claims and claims under chapter 5 of the Bankruptcy Code as well as any claims or rights created pursuant to sections 301 and 541 of the Bankruptcy Code upon the commencement of the above-captioned chapter 11 cases, counterclaims, cross-claims, affirmative defenses and demands of any kind or character whatsoever, whether known or unknown, asserted or unasserted, reduced to judgment or otherwise, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in contract or in tort, in law, in equity or otherwise in any court, tribunal, forum or proceeding, under any local, state, federal, foreign, statutory, regulatory or other law or rule, based in whole or in part upon any act or omission or other event occurring prior to July 9, 2012 or during the course of the Chapter 11 Cases, including through the Effective Date, in all cases other than those arising under the Settlement Agreement or this Order, or otherwise expressly preserved under the Settlement Agreement or this Order, including, but not limited to, those that Arch

including, without limitation, those Causes of Action based on avoidance liability under federal or state laws, veil piercing or alter-ego theories of liability, contribution, indemnification and joint liability or otherwise, and such releases shall be binding on any trustees or successors to the Debtors; and it is further

ORDERED that Arch shall have (i) allowed unsecured claims in the aggregate amount of $95 million as follows: an allowed unsecured claim of $80.5 million against Magnum Coal Company LLC, and an allowed unsecured claim of $14.5 million against Robin Land Company, LLC (together, the "**Allowed Unsecured Claims**"), and (ii) an allowed administrative expense claim of $1,131,398.45 (the "**Allowed Administrative Expense Claim**") and, upon the Effective Date, the Debtors' claims agent and the Clerk of the Court are authorized and directed to amend the Debtors' claims register accordingly; and it is further

ORDERED that upon the occurrence of the Effective Date, Arch (i) fully and forever releases and shall be deemed to have fully and forever released the Debtors and their current and former professionals, employees, advisors, officers, directors, agents, predecessors, and successors from any and all Causes of Action including, but not limited to, any counterclaims or defenses asserted by or that could be asserted by Arch in the STB Adversary Proceeding, and (ii) irrevocably withdraws and shall be deemed to have withdrawn irrevocably any and all proofs of claim filed against the Debtors in the Chapter 11 Cases other than the Allowed Unsecured Claims and the Allowed Administrative Expense Claim, including, without limitation, (a) Claim No. 2143 asserting an administrative expense claim in the amount of $614,634.56 and (b) Claim No. 2144 an administrative claim that has been allowed in the

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may have against any of the Debtors arising under or related to any agreement entered into after the Petition Date or assumed prior to or as of the Effective Date, which are not released and are expressly preserved.

amount of $13,500.00, and, upon the Effective Date, such proofs of claim are hereby deemed to be disallowed with prejudice without further order of this Court, and the Debtors' claims agent and the Clerk of the Court are authorized and directed to amend the Debtors' claims register accordingly; and it is further

ORDERED that no payment or other obligation of Arch set forth in the Settlement Agreement shall be delayed, reduced, offset, recouped or withheld based on any claim, allegation or contract between the Debtors and Arch, other than as expressly set forth in the Settlement Agreement; and it is further;

ORDERED that nothing in this Order or in the Settlement Agreement is to be construed as (i) releasing, discharging, precluding, waiving, or enjoining Arch's or any third party's liability to the UMWA 1974 Pension Plan, the UMWA 1992 Benefit Plan, the UMWA Combined Benefit Fund, the UMWA 2012 Retiree Bonus Account Trust or the UMWA 1993 Benefit Plan (collectively, the "**UMWA Plans**"), if any, on account of any claim by or on behalf of the UMWA Plans; or (ii) affecting the rights and defenses of any party with respect to any such alleged right or claim. It being understood that this provision shall not apply with respect to any Causes of Action of the Debtors or the Reorganized Debtors against Arch that are released hereunder; and it is further

ORDERED that, pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, upon the occurrence of the Effective Date and Arch's payment of $16 million to Patriot, the South Guffey Reserve shall be deemed to be transferred to Arch, free and clear of any and all liens, claims and interests of all persons with any interest in, to and with respect to the South Guffey Reserve, whether arising prior to, during or subsequent to these Chapter 11 cases or imposed by agreement, understanding, law, equity or otherwise; *provided, however*, that

nothing in this Order shall affect the rights of the Debtors and Arch under the Settlement Agreement; and it is further

ORDERED that the transactions contemplated by the Settlement Agreement, including without limitation the transfer of South Guffey Reserve to Arch free and clear of all liens, claims and interests, are undertaken by Arch in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and that neither the Debtors nor Arch has engaged in any conduct that would cause or permit any transactions contemplated by the Settlement Agreement, including the transfer of the South Guffey Reserve, to be avoidable under Section 363(n) of the Bankruptcy Code, and that the consideration being provided by Arch in exchange for the transfer of the South Guffey Reserve constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code, the Uniform Fraudulent Transfer Act, the Uniform Fraudulent Conveyance Act, and under the laws of the United States, any state, territory or possession thereof, and the District of Columbia. Accordingly, the reversal or modification on appeal of the authorization to consummate the transfer of the South Guffey Reserve and the transactions contemplated by the Settlement Agreement shall not affect the validity of the transfer of the South Guffey Reserve to Arch, unless such authorization is duly stayed pending such appeal. Arch is a purchaser in good faith of the South Guffey Reserve and shall be entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code; and it is further

ORDERED that entry into the Arch Settlement by the Debtors and the performance and fulfillment of their obligations thereunder, does not constitute the solicitation of a vote on a plan of reorganization, does not violate any law, including the Bankruptcy Code, and does not give rise to any claim or remedy against any of the Debtors; and its further

ORDERED that the Debtors are authorized and directed, upon the Effective Date, to assume the contracts listed on Schedule 1 of the Settlement Agreement as of the Effective Date, amend and assume the Kelly-Hatfield Lease, allow the Allowed Administrative Expense Claim as the cure amount owed in connection with the assumption of the Kelly-Hatfield Lease, and execute the New Lease, on the terms and subject to the conditions set forth in the Settlement Agreement; and it is further

ORDERED that the Debtors are authorized and directed to reject the PSA and the contracts listed on Schedule 2 to the Settlement Agreement, each as of the Effective Date; and it is further

ORDERED that, upon the Effective Date, the Rule 2004 Subpoena shall be deemed withdrawn, on the terms and subject to the conditions set forth in the Settlement Agreement; and it is further

ORDERED that the effect of this Order shall survive the conversion, dismissal and/or closing of these chapter 11 cases, appointment of a chapter 11 trustee, confirmation of a plan of reorganization and/or the substantive consolidation of these chapter 11 cases with any other case or cases and shall be binding on any successor (including a chapter 7 or chapter 11 trustee) of any of the Debtors; and it is further

ORDERED that the provisions of the Settlement Agreement are integrated, essential and non-severable terms of the Settlement Agreement; and it is further

ORDERED that to the extent of any conflict between the terms of this Order and any chapter 11 plan confirmed in the Chapter 11 Cases or any other order of this Court, the terms of this Order shall control; and it is further

ORDERED that proper, timely, adequate and sufficient notice of the Motion has been provided, and no other or further notice of the Motion or the entry of this Order shall be required; and it is further

ORDERED that, in the event the Effective Date does not occur, the releases granted by this Order shall by void *ab initio*; and it is further

ORDERED that, notwithstanding the possible applicability of Bankruptcy Rules 4001(d), 6004(h), 7062, 9014, or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

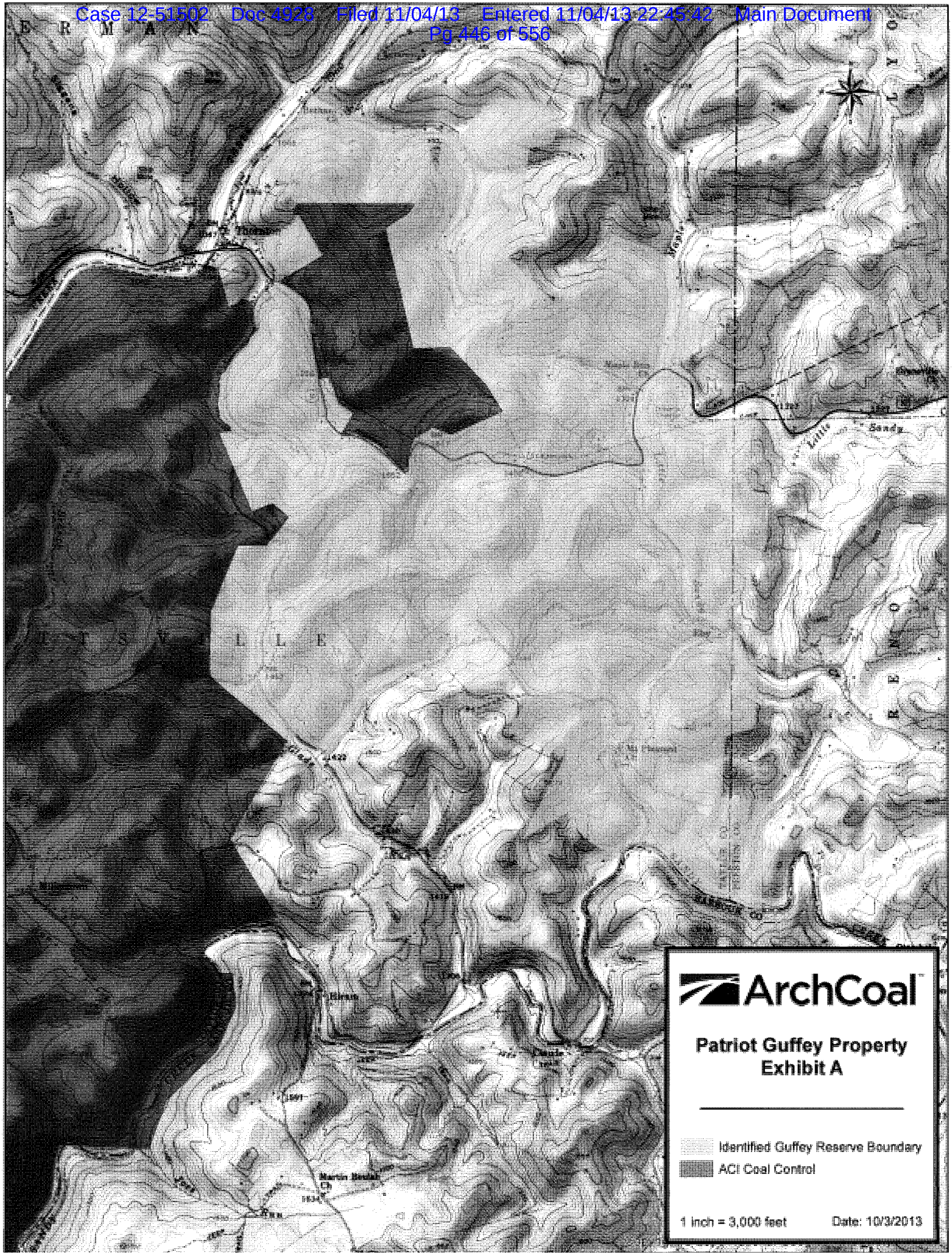
Dated: _____, 2013
St. Louis, Missouri

_____
THE HONORABLE KATHY SURRATT-STATES
CHIEF UNITED STATES BANKRUPTCY JUDGE

Order prepared by:
Marshall S. Huebner
Elliot Moskowitz
Brian M. Resnick
Michelle M. McGreal
DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017

EXHIBIT B

South Guffey Reserve


ArchCoal
Patriot Guffey Property
Exhibit A
Identified Guffey Reserve Boundary
ACI Coal Control
1 inch = 3,000 feet
Date: 10/3/2013

Appendix G

Backstop Rights Purchase Agreement

Execution

BACKSTOP RIGHTS PURCHASE AGREEMENT

by and among

Patriot Coal Corporation

and the other entities set forth on Schedule 1 hereto
as Debtors,

and the Backstop Parties identified as such herein

Dated: November 4, 2013

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Schedule 2 - Backstop Party Commitments

BACKSTOP RIGHTS PURCHASE AGREEMENT

THIS BACKSTOP RIGHTS PURCHASE AGREEMENT (together with the exhibits and schedules attached hereto, the "Agreement") is made this 4th day of November, 2013, by and among Patriot Coal Corporation, a Delaware corporation (the "Company"), the other entities set forth in Schedule 1 hereto (together with the Company, the "Debtors" and each a "Debtor"), each of the undersigned entities and/or their investment advisors, managers, managed funds or accounts, intermediaries or nominees set forth on the signature pages hereto and any person executing a joinder ("Joinder") to this Agreement in substantially the form attached hereto as Exhibit A as a Backstop Party (collectively, the "Backstop Parties" and each, a "Backstop Party") and is consented to by the Official Committee of Unsecured Creditors (the "Creditors' Committee") and the United Mine Workers of America (the "UMWA" and, together with the Backstop Parties, the Creditors' Committee and any person executing a joinder to this Agreement in substantially the form attached hereto as Exhibit B as a Supporting Party, the "Supporting Parties" and each, a "Supporting Party"). Capitalized terms used herein but not defined herein will have the meaning assigned to them in the Plan.

W I T N E S S E T H:

WHEREAS, on July 9, 2012 (the "Petition Date"), each Debtor other than Brody Mining, LLC and Patriot Ventures LLC filed voluntary chapter 11 petitions under the Bankruptcy Code, and, on September 23, 2013, Brody Mining, LLC and Patriot Ventures LLC each filed voluntary chapter petitions under the Bankruptcy Code, and the Debtors' chapter 11 cases are being jointly administered by the Bankruptcy Court under the caption *In re Patriot Coal Corporation, et al*, Case No. 12-51502-659 (Jointly Administered) (the "Chapter 11 Cases");

WHEREAS, on October 9, 2013, the Debtors and Knighthead Capital Management, LLC, solely on behalf of certain funds and accounts it manages and/or advises, entered into a term sheet, consented to by the Creditors' Committee and the UMWA, relating to the Rights Offerings and related transactions, under which Knighthead may designate certain Co-Investors (as defined therein) (the "Rights Offerings Term Sheet");

WHEREAS, on October 26, 2013, the Company filed its Second Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (as amended, supplemented or otherwise modified from time to time, the "Plan") and the Disclosure Statement for Debtors Second Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code;

WHEREAS, the transactions contemplated by the Plan include a rights offering (the "Notes Rights Offering") for new Senior Secured Second Lien Notes of the Company (the "Notes") and a rights offering (the "Warrant Rights Offering," together with the Notes Rights Offering, the "Rights Offerings") for new warrants of the Company (the "Warrants") exercisable for New Common Stock, pursuant to which holders of an Allowed Senior Notes Claim, Allowed General Unsecured Claim or Allowed Convertible Notes Claim who are Certified Eligible Holders (as defined below), together with the Backstop Parties, will be offered subscription rights to purchase Notes (the "Notes Rights") and subscription rights to purchase Warrants (the "Warrants Rights," and together with the Notes Rights, the "Rights");

WHEREAS, to ensure an orderly Plan confirmation process, (a) the Debtors are prepared to perform their obligations hereunder subject to the terms and conditions of this Agreement, including, among other things to use commercially reasonable efforts to have the Disclosure Statement approved and the Plan confirmed by the Bankruptcy Court; and (b) the Supporting Parties are prepared to perform their obligations hereunder subject to the terms and conditions of the Agreement, including without limitation, working with the Company to obtain Bankruptcy Court approval of this Agreement, the Disclosure Statement, and the Plan;

WHEREAS, in expressing such support and commitment, the Debtors and the Supporting Parties recognize that certain undertakings contemplated by this Agreement are subject to, among other things, the solicitation and disclosure requirements of applicable bankruptcy law and securities laws;

WHEREAS, the aggregate subscription price for the Notes offered for purchase pursuant to the Notes Rights (the "Rights Offering Notes") shall be $250,000,000, the aggregate subscription price for the Warrants offered for purchase pursuant to the Warrants Rights (the "Rights Offering Warrants") shall be $25,000 and the aggregate subscription price for the Rights Offering Notes and the Rights Offering Warrants shall be $250,025,000 (the "Rights Offerings Amount");

WHEREAS, the Rights Offerings will be made only to the Backstop Parties and to holders of Allowed Senior Notes Claims, Allowed General Unsecured Claims and Allowed Convertible Notes Claims that certify they are "eligible holders" (i.e., holders that certify their status as (i) a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act, or an entity in which all of the equity owners are such "qualified institutional buyers," or (ii) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6) or (7) under the Securities Act, or an entity in which all of the equity owners are such "accredited investors") pursuant to Section 4(2) of the Securities Act (such holders, "Certified Eligible Holders", and together with the Backstop Parties, the "Rights Offerings Participants");

WHEREAS, the Backstop Parties shall be offered Notes Rights to purchase 40% of the Rights Offering Notes and Warrant Rights to purchase 40% of the Rights Offering Warrants, in each case in accordance with their respective Backstop Commitment Percentage, for an aggregate subscription price of $100,010,000, and the remaining Rights shall be allocated to holders of Allowed Claims as of a specified record date, in the proportion of (i) 92.3% to holders of Allowed Senior Notes Claims and (ii) 7.7% to holders of Allowed General Unsecured Claims and Allowed Convertible Notes Claims;

WHEREAS, Rights may not be offered to holders that are not Certified Eligible Holders, and, furthermore, pursuant to Section 3.2(c) of the Plan, the Company may decline to permit the subscription of Rights (the "Declined Rights") so as to avoid, among other things, being required to become a reporting company under the Exchange Act;

WHEREAS, the Plan contemplates that the Rights not offered to holders of Allowed Senior Notes Claims and the Declined Rights related to Allowed Senior Notes Claims (together, the "Other Senior Notes Rights") shall be offered to the Backstop Parties as part of their Initial Rights Allocation;

WHEREAS, in respect of such Other Senior Notes Rights and the New Common Stock that would have otherwise been distributed with such Other Senior Notes Rights pursuant to section 3.2(c)(i) of the Plan, the Backstop Parties will pay the Company the amount of cash distributable to holders of Allowed Senior Notes Claims pursuant to section 3.2(c) of the Plan;

WHEREAS, to the extent that not all the Rights are initially subscribed, 60% of the unsubscribed Rights (the "Unsubscribed Rights") shall be allocated to Rights Offerings Participants that have subscribed for additional Rights, in the proportions set forth herein, and the remaining 40% of the Unsubscribed Rights shall be allocated to the Backstop Parties, with any remaining Rights offered to such parties in such proportions until all Rights have been exercised, or no more Rights are exercised;

WHEREAS, to facilitate the Rights Offerings and ensure that the Company receives the Rights Offerings Amount, and in consideration of the payment of the premiums and expense reimbursements described herein, each Backstop Party is willing to exercise on the Effective Date, to the extent that the Rights Offerings are not fully subscribed, its Backstop Commitment Percentage of the Unsubscribed Rights and to fund on or before the Effective Date its Backstop Purchase Price and its Senior Notes Cash Payment Amount; and

WHEREAS, the Parties agree that any valuations of the Debtors' or the Reorganized Debtors' assets or estates, whether implied or otherwise, arising from this Agreement will not be binding for any other purpose, including but not limited to, determining recoveries under the Plan, and this Agreement does not limit such rights regarding valuation in the Chapter 11 Cases.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained in this Agreement, the Parties hereto hereby agree as follows:

Section 1. Definitions.

(a) For purposes of this Agreement, the following terms will have the meanings set forth below:

"Affiliate" has the meaning assigned to such term under Rule 144 of the Securities Act.

"Agreement" has the meaning assigned to it in the Preamble.

"Allowed Claim" means an Allowed Senior Notes Claim, Allowed General Unsecured Claim or Allowed Convertible Notes Claim.

"Allowed Convertible Notes Claim" has the meaning assigned to it in the Plan.

"Allowed General Unsecured Claim" has the meaning assigned to it in the Plan.

"Allowed Senior Notes Claim" has the meaning assigned to it in the Plan.

"Alternative Transaction" has the meaning assigned to it in Section 2.4 hereof.

"Approvals" means all approvals and other authorizations that are required under the Bankruptcy Code for the Debtors to take the actions set forth herein and in the Plan.

"Arch" has the meaning assigned to it in Section 6(d).

"Backstop Allocation" means Notes Rights and Warrant Rights offered to the Backstop Parties to purchase up to 40% of the Rights Offering Notes and up to 40% of the Rights Offering Warrants, respectively, for an aggregate subscription price of $100,010,000.

"Backstop Commitment Amounts" means the amounts set forth under the heading "Backstop Commitment Amounts" on Schedule 2 opposite each Backstop Party's name.

"Backstop Commitment Percentages" means the percentages set forth under the heading "Backstop Commitment Percentages" on Schedule 2 opposite each Backstop Parties' name.

"Backstop Fee" has the meaning assigned to it in Section 2.3 hereof.

"Backstop Party" and "Backstop Parties" have the meanings assigned to such terms in the Preamble.

"Backstop Party Material Adverse Change" means a material and adverse change or development (a) that would reasonably be expected to materially prohibit, delay or adversely impact a Backstop Party's performance of its obligations under this Agreement or (b) concerning the validity or enforceability of this Agreement against a Backstop Party.

"Backstop Purchase Price" has the meaning assigned to it in Section 2.2(b)(i) hereof.

"Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended and as codified in title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, as applicable to the Chapter 11 Cases.

"Bankruptcy Court" means the United States Bankruptcy Court for the Eastern District of Missouri Eastern Division having jurisdiction over the Chapter 11 Cases, whether acting through its bankruptcy court unit or otherwise.

"Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as amended, as applicable to the Chapter 11 Cases.

"Breakup Fee" has the meaning assigned to it in Section 2.4 hereof.

"Breakup Fee Triggering Event" has the meaning assigned to it in Section 2.4 hereof.

"Business Day" means any day other than a Saturday, Sunday or a legal holiday on which banking institutions in the State of New York are not required to open.

"Chapter 11 Cases" has the meaning assigned to it in the Recitals.

"Claim" shall mean "claim" (as defined in section 101(5) of the Bankruptcy Code) against any Debtor, whether such claim arose, was incurred or accrued before or after the Petition Date.

"Creditors' Committee" has the meaning assigned to it in the Preamble.

"Company" has the meaning assigned to it in the Preamble.

"Confirmation Order" has the meaning assigned to it in Section 6(a) hereof.

"Debtors" means the Company and entities set forth in Schedule 1 attached hereto.

"Declined Rights" has the meaning assigned to it in the Recitals.

"Disclosure Statement" means the disclosure statement in respect of the Plan that describes the Plan.

"Disclosure Statement Order" has the meaning assigned to it in Section 8.2(a).

"Effective Date" has the meaning set forth in the Plan.

"Expense Reimbursement" means all the reasonable and documented out-of-pocket fees and expenses of (i) Kirkland & Ellis LLP incurred on or after the date of the execution of the Rights Offerings Term Sheet relating to the preparation, negotiation and execution of the Backstop Agreement, the Plan, the Offerings Procedures, the Rights Offerings Term Sheet, the Plan documents or the Postconfirmation Organizational Documents (including, without limitation, in connection with the successful enforcement of any of rights and remedies under such documents) and, in each of the foregoing cases, the proposed documentation and the transactions contemplated thereunder and (ii) in the event the Debtors and the Backstop Parties agree that the Backstop Parties require a financial advisor in connection with litigation regarding the Plan and the Rights Offerings and the transactions contemplated thereby, one financial advisor in an amount to be agreed between the Debtors and the Backstop Parties, in each case excluding any fees and expenses previously paid by the Debtors in respect of the Initial Expense Reimbursement.

"Expiration Date" has the meaning assigned to it in Section 9.11(a)(A) hereof.

"File" or "Filed" means file, filed or filing with the Bankruptcy Court or its authorized designee in these Chapter 11 Cases.

"First-Lien Exit Facilities" means senior secured debt issued on the Effective Date by the Reorganized Company providing for: (1) no more than a $250.0 million first lien term loan facility, (2) a $200.0 million first lien letter of credit facility, none of which letters of credit shall be cash collateralized as of the Effective Date, or such other replacement letter of credit facility in such aggregate amount as may be necessary to fully satisfy the Debtors' postpetition letter of credit financing obligations, and (3) a first lien revolving facility with commitments of $125.0 million that shall be fully available (subject to a borrowing base) on the Effective Date, the terms of which agreements are reasonably satisfactory to the Backstop Parties, provided that the

material financial terms thereof, including, without limitation, the coupon rate, the amount of any original issue discount and the maturity, shall be satisfactory to the Backstop Parties in their sole discretion.

"Governmental Entity" means any (i) federal, state, local, municipal, foreign or other government; (ii) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); or (iii) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or Tax Authority or power of any nature, including any arbitration tribunal.

"Hatfield Side Letter" means that certain letter agreement regarding the UMWA Pension Plan by and between Cecil E. Roberts and Bennett K. Hatfield, dated June 30, 2013.

"Indemnified Claims" has the meaning assigned to it in Section 9.2(b)

"Indemnitees" have the meaning assigned to it in Section 9.2 hereof

"Initial Expense Reimbursement" means all reasonable and documented fees and expenses incurred by Kirkland & Ellis LLP relating to negotiation of the terms and definitive documentation of a potential backstopped rights offering, and the performance of legal and other due diligence related to the negotiation, approval, and implementation thereof, whether or not the Debtors and Knighthead ultimately agree to the terms of any transaction, payable under the *Order Authorizing and Approving the Payment of Fees and Reimbursement of Expenses of Potential Rights Offering Backstop Parties*, approved by the Bankruptcy Court on July 26, 2013, Docket No. 4385.

"Initial Rights Allocation" means, with respect to each Certified Eligible Holder, those Rights initially offered to such Certified Eligible Holder in respect of its Allowed Claims or, with respect to Backstop Parties, their respective Backstop Commitment Percentage of the Backstop Allocation and the Other Senior Notes Rights.

"Joinder" has the meaning assigned to it in the Recitals.

"Knighthead" means Knighthead Capital Management, LLC, solely on behalf of certain funds and accounts it manages and/or advises.

"Material Adverse Change" means any change, conditions, development or event that, individually or in the aggregate, has had or could reasonably be expected to have a material adverse change in, or a material adverse effect on, the operations, business, assets, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Company and its subsidiaries or the industry in which it operates; provided that "Material Adverse Change" shall not include any such change, condition, development or event arising out of or resulting from (a) conditions or effects that generally affect persons operating in the industries and markets in which the Company and its subsidiaries operate, (b) general economic conditions in the U.S., or globally, (c) national or international political or social conditions, including the engagement by the U.S. in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the U.S. or any of its territories, possessions or personnel, or (d) financial, banking, securities, credit or commodities markets,

prevailing interest rates or general capital markets conditions in the U.S. or globally; except in each of clauses (a), (b), (c) and (d) above, if the Company and its subsidiaries, taken as a whole, are disproportionately affected thereby relative to other persons engaged in the industry in which they operate.

"New Common Stock" means the Class A common stock, par value $0.01 per share, of the Reorganized Company, entitled to one vote per share of common stock on all matters on which the common stock of the Reorganized Company is entitled to vote.

"Notes" has the meaning assigned to it in the Recitals.

"Notes Rights" has the meaning assigned to it in the Recitals.

"Notes Rights Offering" has the meaning assigned to it in the Recitals.

"Notes Subscription Purchase Price" means the purchase price for the Rights Offering Notes acquired by a Rights Offerings Participant, as calculated in accordance with such Rights Offerings Participant's Subscription Form.

"Other Senior Notes Rights" has the meaning assigned to it in the Recitals.

"Party" means each of the Debtors or any Backstop Party, individually, and the "Parties" means the Debtors and the Backstop Parties, collectively, including, in each case, any person executing a Joinder as a Backstop Party.

"Peabody" has the meaning assigned to in Section 6(c).

"Person" means an individual, a partnership, a joint venture, a corporation, a business trust, a limited liability company, a trust, an unincorporated organization, a joint stock company, a labor union, an estate, a Governmental Entity or any other entity.

"Petition Date" means, with respect to the Debtors other than Brody Mining, LLC and Patriot Ventures LLC, July 9, 2012, and, with respect to Brody Mining, LLC and Patriot Ventures LLC, September 23, 2013.

"Plan" has the meaning assigned to it in the Recitals.

"Plan Documents" has the meaning assigned to it in Section 6(k) hereof.

"Postconfirmation Organizational Documents" has the meaning assigned to it in Section 6(i) hereof.

"Registration Rights Agreement" has the meaning assigned to it in the Plan.

"Remaining Rights Offering Notes" has the meaning assigned to it in Section 2.2(a)(i) hereof.

"Remaining Rights Offering Warrants" has the meaning assigned to it in Section 2.2(a)(i) hereof.

"Reorganized Company" means the Company as reorganized pursuant to and under the Plan on the Effective Date.

"Reorganized Debtors" means the Debtors as reorganized pursuant to and under the Plan on the Effective Date.

"Rights" has the meaning assigned to in the Recitals.

"Rights Offering Notes" has the meaning assigned to it in the Recitals.

"Rights Offering Warrants" has the meaning assigned to it in the Recitals.

"Rights Offerings" has the meaning assigned to it in the Recitals.

"Rights Offerings Amount" has the meaning assigned to it in the Recitals.

"Rights Offerings Participant" has the meaning assigned to it in the Recitals.

"Rights Offerings Procedures" means those rights offerings procedures attached as Appendix A to the *Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into a Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection with the Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures*, filed with the Bankruptcy Court on October 16, 2013, as thereafter amended or modified.

"Rights Offerings Term Sheet" has the meaning assigned to in the Recitals.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Notes Cash Payment" has the meaning assigned to it in Section 2.1(b).

"Senior Notes Cash Payment Amount" means, as to each Backstop Party, such Backstop Party's Backstop Commitment Percentage multiplied by the Senior Notes Cash Payment.

"Subscription Agent" has the meaning assigned to it in the Plan.

"Subscription Deadline" means December 10, 2013 at 5:00 p.m. (prevailing Central Time) or such later time as determined by the Debtors in their sole discretion.

"Subscription Form" means the subscription form(s) and applicable instructions included on the ballot sent to each Rights Offerings Participant on which such Rights Offerings Participant may exercise his, her or its Initial Rights Allocation and, optionally, an Oversubscription, in substantially the form attached to the Rights Offerings Procedures.

"Subscription Purchase Price" means the purchase price for the Rights Offering Notes and the Rights Offering Warrants, as the case may be, acquired by each Rights Offerings Participant as calculated in accordance with such Rights Offerings Participant's Subscription Form.

"Superior Transaction" has the meaning assigned to it in Section 9.11(b)(B).

"Supporting Parties" and "Supporting Party" have the meanings assigned to such terms in the Preamble.

"Taxation," "Tax" or "Taxes" shall mean all forms of taxation, assessment, levy, duty or other governmental charge imposed by any Governmental Entity, including any income, alternative or add-on minimum, accumulated earnings, personal holding company, franchise, capital stock, environmental, profits, windfall profits, gross receipts, sales, use, value added, transfer, registration, stamp, premium, excise, customs duties, severance, real property, personal property, ad valorem, occupancy, license, occupation, unclaimed property liabilities, employment, payroll, social security, disability, unemployment, withholding, corporation, inheritance, value added, stamp duty reserve, estimated or other similar tax, assessment, levy, duty (including duties of customs and excise) or other governmental charge of any kind whatsoever, chargeable by any Tax Authority together with all penalties, interest and additions thereto, whether disputed or not.

"Tax Authority" shall mean any taxing or other authority (whether within or outside the U.S.) competent to impose Tax.

"UMWA" has the meaning assigned to it in the Preamble.

"Unsubscribed Rights" has the meaning assigned to it in the Recitals.

"Voting Trust" has the meaning assigned to it in the Plan.

"Voting Trust Agreement" has the meaning assigned to it in the Plan.

"Warrants" means the new warrants of the Reorganized Company with the terms set forth in the Plan.

"Warrant Rights" has the meaning set forth in the Recitals.

"Warrant Rights Offering" has the meaning set forth in the Recitals.

"Warrants Subscription Purchase Price" means the purchase price for the Rights Offering Warrants acquired by a Rights Offerings Participant, as calculated in accordance with such Rights Offerings Participant's Subscription Form.

Section 2. Rights Offering; Backstop Commitment.

2.1 The Rights Offerings.

(a) **Commencing the Rights Offerings.** The Subscription Agent will commence the Rights Offerings as part of the Plan solicitation process. Each Rights Offerings Participant will have the opportunity to participate in each of the Rights Offerings by electing to exercise its Initial Rights Allocation, in whole or in part, by (i) completing and returning a duly completed Subscription Form in the manner specified in the instructions accompanying the Subscription

Form and (ii) paying or arranging for payment of such Rights Offerings Participant's Subscription Purchase Price (as calculated pursuant to the Subscription Form) in the manner specified in the instructions accompanying the Subscription Form; provided that Knighthead shall exercise Senior Notes Rights with respect to at least $57,000,000 of Senior Notes.

(b) **Other Senior Notes Rights.** In furtherance of Section 2.1(a), the Backstop Parties (in accordance with their respective Backstop Commitment Percentage) shall be offered the Other Senior Notes Rights as part of the Backstop Parties' Initial Rights Allocation. The Backstop Parties (in accordance with their respective Backstop Commitment Percentage) shall also receive the New Common Stock that would have otherwise been distributed with the Other Senior Notes Rights pursuant to section 3.2(c)(i) of the Plan. On or before the Effective Date, the Backstop Parties (in accordance with their respective Backstop Commitment Percentage) shall pay to the Company the amount of cash distributable to holders of Allowed Senior Notes Claims pursuant to section 3.2(c) of the Plan, which amount shall be equal to the lesser of (i) ten percent (10%) of the principal amount of the Senior Notes underlying such Allowed Senior Notes Claims and (ii) $5,000,000 (such amount, the "Senior Notes Cash Payment").

(c) **Oversubscription.** To the extent that any Initial Rights Allocations are not exercised in full, 60% of the Unsubscribed Rights shall be allocated to the Rights Offerings Participants that have over subscribed for additional Rights in their duly completed Subscription Forms (such subscription, an "Oversubscription"), in the proportion of 92.3% as to Rights Offerings Participants who are holders of an Allowed Senior Notes Claim or who have subscribed for Other Senior Notes Rights, and 7.7% as to Rights Offerings Participants who are holders of an Allowed General Unsecured Claim or Allowed Convertible Notes Claim, and the remaining 40% of the Unsubscribed Rights shall be allocated to the Backstop Parties in accordance with their respective Backstop Commitment Percentage, with any remaining Unsubscribed Rights offered to such parties in such proportions until all Rights have been exercised, or no further Rights are exercised in any such offer. The purchase price for such Oversubscription shall be included in such Rights Offerings Participant's Subscription Purchase Price, and must be paid on or prior to the Subscription Deadline in the manner specified above in Section 2.1(a) and in the instructions accompanying the Subscription Form; provided, however, that any amounts in respect of a Backstop Party's Subscription Purchase Price must be received on or before the Effective Date.

(d) **Failure to Deliver Subscription Form or Subscription Purchase Price.** If, for any reason, the Subscription Agent does not receive on or prior to the Subscription Deadline from a Rights Offerings Participant both (i) a duly completed Subscription Form and the other documents included therewith and (ii) payment in immediately available funds in an amount equal to such Rights Offerings Participant's Subscription Purchase Price (as calculated pursuant to the Subscription Form), then such Rights Offerings Participant will be deemed to have relinquished and waived its right to participate in the Rights Offerings; provided, however, that any Backstop Party's Subscription Purchase Price must be received on or before the Effective Date.

2.2 Backstop.

(a) **Effectuating the Backstop Commitment.**

(i) If, after applying the procedures set forth in Section 2.1(c), there remain Unsubscribed Rights to acquire Rights Offering Notes or Rights Offering Warrants, as the case may be (respectively, the "Remaining Rights Offering Notes" and the "Remaining Rights Offering Warrants"), such Unsubscribed Rights shall be automatically and without further action by any party deemed transferred to the Backstop Parties in accordance with their Backstop Commitment Percentages, and each of the Backstop Parties hereby irrevocably elects to exercise such Unsubscribed Rights and purchase, at the applicable Subscription Purchase Price per $1,000 aggregate principal amount of Rights Offering Notes and per Rights Offering Warrant, such Remaining Rights Offering Notes and Remaining Rights Offering Warrants equal to its Backstop Commitment Percentage multiplied by the amount of such Remaining Rights Offering Notes and Remaining Rights Offering Warrants. In accordance with Section 2.2(b)(ii)(A), the purchase price for such Remaining Rights Offering Notes and Remaining Rights Offering Warrants shall be paid to the Company on or before the Effective Date.

(ii) The closing of the purchase and sale of the Remaining Rights Offering Notes and the Remaining Rights Offering Warrants, if any, will take place on the Effective Date.

(b) **Backstop Purchase.**

(i) **Notice.** As soon as practicable but no later than ten (10) Business Days after the Subscription Deadline (including any extensions thereto as a result of reoffers of Unsubscribed Rights), the Subscription Agent will deliver notice to the Backstop Parties of (i) (A) each of the Backstop Parties' irrevocable commitment to purchase the Remaining Rights Offering Notes and the Remaining Rights Offering Warrants up to such Backstop Party's Backstop Party Commitment Amount; and (B) the purchase price therefor as described in Section 2.2(a) (the "Backstop Purchase Price") and (ii) each of the Backstop Parties' Senior Notes Cash Payment Amount.

(ii) **Delivery of Funds.**

(A) On or prior to the Effective Date, each of the Backstop Parties will deliver its applicable Backstop Purchase Price, if any, and Senior Notes Cash Payment Amount by wire transfer in immediately available funds to an account (or accounts) designated by the Subscription Agent at least two (2) Business Days prior to the Effective Date.

(B) In the event that one or more of the Backstop Parties fails to fund any portion of its Backstop Purchase Price, the Subscription Agent will first make one or more reoffers of the Rights represented by such Backstop Purchase Price to the other Backstop Parties (pro rata based on their Backstop Commitment Percentages (calculated after excluding the non-funding Backstop Party) until such Rights are fully exercised or no additional Rights were exercised in the last such reoffer; provided that no Backstop Party other than Knighthead shall be obligated to fund more than its Backstop Commitment Amount hereunder without

such Backstop Party's express prior written consent. If after making such offers to the other Backstop Parties, the Rights Offering is not fully subscribed, then the Parties may enforce against the Backstop Party who failed to fund its Backstop Purchase Price in accordance with Section 2.2(a), its irrevocable commitment to do so and to purchase the related Rights Offering Notes and Rights Offering Warrants, including without limitation, seeking specific performance by such non-funding Backstop Party. Notwithstanding the foregoing, the Debtors may enforce against Knighthead a commitment to fully subscribe the Rights Offerings and to purchase the related Rights Offering Notes and Rights Offering Warrants.

2.3 Backstop Fee. In consideration for the Backstop Parties having irrevocably elected to purchase their applicable Remaining Rights Offering Notes and Remaining Rights Offering Warrants, and to fund their applicable Backstop Purchase Price, on or before the Effective Date, each Backstop Party will be entitled to receive an amount equal to 5% of its Backstop Commitment Amount payable in Backstop Fee Notes and Backstop Fee Warrants as set forth opposite its name in Schedule 2 hereto (the "Backstop Fee"). For the avoidance of doubt, each of the Backstop Parties will be entitled to its portion of the Backstop Fee without regard to whether the Rights Offerings are fully subscribed so long as such Backstop Party has purchased its applicable Remaining Rights Offering Notes and Remaining Rights Offering Warrants in accordance with Section 2.2(a) and funded its applicable Senior Notes Cash Payment Amount, and Backstop Purchase Price, including in the case of Knighthead, any unpaid amounts due to the failure of any Backstop Party to fund its Senior Notes Cash Payment Amount and Backstop Purchase Price. Notwithstanding the foregoing, in the event that any Backstop Party fails to purchase any portion of its applicable Remaining Rights Offering Notes and Remaining Rights Offering Warrants allocated to such Party or to fund its applicable Senior Notes Cash Payment Amount or Backstop Purchase Price, such Backstop Party shall not be entitled to its portion of the Backstop Fee; provided such portion of the Backstop Fee shall be payable to any other party, including Knighthead or any other Backstop Party, that assumes and satisfies the obligations of such Backstop Party. Following approval by the Bankruptcy Court of this Agreement, and upon consummation of the Rights Offerings, the Backstop Fee shall be payable without further Bankruptcy Court review or further Bankruptcy Court order. The Debtors' obligations to pay the Backstop Fee shall constitute superpriority administrative expense claims against the Debtors junior only to the superpriority administrative expense claims granted to holders of the DIP Facility Claims.

2.4 Breakup Fee.

(a) In the event the Debtors enter into or seek court authority to enter into, or the Creditors' Committee causes the Debtors to enter into or seek court authority to enter into (in each case, a "Breakup Fee Triggering Event") a transaction, or series of transactions, whether pursuant to a plan of reorganization, liquidation or otherwise, or merger, consolidation or combination or any other disposition of any material portion of the assets of or equity, capital stock or ownership interests in the Company and its subsidiaries outside the ordinary course of business, with or sponsored by any entity other than the Backstop Parties (an "Alternative Transaction") the Company shall pay to the Backstop Parties (including any party that assumes any Backstop Party's Backstop Commitment Amount and funds such Backstop Party's Backstop Purchase Price) an aggregate fee of $10.0 million in cash (the "Breakup Fee") with each

Backstop Party receiving its allocable portion of such Breakup Fee based on its Backstop Commitment Percentage; provided, however, that the Breakup Fee shall not be payable in the event that the Rights Offerings are not consummated due to (i) the termination of the Backstop Agreement by the Backstop Parties as a result of the failure of one or more conditions precedent to the Backstop Parties' obligations thereunder to be satisfied or waived by the Backstop Parties or (ii) the termination of the Backstop Agreement following any uncured breach of the Backstop Agreement by one or more Backstop Parties, in each case, other than due to a breach of the provisions of Section 5.4. Notwithstanding the foregoing, and for the avoidance of doubt, the Breakup Fee will be payable to the Backstop Parties in the event (i) the Debtors terminate this Agreement on or prior to the Effective Date in accordance with Section 9.11(b)(B) or (ii) the Creditors Committee withdraws its support of this Agreement in accordance with Section 9.11(c) and the Debtors enter into or seek court authority to enter into an Alternative Transaction, including a Superior Transaction, following such withdrawal of support. The Breakup Fee shall be paid on the earlier of the closing date of the Alternative Transaction and the thirtieth (30th) day after the Breakup Fee Triggering Event by wire transfer of immediately available funds to the accounts identified on Schedule 2 hereto.

(b) The terms set forth in this Section 2.4 shall survive termination of this Agreement to the extent set forth above and shall remain in full force and effect regardless of whether the transactions contemplated by this Agreement or any of the other transactions contemplated by the Plan are consummated. The Parties acknowledge that the agreements contained in this Section 2.4 are an integral part of the transactions contemplated by this Agreement, and constitute liquidated damages and not a penalty, and that, without these agreements, the Backstop Parties would not have entered into this Agreement. Following approval by the Bankruptcy Court of this Agreement, the Breakup Fee shall be payable in accordance with Section 2.4(a) without further Bankruptcy Court review or further Bankruptcy Court order. The Debtors' obligations to pay the Breakup Fee shall constitute superpriority administrative expense claims against the Debtors junior only to the superpriority administrative expense claims granted to holders of the DIP Facility Claims. The obligations set forth in this Section 2.4 are in addition to, and do not limit, the Debtors' obligations under any other provisions of this Agreement.

(c) Regardless of whether the Breakup Fee is payable, the Backstop Parties shall be entitled to payment of the Initial Expense Reimbursement and all other Expense Reimbursements.

Section 3. Representations and Warranties of the Debtors. The Debtors jointly and severally represent and warrant to the Backstop Parties as follows:

3.1 Organization. Each Debtor is duly formed and validly existing under the laws of its state of formation.

3.2 Due Authorization, Execution and Delivery; Enforceability. Subject to the Approvals, each of the Debtors has the requisite corporate or limited liability company power and authority to enter into, execute and deliver this Agreement and to perform its obligations hereunder, including the issuance of the Rights Offering Notes, the Rights Offering Warrants, the Backstop Fee Notes and the Backstop Fee Warrants by the Reorganized Company, and will take all necessary corporate action required for the due authorization, execution, delivery and

performance by it of this Agreement, including the issuance of the Rights Offering Notes, the Rights Offering Warrants, the Backstop Fee Notes, the Backstop Fee Warrants and the New Common Stock underlying such Rights Offering Warrants and Backstop Fee Warrants by the Reorganized Company. Subject to the Approvals, this Agreement will constitute, assuming the execution by the other Parties hereto, the legally valid and binding obligation of the Debtors, enforceable against them in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

3.3 Consents. Subject to the Approvals, none of the execution, delivery or performance of this Agreement by the Debtors will require any consent of, authorization by, exemption from, filing with, or notice to any Governmental Entity having jurisdiction over any Debtor.

3.4 Due Issuance and Authorization of Securities; Reservation of Shares of New Common Stock. The Rights Offering Notes, the Rights Offering Warrants, the Backstop Fee Notes and the Backstop Fee Warrants, and the New Common Stock underlying such Rights Offering Warrants and Backstop Fee Warrants, issued and delivered to the Backstop Parties pursuant to the terms of this Agreement will be, upon issuance, duly authorized and validly issued and will be free from all taxes, liens, preemptive rights and charges with respect to the issue thereof and the shares of New Common Stock underlying the Rights Offering Warrants and the Backstop Fee Warrants will, when issued, be fully paid and non-assessable. The number of shares of New Common Stock issuable in respect of the Rights Offering Warrants and the Backstop Fee Warrants shall have been reserved by the board of directors of the Reorganized Company.

3.5 No Conflicts. Except for the Approvals, the execution, delivery and performance of this Agreement by the Debtors will not (a) conflict with or result in any breach of any provision of any Debtor's organizational documents as in effect on the Effective Date, (b) conflict with or result in the breach of the terms, conditions or provisions of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give rise to any right of termination, acceleration or cancellation under, any material agreement, lease, mortgage, license, indenture, instrument or other contract to which any of them is a party or (c) result in a violation of any law, rule, regulation, order, judgment or decree (including, without limitation, federal and state securities laws and regulations) applicable to any of them or their Subsidiaries or by which any of them or their Subsidiaries' properties or assets are bound or affected as in effect on the Effective Date, except in the case of clauses (b) or (c) as would not, individually or in the aggregate, result in or reasonably be expected to result in a Material Adverse Change.

3.6 No Registration. Assuming the accuracy of the representations and warranties and compliance with the covenants of the Backstop Parties set forth in this Agreement, no registration of the Rights Offering Notes, the Rights Offering Warrants, the Backstop Fee Notes, the Backstop Fee Warrants and the New Common Stock underlying such Rights Offering Warrants and Backstop Fee Warrants, under the Securities Act is required for the purchase of the

Rights Offering Notes and the Rights Offering Warrants by the Backstop Parties and the issuance of the Backstop Fee Notes and the Backstop Fee Warrants to the Backstop Parties, in the manner contemplated by this Agreement.

3.7 Arm's Length. The Debtors are acting solely in the capacity of an arm's length contractual counterparty to such Backstop Party with respect to the transactions contemplated hereby. The Debtors understand that no Backstop Party is relying on the Debtors, or any of their legal, financial, accounting or other advisors for any legal, tax, investment, accounting or regulatory advice.

3.8 No Broker's Fees. To the best of their knowledge, no Debtor is a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a claim against the Debtors or the Backstop Parties for a brokerage commission, finder's fee or like payment in connection with the transactions contemplated hereby.

Section 4. Representations and Warranties of the Backstop Parties. Each Backstop Party severally and not jointly represents and warrants as to itself, and not as to any other Backstop Party, to the Debtors as follows:

4.1 Organization. Such Backstop Party is duly formed, validly existing and in good standing under the laws of the jurisdiction of its formation.

4.2 Due Authorization. Such Backstop Party has the requisite power and authority to enter into, execute and deliver this Agreement and the Subscription Forms and to perform its obligations hereunder and thereunder and has taken all necessary action required for the due authorization, execution, delivery and performance by it of this Agreement and the Subscription Forms.

4.3 Due Execution; Enforceability. This Agreement has been duly and validly executed and delivered by such Backstop Party and, assuming the due execution of the other parties hereto, will constitute its valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity). When the Subscription Form is duly and validly executed and delivered by such Backstop Party and, assuming the execution of the other parties thereto, such Subscription Form will constitute its valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

4.4 Consents. None of the execution, delivery or performance of this Agreement or the Subscription Forms by such Backstop Party will require any consent of, authorization by,

exemption from, filing with, or notice to any Governmental Entity having jurisdiction over such Backstop Party.

4.5 No Conflicts. The execution, delivery and performance of this Agreement and the Subscription Forms by such Backstop Party will not (a) conflict with or result in any breach of any provision of its organizational documents, (b) conflict with or result in the breach of the terms, conditions or provisions of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give rise to any right of termination, acceleration or cancellation under, any material agreement, lease, mortgage, license, indenture, instrument or other contract to which it is a party or by which its properties or assets are bound, or (c) result in a violation of any law, rule, regulation, order, judgment or decree (including, without limitation, federal and state securities laws and regulations) applicable to it or by which its properties or assets are bound or affected as in effect on the Effective Date, except in the case of clauses (b) and (c), as would not, individually or in the aggregate, result in or reasonably be expected to result in a Backstop Party Material Adverse Change with respect to such Backstop Party.

4.6 Legal Proceedings. There are no actions, suits or proceedings to which such Backstop Party is a party or to which any property of such Backstop Party is subject that, individually or in the aggregate, has materially prohibited, delayed or adversely impacted, or if determined adversely to such Backstop Party, would reasonably be expected to materially prohibit, delay or adversely impact such Backstop Party's performance, of its obligations under this Agreement and no such actions, suits or proceedings are, to the knowledge of such Backstop Party, threatened or contemplated and, to the knowledge of such Backstop Party, no investigations are threatened by any governmental or regulatory authority or threatened by others that has or would reasonably be expected, individually or in the aggregate, to materially prohibit, delay or adversely impact such Backstop Party's performance of its obligations under this Agreement.

4.7 No Registration Under the Securities Act. Such Backstop Party understands that the Rights Offering Notes and the Rights Offering Warrants to be purchased by it and the Backstop Fee Notes and the Backstop Fee Warrants issuable to it pursuant to the terms of this Agreement have not been registered, and that, other than as provided for under the Registration Rights Agreement, none of the Debtors will be required to effect any registration or qualification, under the Securities Act or any state securities law, and the Rights Offering Notes, the Rights Offering Warrants, the Backstop Fee Notes and the Backstop Fee Warrants will be issued in reliance upon exemptions contained in the Securities Act or interpretations thereof, in the applicable state securities laws and under the Bankruptcy Code. Such Backstop Party understands that the Rights Offering Notes, the Rights Offering Warrants, the Backstop Fee Notes and the Backstop Fee Warrants cannot be offered for sale, sold or otherwise transferred except pursuant to a registration statement or in a transaction exempt from or not subject to registration under the Securities Act.

4.8 Acquisition for Investment. The Rights Offering Notes, the Rights Offering Warrants, the Backstop Fee Notes and the Backstop Fee Warrants are being acquired under this Agreement by such Backstop Party in good faith solely for its own account, for investment and not with a view toward resale or other distribution within the meaning of the Securities Act.

4.9 Accredited Backstop Party. Such Backstop Party is (i) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6) or (7), or an entity in which all of the equity owners are such "accredited investors" or (ii) a "qualified institutional investor" within the meaning of Rule 144A under the Securities Act, or an entity in which all of the equity owners are such "qualified institutional buyers."

4.10 Arm's Length. Such Backstop Party understands that the Debtors are acting solely in the capacity of an arm's length contractual counterparty to such Backstop Party with respect to the transactions contemplated hereby. Additionally, such Backstop Party is not relying on the Debtors, or any of their legal, financial, accounting or other advisors for any legal, tax, investment, accounting or regulatory advice.

4.11 No Broker's Fees. To the best of its knowledge, such Backstop Party is not a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a claim against the Debtors for a brokerage commission, finder's fee or like payment in connection with the transactions contemplated hereby.

Section 5. Additional Covenants.

5.1 Uncertificated Units. The Parties agree that the Rights Offering Warrants, the Backstop Fee Warrants and the New Common Stock will not be certificated.

5.2 Further Assurances. From time to time after the date of this Agreement, the Parties will execute, acknowledge and deliver to the other Party such other instruments, documents, and certificates and will take such other actions as the other Party may reasonably request in order to consummate the transactions contemplated by this Agreement.

5.3 Commercially Reasonable Efforts

(a) The Debtors will use commercially reasonable efforts to cause the conditions set forth in Section 6 to be satisfied and to consummate the transactions contemplated herein.

(b) The Backstop Parties will use commercially reasonable efforts to cause the conditions set forth in Section 7 to be satisfied and to consummate the transactions contemplated herein.

5.4 No-Shop

(a) Except with the prior written consent of the Backstop Parties, or as expressly permitted by Sections 5.4(b) or 5.4(c) below, as applicable, the Debtors and the Creditors' Committee and their respective advisors and representatives will not, directly or indirectly, take any action to solicit, initiate, encourage or assist the submission of, or enter into any discussions (other than accepting an initial inbound communication), negotiations or agreements regarding,

any proposal, negotiation or offer relating to an Alternative Transaction (including any proposal submitted to the Debtors or their advisors or the Creditors' Committee or their advisors on an unsolicited basis).

(b) Notwithstanding the preceding paragraph (a), if following the date hereof, the Company receives from any person (other than any of the Backstop Parties) a bona fide unsolicited proposal or expression of interest in undertaking an Alternative Transaction that the board of directors of the Company reasonably determines in its good faith judgment could be expected to lead to a proposal for a Superior Transaction and that the failure to take the actions set forth in clauses (i) and (ii) in this Section 5.4(b) would be inconsistent with its fiduciary duties, then the Company and its advisors shall be permitted to (i) furnish or cause to be furnished information concerning the Debtors to such Person (provided that (A) any information so furnished has already been provided or is provided contemporaneously to the Backstop Parties or their advisors and (B) such person has executed and delivered to the Company a customary confidentiality agreement reasonably acceptable to the Debtors), and (ii) engage in negotiations or discussions regarding such Alternative Transaction proposal with such Person or its advisors; provided, however, that, prior to commencing any such discussions (other than accepting an initial inbound communication), the Company shall advise the Backstop Parties or their advisors in writing that such discussions will be commenced; provided further that the Company gives the Backstop Parties at least five (5) business days' written notice (accompanied by the proposal and any materials supporting such Alternative Transaction) and negotiates in good faith with and provides the Backstop Parties an opportunity to propose a revised transaction, before the earliest to occur of: (x) the Company exercising any permitted termination right in accordance with Section 9.11, (y) the Company entering into such Alternative Transaction, and (z) the Company filing a motion with the Bankruptcy Court seeking approval of such Alternative Transaction.

(c) Notwithstanding the preceding paragraph (a), if following the date hereof, the Creditors' Committee receives from any person (other than any of the Backstop Parties) a bona fide unsolicited proposal or expression of interest in undertaking an Alternative Transaction that the Creditors' Committee reasonably determines in its good faith judgment could be expected to lead to a proposal for a Superior Transaction and that the failure to take the actions permitted by this sentence would be inconsistent with its fiduciary duties, then the Creditors' Committee shall be permitted to withdraw its support of this Agreement in accordance with Section 9.11; provided, however, that, prior to withdrawing its support of this Agreement in accordance with Section 9.11, the Creditors' Committee gives the Company and the Backstop Parties at least five (5) business days' written notice (accompanied by the proposal and any materials supporting such Alternative Transaction) and negotiates in good faith with and provides the Backstop Parties an opportunity to propose a revised transaction, before the earliest to occur of: (x) the Creditors' Committee exercising any permitted right to withdraw its support of this Agreement in accordance with Section 9.11, (y) the Company entering into such Alternative Transaction, and (z) the Company filing a motion with the Bankruptcy Court seeking approval of such Alternative Transaction.

Section 6. Conditions to Backstop Parties' Obligations. The obligation of each Backstop Party, Knighthead on a joint and several basis, and any other Backstop Party on a several but not joint and several basis, to fund its Senior Notes Cash Payment Amount and Backstop Commitment Amount will be subject to the satisfaction (or waiver by each Backstop Party in its sole discretion) of each of the following conditions on or prior to the Effective Date:

(a) **Confirmation Order.** The Final Order or Orders of the Bankruptcy Court, among other things, confirming the Plan (including, for the avoidance of doubt the provisions of the Plan relating to the Voting Trust and the Voting Trust Agreement) pursuant to section 1129 of the Bankruptcy Code (the "Confirmation Order") that is reasonably acceptable to the Backstop Parties will have been entered by the Bankruptcy Court, and no order staying the Confirmation Order will be in effect;

(b) **Unrestricted Cash Balance.** Upon the Effective Date (following satisfaction of all administrative claims and bankruptcy costs and expenses) immediately following the consummation of the Rights Offerings, the Company's unrestricted cash balance shall not be less than $175.0 million (which shall include the $15.0 million dollar cash collateral posted by the Company in respect of federal black lung benefits even if not yet released by the Department of Labor), net of any amount in respect of the any Expense Reimbursement, including the Initial Expense Reimbursement, assuming, on a *pro forma* basis, no borrowings under the First Lien Exit Facilities' revolving facility, and its working capital accounts shall have been managed in a manner generally consistent with past practice;

(c) **Peabody Settlement.** The Debtors shall have entered into a settlement agreement with Peabody Holding Company, LLC and certain of its affiliates (collectively, "Peabody") under the terms and conditions substantially as set forth in the term sheet executed by the Debtors and Peabody on October 4, 2013, and which settlement agreement shall have become effective substantially in accordance with its terms;

(d) **Arch Settlement.** The Debtors shall have negotiated and entered into a settlement agreement with Arch Coal, Inc. and its subsidiaries and affiliates (collectively, "Arch"), under the terms and conditions substantially as set forth in the term sheet executed by the Debtors and Arch on October 4, 2013, and which settlement agreement shall have become effective substantially in accordance with its terms;

(e) **VEBA Funding Agreement.** The Company and the UMWA shall have executed a final and binding amended version of the VEBA Funding Agreement to reflect the terms set forth in the Rights Offerings Term Sheet with respect to funding the VEBA and which is otherwise reasonably acceptable to the Backstop Parties, and, provided that the funding payable to the VEBA on the Effective Date is made as set forth therein, the UMWA shall have waived any rights or ability to terminate the VEBA Funding Agreement, the Collective Bargaining Agreements, and all related agreements, including, but not limited to, the Memorandum of Understanding and the Hatfield Side Letter, that were ratified by the UMWA on August 16, 2013, and approved by the Bankruptcy Court on August 22, 2013, Docket No. 4511, on the basis set forth in section 3(x) of the VEBA Funding Agreement;

(f) **VEBA Funding.** The VEBA shall have been funded with the amount contemplated by the VEBA Funding Agreement to be funded on the Effective Date;

(g) **First-Lien Exit Facilities.** The Company shall have entered into definitive documentation for the First Lien Exit Facilities (including, without limitation, intercreditor agreements) on or before the Effective Date in form and substance reasonably satisfactory to the Backstop Parties, provided that the material financial terms thereof, including, without limitation, the coupon rate, the amount of any original issue discount and the maturity, shall be satisfactory to the Backstop Parties in their sole discretion;

(h) **Organizational Documents.** The certificate of incorporation, bylaws, stockholders' agreement and other corporate governance documents of Company that will be in effect after the Effective Date (the "Postconfirmation Organizational Documents") shall provide to the Backstop Parties pre-emptive rights in the event the Company issues or proposes to issue any equity securities and certain information rights, including certain financial reporting and access covenants, and shall otherwise be in form and substance acceptable to the Backstop Parties;

(i) **Registration Rights Agreement.** The Company shall have executed and delivered the Registration Rights Agreement, which shall be in form and substance reasonably acceptable to the Backstop Parties;

(j) **Plan and Disclosure Statement.** The Plan, the Disclosure Statement, the Confirmation Order and any material documents, including, without limitation, the amended VEBA Funding Agreement (collectively, the "Plan Documents"), shall be in form and substance needed to effectuate the Plan and the Rights Offerings and the transactions contemplated thereby and herein and shall otherwise be in form and substance reasonably acceptable to the Backstop Parties;

(k) **Issuance of Certain Voting Securities.** The Plan shall provide that voting securities to be received by the Backstop Parties on account of their claims and/or upon exercise of their Rights shall be distributed by the Company on the Effective Date to entities designated by the Backstop Parties**;**

(l) **Motions and Documents to be Filed.** All motions and other documents to be filed with the United States Bankruptcy Court for the Eastern District of Missouri (the "Bankruptcy Court") in connection with the Rights Offerings, and payment of the fees contemplated under the Plan, the Backstop Agreement, including, without limitation, the Backstop Fee and the Breakup Fee, and the Rights Offering Procedures shall be in form and substance needed to effectuate the Plan and the Rights Offerings and the transactions contemplated thereby and shall otherwise be in form and substance reasonably acceptable to the Backstop Parties;

(m) **Backstop Agreement.** This Agreement shall have been approved by the Bankruptcy Court by November 8, 2013 and shall have not been terminated;

(n) **Notes.** The definitive documents relating to the Notes (including, without limitation, intercreditor arrangements related thereto) shall be consistent with the Rights

Offerings Term Sheet and shall otherwise be in form and substance reasonably satisfactory to the Backstop Parties.

(o) **Expense Reimbursements.** The Company shall have paid all the Initial Expense Reimbursement and other Expense Reimbursements on the Effective Date.

(p) **No Material Adverse Change.** Since the date of the Rights Offerings Term Sheet, there has been no Material Adverse Change;

(q) **Rights Offerings.** The Rights Offerings will have been consummated pursuant to and in accordance with the Plan;

(r) **Effective Date.** The Effective Date shall have occurred;

(s) **Payment of Backstop Fee.** The Backstop Fee Notes and the Backstop Fee Warrants will be issued simultaneously with the Rights Offering Notes and the Rights Offering Warrants;

(t) **Other Conditions.** (i) Each of the Debtors will have performed, in all material respects, their respective obligations hereunder required to be performed by it at or prior to the Effective Date, (ii) the representations and warranties of the Debtors in this Agreement (disregarding all qualifications as to materiality and Material Adverse Change contained therein) will be true and correct in all respects, with only such exceptions as would not individually or in the aggregate constitute a Material Adverse Change, in each case, at and as of the Effective Date as if made at and as of Effective Date (other than those representations and warranties that address matters only as of a particular earlier date, which need only be true and correct to the same extent as of such earlier date) and (iii) all conditions precedent to the Effective Date set forth in the Plan shall have been satisfied or waived (except for the obligations set forth herein); and

(u) **Officer's Certificate.** The Company shall have delivered to the Backstop Parties an officer's certificate of the chief financial officer dated as of the Effective Date certifying that the conditions set forth in Section 6(p) and Section 6(t) have been satisfied.

Section 7. Conditions to the Debtors' Obligations. The obligations of the Debtors hereunder are subject to the satisfaction (or the waiver by the Debtors in their sole discretion) of the following conditions as of the Effective Date:

(a) **Rights Offerings.** The Rights Offerings will have been consummated pursuant to the Plan;

(b) **Plan Confirmation.** The Confirmation Order that is reasonably acceptable to the Debtors will have been entered by the Bankruptcy Court, and no order staying the Confirmation Order will be in effect;

(c) **Backstop Party Execution.** Each of the Backstop Parties will have executed and delivered this Agreement; and

(d) **Other Conditions.** (i) Each Backstop Party will have performed, in all material respects, their respective obligations hereunder required to be performed by it at or prior to the Effective Date, (ii) the representations and warranties of each Backstop Party in this Agreement (disregarding all qualifications as to materiality and Material Adverse Change contained therein) will be true and correct in all respects, with only such exceptions as would not individually or in the aggregate constitute a Material Adverse Change, in each case, at and as of the Effective Date as if made at and as of Effective Date (other than those representations and warranties that address matters only as of a particular earlier date, which need only be true and correct to the same extent as of such earlier date) and (iii) all conditions precedent to the Effective Date set forth in the Plan shall have been satisfied or waived (except for the obligations set forth herein).

Section 8. Plan Support.

8.1 Plan. Each of the Debtors and each Supporting Party acknowledges and agrees that the terms and conditions set forth in the Rights Offerings Term Sheet and the Plan are acceptable in all respects. In expressing their support for the Agreement and the Plan (pursuant to the terms and conditions of this Agreement), the Debtors and the Supporting Parties do not desire and do not intend in any way to derogate or diminish the solicitation requirements of applicable securities and bankruptcy law, or the fiduciary duties of the Debtors. This Agreement is not an offer with respect to any securities or a solicitation of votes with respect to a chapter 11 plan of reorganization. Any such offer or solicitation will comply all applicable securities laws and/or provisions of the Bankruptcy Code. Acceptances or rejections with respect to a chapter 11 plan of reorganization may not be solicited until a disclosure statement has been approved by the Bankruptcy Court.

8.2 Agreements of the Supporting Parties. Each Supporting Party agrees that, so long as this Agreement has not been terminated as provided herein:

(a) such Supporting Party shall support entry by the Bankruptcy Court of an order approving the Disclosure Statement, in form and substance reasonably acceptable to the Backstop Parties, and finding that the Disclosure Statement satisfies the requirements of section 1125 of the Bankruptcy Code (such order, the "Disclosure Statement Order") and shall use commercially reasonable efforts to obtain Bankruptcy Court approval of this Agreement;

(b) subject to entry of the Disclosure Statement Order and receipt of the accompanying materials in respect of the Disclosure Statement and the Plan, such Supporting Party shall support, and take all commercially reasonable actions necessary or reasonably requested by the Company or the Backstop Parties to facilitate the solicitation, confirmation, and consummation of the Plan and the transactions contemplated thereunder;

(c) in each case, other than the Plan, such Supporting Party shall not consent to, or otherwise directly or indirectly seek, support, solicit, assist, encourage, or participate in the formulation, pursuit or support of, any restructuring or reorganization of the Debtors (or any plan or proposal in respect of the same) or any sale or disposition of the Debtors (or all or substantially all of its assets or equity) or any dissolution, winding up or liquidation of the Debtors; and

(d) such Supporting Party shall not take any other action, including initiating any legal proceedings or enforcing rights as a holder of Claim, if applicable, that could prevent, interfere with, delay, or impede the approval of the Disclosure Statement, the solicitation of votes in connection with the Plan, or consummation of the Plan, including objecting to confirmation of the Plan.

8.3 Additional Agreements of the Backstop Parties. In addition to the agreements in Section 8.2, each Backstop Party agrees that, so long as this Agreement has not been terminated as provided herein:

(a) subject to entry of the Disclosure Statement Order and receipt of the accompanying Disclosure Statement and other solicitation materials in respect of the Plan, it shall (A) timely vote or cause to be voted all Claims it has against the Debtors to accept the Plan by delivering its duly executed and completed ballot or ballots, as applicable, accepting the Plan on a timely basis following commencement of the solicitation of votes on a Plan in accordance with sections 1125 and 1126 of the Bankruptcy Code and (B) not change or withdraw such vote (or cause or direct such vote to be changed or withdrawn); provided that such vote shall be immediately deemed revoked and deemed void *ab initio* upon termination of this Agreement;

(b) it shall not vote or cause to be voted any Claim against the Plan; and

(c) to the extent the Backstop Parties acquire additional Claims, the Backstop Parties agree that such additional Claims shall be subject to this Agreement and that, so long as this Agreement has not been terminated, subject to the terms of this Agreement, they shall vote (or cause to be voted) any such additional Claims entitled to vote on the Plan, in each case to the extent still held by it or on its behalf at the time of such vote, in a manner consistent with this Agreement. For the avoidance of doubt, this Agreement shall in no way be construed to preclude the Backstop Parties from acquiring additional Claims

8.4 Transfers.

(a) The Backstop Parties agree that they shall not sell, transfer, loan, issue, pledge, hypothecate, assign or otherwise dispose of (including by participation) (each, a "**Transfer**"), directly or indirectly, in whole or in part, any Claim (including entry into a voting agreement with respect to any such Claims), unless with respect to the proposed Transfer of any Claim, the transferee thereof is (i) already a Backstop Party or (ii) prior to such Transfer, agrees in writing for the benefit of the Debtors and the Supporting Parties to become a Supporting Party and to be bound by all of the terms of this Agreement applicable to the Supporting Parties by executing a Joinder as a Supporting Party (including with respect to any and all Claims it already may hold against or in the Company prior to such Transfer) and delivers such Joinder to the Debtors, in which event (A) the transferee shall be deemed to be a Supporting Party hereunder and (B) the transferor shall be deemed to relinquish its rights (and be released from its obligations) under this Agreement to the extent of such transferred Claim, and, with respect to Knighthead, in each case of (i) or (ii), such transferee assumes Knighthead's obligation set forth in Section 2.1(a) to exercise Senior Notes Rights with respect to at least $57,000,000 of Senior Notes. The Debtors and the Supporting Parties agree that any Transfer of any Claim that does not comply with the

terms and procedures set forth herein shall be deemed void *ab initio*, and the Debtors and any other Supporting Party shall have the right to enforce the voiding of such Transfer.

8.5 Additional Agreements of the Creditors' Committee and the UMWA. So long as (i) neither the Debtors nor the Backstop Parties are in material breach of this Agreement and (ii) the Creditors' Committee has not withdrawn its support pursuant to Section 9.11(c), the Creditors' Committee and the UMWA shall file in the Bankruptcy Court a statement in support of approval of the Disclosure Statement by November 4, 2013 and a statement in support of the confirmation of the Plan by December 15, 2013.

8.6 Rights of Supporting Parties Unaffected. Nothing contained in this Agreement shall: (i) limit (A) the ability of a Supporting Party to consult with another Supporting Party or the Debtors, (B) the Creditors' Committee's rights under Section 9.11(c) or (C) the rights of a Supporting Party to be heard as a party in interest in the Chapter 11 Cases, in each case so long as such consultation or appearance is consistent with the Supporting Party's obligations under the terms of this Agreement, the Plan, the Rights Offerings Term Sheet, and is not for the purpose of hindering, delaying, or preventing the confirmation or consummation of the Plan; or (ii) limit the ability of the Backstop Parties to sell or enter into any transactions in connection with the Claims or any other claims against or interests in the Company.

8.7 Additional Agreements of the Debtors.

(a) The Debtors agree that, so long as this Agreement has not been terminated as provided herein, unless otherwise permitted or required by this Agreement, the Debtors shall do the following:

(i) (A) support and take all actions reasonably necessary or requested by the Supporting Parties to seek approval of the Disclosure Statement and to facilitate the solicitation, confirmation, and consummation of the Plan and the transactions contemplated thereby; and (B) not take any action that is inconsistent with, or that would delay or impede the solicitation, confirmation, or consummation of the Plan;

(ii) timely file a formal objection to any motion filed with the Bankruptcy Court seeking the entry of an order (A) directing the appointment of an examiner with expanded powers or a trustee, (B) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, or (C) dismissing the Chapter 11 Cases;

(iii) timely file a formal objection to any motion filed with the Bankruptcy Court by a third party seeking the entry of an order modifying or terminating the Company's exclusive right to file or solicit acceptances of a plan of reorganization; and

(iv) provide draft copies of all motions, applications and other documents the Company intends to file with the Bankruptcy Court related to the Plan to counsel for the Supporting Parties as soon as reasonably practicable before such documents are filed with the Bankruptcy Court and to consult in good faith with such counsel regarding the form and substance of any such proposed filings.

(b) The Debtors agree that, so long as this Agreement has not been terminated as provided herein, unless otherwise permitted or required by this Agreement or the Rights Offerings Term Sheet or agreed in writing by the Supporting Parties, the Company shall not directly or indirectly, do or permit to occur any of the following:

(i) modify the Plan, in whole or in part, in a manner that is materially inconsistent with this Agreement or the Rights Offerings Term Sheet; and

(ii) withdraw or revoke the Plan or publicly announce its intention not to pursue the Plan.

8.8 Acknowledgment. Each Debtor and Supporting Party agrees that this Agreement and the transactions contemplated hereby are the product of negotiations among the Debtors and the Supporting Parties, together with their respective representatives. This Agreement is not, and shall not be deemed to be, a solicitation of votes for the acceptance of the Plan or any plan of reorganization for purposes of sections 1125 and 1126 of the Bankruptcy Code or otherwise. The votes of the holders of Claims and Interests against the Debtors will not be solicited until such holders who are entitled to vote on the Plan have received the disclosure statement approved by the Bankruptcy Court and any other required materials related to the solicitation. In addition, this Agreement does not constitute an offer to issue or sell securities to any person, or the solicitation of an offer to acquire or buy securities, in any jurisdiction where such offer or solicitation would be unlawful.

Section 9. Miscellaneous

9.1 Notices. Any notice or other communication required or which may be given pursuant to this Agreement will be in writing and either delivered personally to the addressee, emailed or faxed to the addressee or mailed, certified or registered mail, postage prepaid, and will be deemed given when so delivered personally, if emailed or faxed, upon notice of successful transmission thereof, or, if mailed, five (5) days after the date of mailing, as follows:

(a) if to a Backstop Party, to the address specified on Schedule 2 hereto.

With a copy to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attention: Stephen E. Hessler
Email: shessler@kirkland.com

(b) if to the Debtors, to:

Patriot Coal Corporation
12312 Olive Boulevard, Suite 400
St. Louis, Missouri 63141
Attention: Joseph W. Bean
Email: jbean@patriotcoal.com

with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attention: Mischa Travers
Email: mtravers@davispolk.com

Attention: Brian Resnick
Email: bresnick@davispolk.com

9.2 Indemnification Indemnification. The Debtors will indemnify, save and hold harmless each Backstop Party, all of its respective directors, officers, stockholders, employees, partners, investors, members, managers, representatives, attorneys, other professional advisors and agents and all of their respective heirs, successors, legal administrators, permitted assigns, and each Person who (within the meaning of Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, as amended) controls such Backstop Party and the officers, directors, agents and employees of any such controlling Person (collectively, the "Indemnitees") from and against all losses, claims, damages, liabilities, costs (including, without limitation, the costs of investigation and reasonable attorneys' fees) and expenses, as incurred by any or all of the Indemnitees in connection with any claim against them by a third party in connection with or arising from the execution, delivery and performance by the Debtors of this Agreement or the Rights Offerings (collectively, the "Losses"); provided, however, that the foregoing indemnity will not apply to Losses to the extent that they are found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from: (A) any material breach by any Indemnitee of this Agreement; (B) any act or failure to act by an Indemnitee of bad faith, willful or intentional misconduct or gross negligence; or (C) any violation of applicable law. This indemnification provision will be in addition to the rights of each and all of the Indemnitees to bring an action against the Debtors for material breach of any term of this Agreement. The Debtors acknowledge and agree that each and all of the Indemnitees shall be treated as third-party beneficiaries with rights to bring an action against the Debtors under this Section 9.2.

(b) Indemnification Procedure. Promptly after receipt by an Indemnitee of notice of the commencement of any claim, litigation, investigation or proceeding (an "Indemnified Claim") by any Person other than a Debtor, such Indemnitee will, if a claim is to be made hereunder against the Debtors in respect thereof, notify the Debtors in writing of the commencement thereof; provided, that the omission to so notify the Debtors will not relieve the Debtors from any liability that it may have hereunder except to the extent it has been materially prejudiced by such failure. In case any such Indemnified Claims are brought against any Indemnitee and it notifies the Debtors of the commencement thereof, the Debtors will be entitled to participate therein, and, to the extent that it may elect by written notice delivered to the Debtors, to assume the defense thereof, with counsel reasonably acceptable to such Indemnitee; provided, that if the parties (including any impleaded parties) to any such Indemnified Claims include both such Indemnitee and the Debtors and based on advice of such Indemnitee's counsel there are legal defenses available to such Indemnitee that are different from or additional to those available to the Debtors, such Indemnitee shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such Indemnified Claims on

behalf of such Indemnitee. Upon receipt of notice from the Debtors to such Indemnitee of its election so to assume the defense of such Indemnified Claims with counsel reasonably acceptable to the Indemnitee, the Debtors shall not be liable to such Indemnitee for expenses incurred by such Indemnitee in connection with the defense thereof (other than reasonable costs of investigation) unless (w) such Indemnitee shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the immediately preceding sentence (it being understood, however, that the Debtors shall not be liable for the expenses of more than one separate counsel representing the Indemnified Persons who are parties to such Indemnified Claims and that all such expenses shall be reimbursed as they occur), (x) the Debtors shall not have employed counsel reasonably acceptable to such Indemnitee to represent such Indemnitee within a reasonable time after notice of commencement of the Indemnified Claims, (y) the Debtors shall have failed or is failing to defend such claim, and is provided written notice of such failure by the Indemnitee and such failure is not reasonably cured within fifteen (15) Business Days of receipt of such notice, or (z) the Debtors shall have authorized in writing the employment of counsel for such Indemnitee.

(c) Settlement of Indemnified Claims. The Debtors shall not be liable for any settlement of any Indemnified Claims effected without its written consent. If any settlement of any Indemnified Claims is consummated with the written consent of the Debtors or if there is a final judgment for the plaintiff in any such Indemnified Claims, the Debtors agree to indemnify and hold harmless each Indemnitee from and against any and all Losses by reason of such settlement or judgment to the extent such Losses are otherwise subject to indemnification by the Debtors hereunder in accordance with, and subject to the limitations of, the provisions of this Section 9.2. Notwithstanding anything in this Section 9.2 to the contrary, if at any time an Indemnitee shall have requested the Debtors to reimburse such Indemnitee for legal or other expenses in connection with investigating, responding to or defending any Indemnified Claims as contemplated by this Section 9.2, the Debtors shall be liable for any settlement of any Indemnified Claims effected without its written consent if (a) such settlement is entered into more than (i) sixty (60) days after receipt by the Debtors of such request for reimbursement and (ii) thirty (30) days after receipt by the Indemnitee of the material terms of such settlement and (b) the Debtors shall not have reimbursed such Indemnified Person in accordance with such request prior to the date of such settlement. The Debtors shall not, without the prior written consent of an Indemnitee, effect any settlement of any pending or threatened Indemnified Claims in respect of which indemnity or contribution has been sought hereunder by such Indemnitee unless such settlement (x) includes an unconditional release of such Indemnitee in form and substance satisfactory to such Indemnitee from all liability on the claims that are the subject matter of such Indemnified Claims and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnitee.

9.3 Survival of Representations and Warranties, etc. All representations and warranties made in this Agreement and the Schedules attached hereto will survive the execution and delivery of this Agreement.

9.4 Assignment. This Agreement will be binding upon and inure to the benefit of each and all of the Parties, and, except as set forth below, neither this Agreement nor any of the rights, interests or obligations hereunder will be assigned by any of the Parties without the prior written consent of the other parties; provided that without the consent of any other party hereto,

any Backstop Party's rights and obligations hereunder may be assigned, delegated or transferred, in whole or in part, by such Backstop Party to (i) any Affiliate of the Backstop Party over which the Backstop Party or any of its Affiliates exercises investment authority, including, without limitation, with respect to voting and dispositive rights or (ii) to one or more financial institutions or entities that certify their status as (A) a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act, or an entity in which all of the equity owners are such "qualified institutional buyers" or (B) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6) or (7) under the Securities Act, or an entity in which all of the equity owners are such "accredited investors"; provided further, that any such assignee, whether or not already a Backstop Party, executes a Joinder as a Backstop Party and thereby assumes the rights and obligations of such Backstop Party hereunder and agrees to be bound by the terms of this Agreement in the same manner as the Backstop Party. In the event of any such assignment, delegation or transfer, Schedule 2 to this Agreement shall be promptly amended to reflect such assignment, delegation or transfer without the need for the consent or action of any party hereto (other than Knighthead in the event of an assignment, delegation or transfer by a Backstop Party to a non-Affiliate of such Backstop Party and other than the assigning, delegating or transferring Party and the execution by the assignee of a Joinder as a Backstop Party whether or not such assignee is already a Backstop Party) and such amended Schedule 2 shall be deemed to form part of this Agreement for all purposes. Notwithstanding any assignment, delegation or transfer pursuant to this Section 9.4, if the Rights Offerings are not fully subscribed, then the Debtors may enforce against Knighthead a commitment to fully subscribe the Rights Offerings and to purchase the related Rights Offering Notes and Rights Offering Warrants.

9.5 Entire Agreement. This Agreement and the Plan contain the entire agreement by and among the Debtors and the Supporting Parties with respect to the transactions contemplated by this Agreement and supersede all prior agreements and representations, written or oral, with respect thereto.

9.6 Waivers and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions of this Agreement may be waived, only by a written instrument signed by the Debtors and the Backstop Parties; provided, however, that, if this Agreement is so amended or modified, and such amendment or modification is materially adverse to a Supporting Party (other than a Backstop Party), the applicable Supporting Party may withdraw its support of this Agreement, and such Supporting Party shall have no further obligations under this Agreement. No delay on the part of any party in exercising any right, power or privilege pursuant to this Agreement will operate as a waiver thereof, nor will any waiver on the part of any party of any right, power or privilege pursuant to this Agreement, nor will any single or partial exercise of any right, power or privilege pursuant to this Agreement, preclude any other or further exercise thereof or the exercise of any other right, power or privilege pursuant to this Agreement. The rights and remedies provided pursuant to this Agreement are cumulative and are not exclusive of any rights or remedies which any party otherwise may have at law or in equity.

9.7 Governing Law; Jurisdiction; Venue; Process. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY CHOICE OF LAW OR CONFLICT OF LAW PROVISION OR RULE THAT WOULD CAUSE THE APPLICATION OF THE

LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK. EACH PARTY HEREBY IRREVOCABLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES BANKRUPTCY COURT, FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

If a court finds that subject matter jurisdiction is not available in the Bankruptcy Court, the Parties hereby agree to submit any and all disputes arising out of this Agreement to the jurisdiction and venue of the U.S. District Court for the Southern District of New York or if such court will not have jurisdiction, then to the appropriate courts of the State of New York sitting in New York County.

9.8 Counterparts. This Agreement may be executed and delivered (including by facsimile or portable document format (PDF) transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed will be deemed to be an original, but all of which taken together will constitute one and the same.

9.9 Headings; Advice of Counsel; Interpretation. The headings in this Agreement are for reference purposes only, do not constitute a part of this Agreement and will not in any way affect the meaning or interpretation of this Agreement. Each of the Debtors and the Supporting Parties represents to the other parties to this Agreement that such Debtor or Supporting Party has been represented by counsel in connection with this Agreement, that such Debtor or Supporting Party has discussed this Agreement with its counsel and that any and all issues with respect to this Agreement have been resolved as set forth herein. No provision of this Agreement shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial agency.

9.10 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein will not be in any way impaired thereby, it being intended that all of the rights and privileges of the Parties will be enforceable to the fullest extent permitted by law.

9.11 Termination

(a) **Termination by the Backstop Parties**. The Backstop Parties shall have the right, but not the obligation, to terminate this Agreement by notice to the Debtors if:

(A) the conditions set forth in Section 6 have not been satisfied (or waived) by December 31, 2013 (the "Expiration Date");

(B) a Material Adverse Change has occurred since the date of the Rights Offerings Term Sheet;

(C) the Bankruptcy Court shall not have entered an order approving the Backstop Agreement, including the Breakup Fee, the Backstop Fee and the Expense Reimbursement on or prior to November 8, 2013;

(D) the Bankruptcy Court enters an order confirming a plan of reorganization other than the Plan;

(E) the Company shall have failed to comply with all or any of its obligations or covenants set forth herein in any material respect or it shall be reasonably apparent that it shall be unable to satisfy each of the conditions to closing on or before the Effective Date and such failure or inability remains uncured or continues for a period of ten (10) Business Days following delivery of written notice thereof to the Company by the Backstop Parties;

(F) the Company shall have breached any of the representations and warranties made or deemed made in any material respect;

(G) the Effective Date shall not have occurred by December 31, 2013; or

(H) a Breakup Fee Triggering Event has occurred.

(b) **Termination by the Debtors.** The Debtors will have the right, but not the obligation, to terminate this Agreement by notice to the Backstop Parties if:

(A) the conditions set forth in Section 7 have not been satisfied (or waived) by the Expiration Date. In the event that any, but not all Backstop Parties materially breach this Agreement, and such breach is not cured after a notice period of ten (10) Business Days (which may be extended by the Company), the Debtors may terminate this Agreement with respect to such Backstop Party only and this Agreement will continue to remain in effect with respect to all other Parties; provided, however, that any such Backstop Party may cure such breach in accordance with this Section 9.11(b)(A) by assigning, delegating or transferring its obligations in accordance with Section 9.4 hereof, or

(B) the Company receives, after the date hereof, a bona fide unsolicited Alternative Transaction proposal, and the Company's board of directors reasonably determines in its good faith judgment that: (i) such Alternative Transaction provides a higher and better economic recovery to the Debtors' estates than that proposed in the Rights Offerings Term Sheet; (ii) the board of directors' fiduciary obligations require it to direct the Company to accept such Alternative Transaction proposal (but subject to compliance with paragraphs (A) and (B) below); and (iii) such Alternative Transaction is from a proponent that the board of directors has reasonably determined is capable to consummate such Alternative Transaction (such an Alternative Transaction, a "Superior

Transaction"), then the Company may terminate this Agreement, provided that the Company has been in compliance with its obligations in Section 5.4 of this Agreement through the time of such proposed termination, including (A) notifying the Backstop Parties in writing of such Alternative Transaction prior to any discussions (other than accepting an initial inbound communication) regarding such Alternative Transaction taking place) and (B) giving the Backstop Parties at least five (5) business days' written notice (accompanied by the proposal and any materials supporting such Alternative Transaction) and negotiating in good faith with and providing the Backstop Parties an opportunity to propose a revised transaction, before the earliest to occur of: (x) the Company exercising any permitted termination right in accordance with this Section 9.11(b)(B), (y) the Company entering into such Alternative Transaction, and (z) the Company filing a motion with the Bankruptcy Court seeking approval of such Alternative Transaction, provided, further, that notwithstanding any of the foregoing in this Section 9.11(b)(B), the Company shall pay the Breakup Fee to the Backstop Parties to the extent otherwise payable under Section 2.4(a) of this Agreement.

(c) **Withdrawal of Support by the Creditors' Committee.** The Creditors' Committee will have the right, but not the obligation, to withdraw its support of this Agreement by notice to the Company and the Backstop Parties if the Creditors' Committee receives, after the date hereof, a bona fide unsolicited Alternative Transaction proposal, and the Creditors' Committee reasonably determines in its good faith judgment that such Alternative Transaction is a Superior Transaction, then the Creditors' Committee may withdraw its support of this Agreement, provided, the Creditors' Committee may not engage in discussions or negotiations regarding such Alternative Transaction with such third party (other than accepting an initial inbound communication and asking basic clarifying questions regarding such Alternative Transaction in that communication) and the Creditors' Committee has been in compliance with its obligations in Section 5.4(c) of this Agreement through the time of such proposed termination, including (A) promptly notifying the Backstop Parties in writing of such Alternative Transaction and (B) giving the Company and the Backstop Parties at least five (5) business days' written notice (accompanied by the proposal and any materials supporting such Alternative Transaction) and negotiating in good faith with and providing the Backstop Parties an opportunity to propose a revised transaction, before the earliest to occur of: (x) the Creditors' Committee exercising any permitted right to withdraw its support of this Agreement in accordance with this Section 9.11(c), (y) the Company entering into such Alternative Transaction, and (z) the Company filing a motion with the Bankruptcy Court seeking approval of such Alternative Transaction, provided, further, that, notwithstanding any of the foregoing in this Section 9.11(c), the Company shall pay the Breakup Fee to the Backstop Parties if the Company enters into or seeks court authority to enter into an Alternative Transaction, including a Superior Transaction to the extent otherwise payable under Section 2.4(a) of this Agreement.

(d) **Effect of Termination.** In the event of termination of this Agreement as provided above, the provisions of this Agreement will immediately become void and of no further force and effect (other than this Section 9 (except Section 9.3) and Section 2.4); provided that no Party will be released from any liability for any breach of this Agreement prior to such termination, which shall in each case expressly survive any such termination; provided further

that the Company shall remain obligated to pay all the Initial Expense Reimbursement and Expense Reimbursements.

(e) **Automatic Stay**. The Debtors acknowledge and agree and shall not dispute that the giving of notice of termination of this Agreement or withdrawal of support of this Agreement, as applicable, by any of the Supporting Parties shall not be a violation of the automatic stay of section 362 of the Bankruptcy Code (and the Debtors hereby waive, to the greatest extent possible, the applicability of the automatic stay to the giving of such notice); provided, however, nothing herein shall prejudice any of the Debtors or the Supporting Parties' rights to argue that the termination or withdrawal of support, as applicable, was not proper under the terms of this Agreement.

9.12 Conflict with Confirmation Order and Plan.

(a) **Conflict with the Confirmation Order.** In the event there is a conflict between the terms of this Agreement and the terms of the Confirmation Order, the terms of the Confirmation Order will control and such Confirmation Order will control over the Plan.

(b) **Conflict with the Plan.** In the event there is a conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan will control.

9.13 Specific Performance. The Debtors and the Supporting Parties acknowledge and agree that any breach of terms of this Agreement would give rise to irreparable harm for which money damages would not be an adequate remedy, and, accordingly, the Debtors and the Supporting Parties agree that, in addition to any other remedies, each will be entitled to enforce the terms of this Agreement by a decree of specific performance without the necessity of proving the inadequacy of money damages as a remedy. Without limiting the foregoing, each Backstop Party agrees that each other Backstop Party shall have the right, in addition to any other rights and remedies existing in its favor, to enforce its rights and the obligations of any other Backstop Party hereunder not only by an action or actions for damages but also by an action or actions for specific performance, injunctive or other equitable relief without the necessity of proving the inadequacy of money damages as a remedy.

9.14 No Third Party Beneficiaries. This Agreement will not confer any rights or remedies upon any other person or entity other than the Parties and their respective successors and permitted assigns.

9.15 Separate Investment Decisions. Each Backstop Party acknowledges and agrees for the benefit of each other Backstop Party that: (1) no Backstop Party shall be deemed or otherwise considered to be acting as an agent or in any other fiduciary capacity on behalf of another Backstop Party by virtue of this Agreement, (2) it has without reliance upon any other Backstop Party made its own credit and investment analysis and decision to enter into this Agreement and the transactions contemplated hereby to which it is a party, and (3) it will without reliance upon any other Backstop Party continue to make its own credit and investment decisions in taking or not taking any action in connection with this Agreement and the transactions contemplated hereby and in any other agreement to which it is a party.

9.16 Date this Agreement is Effective. This Agreement shall become immediately effective with respect to the Supporting Parties on the date on which all of the Supporting Parties and the Debtors execute this Agreement, and shall become effective with respect to the Debtors upon the date on which the Bankruptcy Court shall have entered a final order approving this Agreement and authorizing the Debtors to perform hereunder, which order shall be in form and substance consistent with the Rights Offerings Term Sheet and otherwise reasonably acceptable to the Supporting Parties.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Debtors and the Supporting Parties have duly executed this Agreement as of the date first above written.

PATRIOT COAL CORPORATION
AND ITS AFFILIATED DEBTORS

By: _____
Name: Joseph W. Bean
Title: Senior Vice President

BACKSTOP PARTIES:

KNIGHTHEAD CAPITAL MANAGEMENT, LLC, solely on behalf of certain funds and accounts it manages and/or advises

By: _____
Name: Thomas A. Wagner
Title: Managing Member

CONSENTED TO BY:

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: _____
Name: ADAM C. ROGOFF
Title: Kramer Levin Naftalis & Frankel LLP
Counsel to Creditors Committee

THE UNITED MINE WORKERS OF AMERICA

By: _____
Name:
Title:

CONSENTED TO BY:

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: _____
Name:
Title:

THE UNITED MINE WORKERS OF AMERICA

By: _____
Name: Grant Crandall
Title: General Counsel

Exhibit A

BACKSTOP PARTY JOINDER
TO BACKSTOP RIGHTS PURCHASE AGREEMENT

This Joinder to Backstop Rights Purchase Agreement (this "Joinder"), dated as of _____, is entered into as of _____ by [INSERT NAME] ("Joinder Party") and [INSERT NAME] ("Assignor").

Joinder Party was not a party to the original Backstop Rights Purchase Agreement dated as of _____, 2013 (the "Backstop Agreement") by and among Patriot Coal Corporation, a Delaware corporation (the "Company"), the other entities set forth in Schedule 1 thereto (together with the Company, the "Debtors" and each a "Debtor"), and each of the undersigned entities and/or their investment advisors, managers, managed funds or accounts, intermediaries or nominees set forth on the signature pages thereto (collectively, the "Backstop Parties" and each, a "Backstop Party"), and consented to by the Official Committee of the Unsecured Creditors and the United Mine Workers of America. Capitalized terms used herein without definition shall have the meanings given in the Backstop Agreement.

Assignor hereby assigns irrevocably to Joinder Party its rights, title, interests and obligations as a Backstop Party with respect to the amounts set forth on Schedule I hereto pursuant to Section 9.4 of the Backstop Agreement. Pursuant to Section 9.4 of the Backstop Agreement, Schedule 2 to the Backstop Agreement is hereby replaced in its entirety with the form of Schedule 2 attached hereto, which shall be deemed to form part of the Backstop Agreement for all purposes. Joinder Party agrees with the amounts set forth opposite its name on Schedule 2 attached hereto.

Joinder Party has agreed to become party to the Backstop Agreement as a Backstop Party. Joinder Party hereby agrees to be subject to the applicable terms and conditions of the Backstop Agreement as a Backstop Party, as referred to therein, and to make the representations and warranties set forth in Section 4 therein.

Any notice required or permitted by the Backstop Agreement shall be given to Joinder Party at the address listed under Joinder Party's signature below.

JOINDER PARTY

By: _____
Name:
Title:
Address:

ASSIGNOR

By: _____
Name:
Title:
Address:

Exhibit B

SUPPORTING PARTY JOINDER
TO BACKSTOP RIGHTS PURCHASE AGREEMENT

This Joinder to Backstop Rights Purchase Agreement (this "Joinder"), dated as of _____, is entered into as of _____ by [INSERT NAME] ("Joinder Party") and [INSERT NAME] ("Assignor").

Joinder Party was not a party to the original Backstop Rights Purchase Agreement dated as of _____, 2013 (the "Backstop Agreement") by and among Patriot Coal Corporation, a Delaware corporation (the "Company"), the other entities set forth in Schedule 1 thereto (together with the Company, the "Debtors" and each a "Debtor"), and each of the undersigned entities and/or their investment advisors, managers, managed funds or accounts, intermediaries or nominees set forth on the signature pages thereto (collectively, the "Backstop Parties" and each, a "Backstop Party"), and consented to by the Official Committee of the Unsecured Creditors and the United Mine Workers of America. Capitalized terms used herein without definition shall have the meanings given in the Backstop Agreement.

Assignor hereby assigns irrevocably to Joinder Party its [ ] Claims and any and all rights associated therewith.

Joinder Party has consented to the Backstop Agreement as a Supporting Party. Joinder Party hereby agrees to be subject to the applicable terms and conditions of the Backstop Agreement as a Supporting Party.

Any notice required or permitted by the Backstop Agreement shall be given to Joinder Party at the address listed under Joinder Party's signature below.

JOINDER PARTY

By: _____
Name:
Title:
Address:

ASSIGNOR

By: _____
Name:
Title:
Address:

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

Schedule 2
Backstop Party Commitments[1]

Backstop Party	Address	Backstop Commitment Percentage	Backstop Commitment Amount		Backstop Fee	
			Notes	Warrants	Notes	Warrants
[Investor 1]	c/o [ ] [Address] Attn: Fax: Wire Instruction:	50%	$125,000,000	$12,500	$6.25 million	250,000
[Investor 2]	c/o [ ] [Address] Attn: Fax: Wire Instruction:	50%	$125,000,000	$12,500	$6.25 million	250,000
Total		100.0%	$250,000,000	$25,000	$12.5 million	500,000

[1] Illustrative only.

Appendix H

Rights Offerings Procedures

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re	**Chapter 11**
PATRIOT COAL CORPORATION, *et al.*,	**Case No. 12-51502-659** **(Jointly Administered)**
Debtors. [1]	

RIGHTS OFFERINGS PROCEDURES

On November [●], 2013, the United States Bankruptcy Court for the Eastern District of Missouri (the "**Court**") entered the *Order (i) Approving Disclosure Statement; (ii) Approving Solicitation and Notice Materials; (iii) Approving Forms of Ballots; (iv) Establishing Solicitation and Voting Procedures; (v) Establishing Procedures for Allowing and Estimating Certain Claims for Voting Purposes; (vi) Scheduling a Confirmation Hearing and (vii) Establishing Notice and Objection Procedures* [ECF No. ●] (the "**Disclosure Statement Order**") that, among other things, approved the adequacy of the *Disclosure Statement for Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [ECF No. [●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "**Disclosure Statement**") filed in support of the *Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [ECF No. [●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "**Plan**"). On November [●], 2013, the Court entered the *Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into a Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection With the Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures*, authorizing the Debtors to conduct rights offerings open to Certified Eligible Holders (as defined herein), as of November 27, 2013, of (i) Allowed Senior Notes Claims[2] and (ii) together, Allowed General Unsecured Claims and Allowed Convertible Notes Claims, in the proportion of 92.3% and 7.7%, respectively.[3]

---

[1] The Debtors are the entities listed on Schedule 1 to the Disclosure Statement. 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 otherwise defined herein shall have the meanings ascribed to such terms in, as applicable, the Plan or the Disclosure Statement. Copies of the Disclosure Statement and the Plan may be obtained at no charge by: (a) accessing the Debtors' case information website at *www.patriotcaseinfo.com*; (b) writing to the notice, claims and solicitation agent, GCG, Inc. ("**GCG**"), at Patriot Coal Corporation, et al., c/o GCG, Inc., P.O. Box 9898, Dublin, Ohio 43017-5798 or (c) calling GCG at (877) 600-6531.

[3] Rights allocated to holders of Allowed Senior Notes Claims who are not Certified Eligible Holders will be offered to the Backstop Parties, who will pay to the Company the amount of cash distributable to holders of such Allowed Senior Notes Claims under Section 3.2(c) of the Plan.

I. Definitions.

a. "**Backstop Allocation**" means Rights offered to the Backstop Parties in accordance with the Backstop Rights Purchase Agreement to purchase up to 40% of the Rights Offering Notes and up to 40% of the Rights Offering Warrants for an aggregate combined Subscription Purchase Price of $100,010,000.

b. "**Backstop Commitment Percentage**" shall have the meaning set forth in the Backstop Rights Purchase Agreement.

c. "**Backstop Parties**" means, collectively, Knighthead Capital Management, LLC solely on behalf of certain funds and accounts it manages and/or advises and any other party that executes the Backstop Rights Purchase Agreement as a "Backstop Party" or executes a written joinder to the Backstop Rights Purchase Agreement as a "Backstop Party" in the form attached to the Backstop Rights Purchase Agreement.

d. "**Backstop Rights Purchase Agreement**" means that certain Backstop Rights Purchase Agreement by and among the Debtors and the Backstop Parties party thereto, and consented to by the Creditors' Committee and the UMWA, dated as of [•].

e. "**Certification Period**" means the period commencing on the day following the Rights Offerings Record Date and ending at the Eligibility Certificate Deadline.

f. "**Certification Period Transfer Notice**" means a notice delivered to the Subscription Agent notifying the Subscription Agent of the transfer of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim during the Certification Period, which indicates (i) the name of the transferor, (ii) the name, address and other required information of the transferee, and (iii) the principal amount of such Claim, in substantially the form attached hereto as **Annex E**.

g. "**Certified Eligible Holder**" means an Eligible Holder that submits an Eligibility Certificate to the Subscription Agent by the Eligibility Certificate Deadline, which Eligibility Certificate is acceptable to the Debtors in their sole discretion.

h. "**Company**" means Patriot Coal or Reorganized Patriot Coal, as applicable.

i. "**Convertible Notes/GUC Eligibility Certificate**" means the form sent to each Holder of an Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim, in substantially the form attached hereto as **Annex B**.

j. "**Eligibility Certificate**" means either a Convertible Notes/GUC Eligibility Certificate or a Senior Notes Eligibility Certificate.

k. "**Eligibility Certificate Deadline**" means November 27, 2013 at 5:00 p.m. (prevailing Central Time) or such later time as determined by the Debtors in their sole discretion.

l. "**Eligible Affiliate**" means an affiliate of an Eligible Holder or a Backstop Party that is also an Eligible Holder (or would be an Eligible Holder if such affiliate were a Holder).

m. "**Eligible Holder**" means a Holder that is (i) a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act or an entity in which all of the equity owners are such "qualified institutional buyers," or (ii) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6) or (7) of the Securities Act, or an entity in which all of the equity owners are such "accredited investors."

n. "**GUC Rights**" means Rights to purchase up to 4.62% of the Rights Offering Notes and up to 4.62% of the Rights Offering Warrants. The aggregate Subscription Purchase Price of the GUC Rights shall be $11,551,155.

o. **"Holders**" means, collectively, holders of Allowed Senior Notes Claims, Allowed General Unsecured Claims and/or Allowed Convertible Notes Claims.

p. "**Initial Rights Allocation**" means, with respect to each Certified Eligible Holder, those Rights initially offered to such Certified Eligible Holder in respect of its Allowed Claims or, with respect to Backstop Parties, their respective Backstop Commitment Percentage of the Backstop Allocation and the Other Senior Notes Rights.

q. "**New Common Stock**" means the common stock, par value $0.01 per share, of Reorganized Patriot Coal, entitled to one vote per share of common stock on all matters on which the common stock of Reorganized Patriot Coal is entitled to vote.

r. "**Notes**" means the 15% senior secured second lien notes issued by the Company pursuant to the terms set forth in the Plan Supplement.

s. "**Notes Rights**" means subscription rights to purchase the Rights Offering Notes.

t. "**Notes Rights Offering**" means the rights offering for the Notes.

u. "**Notes Subscription Purchase Price**" means the purchase price for the Notes acquired by a Rights Offerings Participant pursuant to the Notes Rights Offering, as calculated in accordance with such Rights Offerings Participant's Subscription Form.

v. "**Other Senior Notes Rights**" shall have the meaning set forth in the Backstop Rights Purchase Agreement.

w. "**Post-Certification Period Transfer Notice**" means a notice delivered to the Subscription Agent notifying the Subscription Agent of the transfer of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim by a Certified Eligible Holder during the period beginning the day after the Certification Period through the Subscription Deadline, in substantially the form attached hereto as **Annex F**.

x. "**Pro Rata Share**" means, as of the Eligibility Certificate Deadline:

a) with respect to a Certified Eligible Holder of an Allowed Senior Notes Claim, the ratio of such Certified Eligible Holder's Allowed Senior Notes Claim to the aggregate amount of all Allowed Senior Notes Claims;

b) with respect to a Certified Eligible Holder of an Allowed Convertible Notes Claim or of an Allowed General Unsecured Claim, the ratio of such Certified Eligible Holder's Debtor-Weighted Allowed Convertible Notes Claim or Debtor-Weighted Allowed General Unsecured Claim to the aggregate amount of all Certified Eligible Holders' Debtor-Weighted (i) Allowed General Unsecured Claims and (ii) Allowed Convertible Notes Claims.

y. "**Rights**" means, collectively, the Notes Rights and the Warrants Rights.

z. "**Rights Offering Notes**" means the Notes offered for purchase pursuant to the Notes Rights.

aa. "**Rights Offering Warrants**" means the Warrants offered for purchase pursuant to the Warrants Rights.

bb. "**Rights Offerings**" means, collectively, the Notes Rights Offering and the Warrants Rights Offering.

cc. "**Rights Offerings Participant**" means (i) a Certified Eligible Holder, (ii) a Backstop Party or (iii) an Eligible Affiliate to whom the Rights of such Certified Eligible Holder or Backstop Party were transferred.

dd. "**Rights Offerings Procedures**" shall mean these procedures.

ee. "**Rights Offerings Record Date**" means November 6, 2013.

ff. **"Securities Act"** means the Securities Act of 1933, as amended.

gg. "**Senior Notes Eligibility Certificate**" means the form sent to each Holder of an Allowed Senior Notes Claim, in substantially the form attached hereto as **Annex A**.

hh. "**Senior Notes Rights**" means Rights to purchase up to 55.38% of the Rights Offering Notes and up to 55.38% of the Rights Offering Warrants for an aggregate Subscription Purchase Price of $138,463,845.

ii. "**Stockholders' Agreement**" means the stockholders' agreement substantially in the form included in the Plan Supplement to be entered into by and among Reorganized Patriot Coal, the Backstop Parties and certain other holders of New Class A Common Stock or Warrants whose number of shares of New Class A Common Stock plus the number of shares of New Class A Common Stock into which their Warrants could be exercised for would, in the aggregate as to any such holder, be equal to or greater than five percent of the total number of outstanding shares of New Class A Common Stock (calculated on a fully diluted basis).

jj. "**Subscription Accounts**" means one or more trust accounts, escrow accounts, treasury accounts or similar segregated accounts established by the Subscription Agent to receive and hold payments of the Subscription Purchase Price.

kk. "**Subscription Agent**" means GCG, Inc.

ll. "**Subscription Deadline**" means December 10, 2013 at 5:00 p.m. (prevailing Central Time) or such later time as determined by the Debtors in their sole discretion.

mm. "**Subscription Form**" means the subscription form(s) and applicable instructions sent to each Rights Offerings Participant on which such Rights Offerings Participant may exercise his, her or its Rights, in substantially the form attached hereto as **Annex C**.

nn. "**Subscription Purchase Price**" means the sum of a Rights Offerings Participant's Notes Subscription Purchase Price and Warrants Subscription Purchase Price.

oo. "**Transferee Eligible Holder**" means an Eligible Holder that is a direct or indirect transferee of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim of a Holder.

pp. "**Unsubscribed Rights**" means any Rights that are not timely subscribed by the Rights Offerings Participants offered such Rights in their Initial Rights Allocation.

qq. "**Warrants**" means the warrants exercisable for New Common Stock. Each Warrant will entitle the holder to purchase one share of New Common Stock.

rr. "**Warrants Rights**" means subscription rights to purchase the Rights Offering Warrants.

ss. "**Warrants Rights Offering**" means the rights offering for Warrants.

tt. "**Warrants Subscription Purchase Price**" means the purchase price for the Warrants acquired by a Rights Offerings Participant pursuant to the Warrants Rights Offering, as calculated in accordance with such Rights Offerings Participant's Subscription Form.

Rights Offerings

II. Rights Offerings.

An aggregate number of Warrants to be determined by the Debtors and the Backstop Parties and $250,000,000 in aggregate principal amount of Notes will be offered in the Rights Offerings, in each case to be allocated to the Certified Eligible Holders and Backstop Parties in the proportion of 60% and 40%, respectively. Participation in the Rights Offerings is voluntary and is limited to Certified Eligible Holders, the Backstop Parties and Eligible Affiliates. Each Certified Eligible Holder will be offered its Pro Rata Share of the Senior Notes Rights and/or the GUC Rights, as applicable, and each Backstop Party will be offered its Backstop Commitment Percentage of the Other Senior Notes Rights and the Backstop Allocation. The Rights will entitle the Holder to acquire Rights Offering Notes and Rights Offering Warrants. Rights Offerings Participants participating in the Notes Rights Offering must also participate in the Warrants Rights Offering (and vice versa) by subscribing for and purchasing a proportionate share of the aggregate Notes Rights (or Warrants Rights, as applicable) offered pursuant to the Rights Offerings. The aggregate subscription price for the Notes Rights shall be $250,000,000 and the aggregate subscription price for the Warrants Rights shall be $25,000. The aggregate subscription price for the Rights Offerings shall be $250,025,000.

Participation in the Rights Offerings will be subject to the following procedures:

a. Eligibility Certificate. Each Holder as of the Rights Offerings Record Date will receive an Eligibility Certificate to determine if such Holder is an Eligible Holder permitted to participate in the Rights Offerings. Each Eligible Holder, including a Transferee Eligible Holder, seeking to participate in the Rights Offerings is required to return the applicable Eligibility Certificate to the Subscription Agent so as to be actually received by the Subscription Agent by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)) and is required to certify therein to the ownership of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim. Only those Holders that certify that they are Eligible Holders will receive the Subscription Form and have the opportunity to participate in the Rights Offerings. Those Holders that do not return the applicable Eligibility Certificate will be deemed to relinquish and waive any right to participate in the Rights Offerings. Holders of Allowed Senior Notes Claims who do not return a Senior Notes Eligibility Certificate will instead receive their Ratable Share of the Senior Notes Class Cash Consideration pursuant to section 3.2(c) of the Plan. Eligible Holders of Allowed Convertible Notes Claim(s) or Allowed General Unsecured Claim(s) that do not return a Convertible Notes/GUC Eligibility Certificate will instead receive their Ratable Share of the Convenience Class Consideration pursuant to sections 3.2(d) and 3.2(e) of the Plan.

Each Eligible Holder, including a Transferee Eligible Holder, that holds an Allowed Senior Notes Claim and/or an Allowed Convertible Notes Claim must forward its

Eligibility Certificate to the bank, brokerage house, or other financial institution (each, a "**Nominee**") that holds the Eligible Holder's Senior Notes and/or Convertible Notes in "street name" with sufficient time for the Nominee to complete the "Nominee Certification" in section 4 of the Eligibility Certificate (including providing the Nominee's medallion guarantee) and for the Nominee to deliver the Eligibility Certificate to the Subscription Agent on or before the Eligibility Certificate Deadline.

b. Transfers Before the Eligibility Certificate Deadline. In order for a Transferee Eligible Holder to receive Rights with respect to a Claim transferred to it during the Certification Period, such transfer and all preceding transfers, if any, beginning with the transfer by the Holder holding such Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim as of the Rights Offerings Record Date, must be evidenced by a Certification Period Transfer Notice delivered to the Subscription Agent by November 27, 2013 at 5:00 p.m. (prevailing Central Time).

c. Subscription Form and Rights Offerings Materials. Each Rights Offerings Participant will receive a Subscription Form. Additionally, the Rights Offerings Documents (as defined herein), including the Reorganized Debtors' organizational documents and the Stockholders' Agreement, will be included with the Plan Supplement. Copies of the Rights Offerings Documents may be obtained, free of charge, at *www.patriotcaseinfo.com* or by contacting:

Patriot Coal Corporation, et al.,
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

d. Exercise of Rights. In order to exercise the Rights, each Rights Offerings Participant must (i) return a duly completed and executed Subscription Form to the Subscription Agent and the other documents referenced therein, including a W-8 or W-9, as applicable and (ii) pay an amount equal to the Subscription Purchase Price (as calculated pursuant to the Subscription Form) by wire transfer or bank or cashier's check, as set forth in the Subscription Form. Such forms, documents and payment must be actually received by the Subscription Agent on or before the Subscription Deadline (December 10, 2013 at 5:00 p.m. (prevailing Central Time)); provided, however, that the Subscription Purchase Price related to any Backstop Party's Backstop Allocation must be received on or before the Effective Date. Each Rights Offerings Participant that elects to exercise its Rights must exercise its Notes Rights and its Warrants Rights together, and may not exercise one without exercising the other. If the Subscription Agent for any reason does not receive from a given Rights Offerings Participant both a timely and duly completed Subscription Form and timely payment of such Rights Offerings Participant's Subscription Purchase Price, then such Rights Offerings Participant will be deemed to have relinquished and waived its right to participate in the Rights Offerings; provided, however, that the Subscription

Purchase Price related to any Backstop Party's Backstop Allocation must be received on or before the Effective Date.

e. Oversubscription. To the extent there exist any Unsubscribed Rights, each Rights Offerings Participant shall have the opportunity to subscribe for such rights on the Subscription Form (such subscription, an "**Oversubscription**"). In order to submit an Oversubscription, a Rights Offerings Participant must subscribe for its entire Initial Rights Allocation and must indicate on the Subscription Form the number of Unsubscribed Rights for which it seeks to subscribe. The purchase price for such Oversubscription shall be included in such Rights Offerings Participant's Subscription Purchase Price, and must be paid on or prior to the Subscription Deadline in the manner described in section II.c above; provided, however, that the purchase price for any such Oversubscription subscribed by any Backstop Party must be paid on or before the Effective Date.

f. Allocation of Unsubscribed Rights. The Unsubscribed Rights, if any, shall be allocated according to the following process, which shall be repeated until all Oversubscriptions are fulfilled or no Rights remain unsubscribed:

60% of the Unsubscribed Rights, if any, shall be allocated to the Rights Offerings Participants that have submitted an Oversubscription, of which (i) 92.3% shall be allocated among oversubscribing Certified Eligible Holders of Allowed Senior Notes Claims (and the Backstop Parties who have subscribed for Other Senior Notes Rights) in proportion to their Initial Rights Allocations and (ii) 7.7% shall be allocated among oversubscribing Certified Eligible Holders of Allowed General Unsecured Claims and Allowed Convertible Notes Claims in proportion to their Initial Rights Allocations. The remaining 40% of the Unsubscribed Rights, if any, shall be allocated to the Backstop Parties in accordance with their respective Backstop Commitment Percentage.

g. Backstop Commitment. If, after applying the procedures set forth in sections II.c, II.d, II.e and II.f there remain any Unsubscribed Rights, such Unsubscribed Rights shall be automatically and without further action by any party deemed transferred to the Backstop Parties in accordance with their Backstop Commitment Percentages, and each of the Backstop Parties shall purchase, at the applicable Subscription Purchase Price, the number of Rights Offering Notes and Rights Offering Warrants equal to its Backstop Commitment Percentage multiplied by the number of remaining Rights Offering Notes and Rights Offering Warrants in accordance with the terms and conditions of the Backstop Rights Purchase Agreement.

h. Transferability of Subscription Rights During the Post-Certification Period; Election Irrevocable; Representations and Warranties. The Rights may not be sold, transferred or assigned except (i) in connection with the transfer by a Certified Eligible Holder of the underlying Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim to another Certified Eligible Holder, as evidenced by a Post-Certification Period Transfer Notice delivered to the Subscription Agent by the Subscription Deadline, (ii) in connection with the transfer by a Certified Eligible Holder of all of its Rights, in whole, to a single Eligible Affiliate or (iii) as otherwise provided in the Backstop Rights Purchase Agreement. Once a Rights Offerings

Participant has exercised its Rights in accordance with these Rights Offerings Procedures, such exercise will be irrevocable. Each Rights Offerings Participant that has properly exercised its Rights represents and warrants that (i) to the extent applicable, it is duly formed, validly existing, and in good standing under the laws of the jurisdiction of its formation, (ii) it has the requisite power and authority to enter into, execute, and deliver the Subscription Form and to perform its obligations thereunder and has taken all necessary action required for the due authorization, execution, delivery, and performance thereunder, (iii) unless it is a Backstop Party, it is an Eligible Holder, as set forth in the Eligibility Certificate and (iv) it agrees that the Subscription Form constitutes a valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith, and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

i. Payment of the Subscription Purchase Price; No Interest. For Rights Offerings Participants that exercise their Rights in conformity with these Rights Offerings Procedures, the Subscription Purchase Price will be deposited and held in one or more Subscription Accounts, which accounts may be non-interest bearing. The Subscription Accounts will be maintained by the Subscription Agent for the purpose of holding the money for administration of the Rights Offerings until the Effective Date. The Subscription Agent will not use such funds for any other purpose prior to such date and will not encumber or permit such funds to be encumbered with any Lien or similar encumbrance. No interest will be paid to Certified Eligible Holders exercising Rights on account of amounts paid in connection with such exercise; provided, however, that, (i) to the extent that any portion of the Subscription Purchase Price paid to the Subscription Agent is not used to purchase Rights Offering Notes and Rights Offering Warrants, the Subscription Agent will return such portion, and any interest accrued thereon from the Subscription Deadline through the date such portion is mailed to the applicable Rights Offerings Participant, to the applicable Rights Offerings Participant within ten (10) Business Days of a determination that such funds will not be used, and (ii) if the Rights Offerings have not been consummated by the Effective Date, the Subscription Agent will return any payments made pursuant to the Rights Offerings, and any interest accrued thereon from the Subscription Deadline through the date such portion is mailed to the applicable Rights Offerings Participant, to the applicable Rights Offerings Participant within ten (10) Business Days thereafter.

j. Distribution of Rights Offering Notes and Rights Offering Warrants. On or as soon as practicable after the Effective Date, the Subscription Agent will distribute to the Rights Offerings Participants an acknowledgement of Reorganized Patriot Coal of the number of Rights Offering Notes and Rights Offering Warrants acquired by each Rights Offerings Participant. The Rights Offering Notes and Rights Offering Warrants will not be certificated.

k. Fractional Rights. No fractional amounts of Rights Offering Warrants will be issued. The number of Rights Offering Warrants available for purchase will be rounded to the nearest number of Rights Offering Warrants.

l. Validity of Exercise of Rights. All questions concerning the timeliness, viability, form, and eligibility of any exercise of Rights will be determined by the Debtors or Reorganized Debtors, as applicable, whose good faith determinations absent manifest error will be final and binding. The Debtors or Reorganized Debtors, as applicable, in their sole discretion, reasonably exercised in good faith, may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such times as it may determine, or reject the purported exercise of any Rights that does not comply with the provisions of the Rights Offerings as set forth herein and in the Plan. Subscription Forms will be deemed not to have been received or accepted until all irregularities have been waived or corrected within such time as the Debtors or Reorganized Debtors, as applicable, determine in their sole discretion reasonably exercised in good faith. None of the Debtors, Reorganized Debtors, or the Subscription Agent will be under any duty to give notification of any defect or irregularity in connection with the exercise of Rights or the submission of Subscription Forms or incur any liability for failure to give such notification.

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Annex A

Senior Notes Eligibility Certificate

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re **PATRIOT COAL CORPORATION, *et al.*,** **Debtors.**	**Chapter 11** **Case No. 12-51502-659** **(Jointly Administered)**

INSTRUCTIONS TO SENIOR NOTES ELIGIBILITY CERTIFICATE FOR RIGHTS OFFERINGS IN CONNECTION WITH THE DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

If you are an Eligible Holder (including a transferee of an Eligible Holder) and wish to participate in the Rights Offerings, this Senior Notes Eligibility Certificate must be returned so as to be actually received by the Subscription Agent no later than 5:00 p.m. (prevailing Central Time) on November 27, 2013. If you do not return this form, you will instead receive your Ratable Share of the Senior Notes Class Cash Consideration under the Plan.

If you are not an Eligible Holder, do not return this form. You will receive your Ratable Share of the Senior Notes Class Cash Consideration under the Plan.

The *Disclosure Statement for Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [ECF No. [●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "**Disclosure Statement**") has been prepared and filed pursuant to section 1125 of chapter 11, title 11 of the United States Code (the "**Bankruptcy Code**") and describes the terms and provisions of the *Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [ECF No. [●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "**Plan**"). The Debtors' *Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into A Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection With the Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures*, dated October 18, 2013 [ECF No. 4834] (the "**Rights Offerings Motion**") has been filed, including the Rights Offerings Procedures attached thereto as Exhibit A (the "**Rights Offerings Procedures**"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan and the Rights Offerings Procedures, as applicable.

Pursuant to the Plan, Eligible Holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and Allowed General Unsecured Claims and the Backstop Parties are entitled to participate in the Rights Offerings, as further described in the Rights Offerings Procedures. An "Eligible Holder" is a holder of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim that is (i) a "qualified institutional buyer"

within the meaning of Rule 144A of the Securities Act, or an entity in which all of the equity owners are such "qualified institutional buyers," or (ii) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6) or (7) of the Securities Act, or an entity in which all of the equity owners are such "accredited investors," in each case as such Holder certifies on its Eligibility Certificate that is timely returned. Eligible Holders of Allowed Senior Notes Claims that do not return a Senior Notes Eligibility Certificate will instead their Ratable Share of the Senior Notes Class Cash Consideration under the Plan.

See the Plan, the Disclosure Statement, the Plan Supplement, the Rights Offerings Motion and the Rights Offerings Procedures and the documents referenced therein for a complete description of the Rights Offerings (the "**Rights Offerings Documents**"). The Plan Supplement may be filed with the United States Bankruptcy Court for the Eastern District of Missouri (the "**Bankruptcy Court**") no later than five (5) days prior to the Voting Deadline (the "**Plan Supplement Mailing Date**"), and will include the form of the Reorganized Debtors' organizational documents, the form of the Rights Offering Notes and Related Rights Offering Notes Indenture, the form of the Rights Offering Warrants and related Rights Offering Warrant Agreement, and the form of the Stockholders' Agreement. Copies of the Rights Offerings Documents may be obtained, free of charge, at *www.patriotcaseinfo.com* or by contacting:

Patriot Coal Corporation, *et al*.
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

You have received the attached Senior Notes Eligibility Certificate because you are a Holder as of the Rights Offerings Record Date of an Allowed Senior Notes Claim, or the transferee of such Allowed Claim.

Transfer of Claims: If, prior to the Eligibility Certificate Deadline, you transfer your Allowed Senior Notes Claim to an Eligible Holder, (i) such transferee may have the opportunity to participate in the Rights Offerings on account of such transferred Claim and (ii) you do not need to return this Senior Notes Eligibility Certificate in respect of such transferred Claim. In order for a transferee to be offered Rights with respect to such Claim, (i) such transferee must submit a Senior Notes Eligibility Certificate by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)) and (ii) such transfer and all preceding transfers, if any, beginning with the transfer by the Holder of such Claim as of the Rights Offerings Record Date, must be evidenced by a Certification Period Transfer Notice delivered to the Subscription Agent (available at *www.patriotcaseinfo.com/rights.php*).

Holders with questions regarding transferring their Claims may contact:

GCG, Inc. **P.O. Box 9898** **Dublin, Ohio 43017-5798** **Toll Free: (877) 600-6531** **International: (336) 542-5677** **E-mail: PCXInfo@gcginc.com**	***or***	**Gregory Gennady Plotko, Special Counsel** **Kramer Levin Naftalis & Frankel LLP** **1177 Avenue of the Americas** **New York, New York 10036** **Telephone: (212) 715-9149** **E-mail: GPlotko@kramerlevin.com**

To properly complete and submit this Senior Notes Eligibility Certificate:

1. **Review** the amount of your Allowed Senior Notes Claim set forth below in Section 1.

2. **Complete** the Eligibility Certification in Section 2.

3. **Initial** next to the applicable paragraph in Section 3a (Accredited Investor Certification) or 3b (Qualified Institutional Buyer Certification).

4. **Complete** the Nominee Confirmation of Ownership or DTC Information, as applicable, in Section 4.

5. **Return** this Senior Notes Eligibility Certificate to the Subscription Agent on or before 5:00 p.m. (prevailing Central Time) on the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)) and, **for transferees only**, return the Certification Period Transfer Notice to the Subscription Agent by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)).

SENIOR NOTES ELIGIBILITY CERTIFICATE FOR RIGHTS OFFERINGS IN CONNECTION WITH THE DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Section 1: Confirmation of Ownership

Your ownership of an Allowed Senior Notes Claim must be confirmed in order to be eligible to receive Rights and New Common Stock.

If your Senior Notes **are** held in "street name" by a bank, brokerage house, or other financial institution (each, a "**Nominee**"), you must forward your Senior Notes Eligibility Certificate to the Nominee with sufficient time for the Nominee to complete the "**Nominee Certification**" in section 4 of this Senior Notes Eligibility Certificate (including providing the Nominee's medallion guarantee) and for the Nominee to deliver the Senior Notes Eligibility Certificate to the Subscription Agent on or before the Eligibility Certificate Deadline.

If your Senior Notes **are not** held in "street name" by a Nominee, you must complete the DTC Information in section 4 of this Senior Notes Eligibility Certificate.

Item 1. Amount of Allowed Senior Notes Claim(s). I certify that I hold Allowed Senior Notes Claims in the following principal amount (upon stated maturity) set forth in the box below or that I am the authorized signatory of that beneficial owner. For purposes of this Subscription Form, do not adjust the principal amount for any accrued or unmatured interest or any accretion factor. The Subscription Agent has taken this into account in its calculation of your allocated Rights Offering Notes and Rights Offering Warrants.

$

Section 2: Eligibility Certification

Eligible Holders: In order to receive (i) Rights and (ii) its Ratable Share of the Senior Notes Stock Allocation under the Plan, the respondent must

1. be either (i) a Qualified Institutional Buyer or (ii) an Accredited Investor;

2. answer "Yes" to either Question 1 **or** Question 2 below; and

3. return this Senior Notes Eligibility Certificate to GCG, Inc. by 5:00 p.m. (prevailing Central Time) on November 27, 2013.

Question 1. Is the respondent an "Accredited Investor"? ___Yes ___No

If Yes, please indicate which category (e.g. 1 through 8) of the definition of Accredited Investor in Item 3a the respondent falls under: ___

If the answer to this Question 1 is marked "Yes," the respondent shall proceed to Section 3. If the answer to this Question 1 is marked "No," the respondent shall proceed to Question 2.

Question 2. Is the respondent a "Qualified Institutional Buyer"? ___Yes ___No

If Yes, please indicate which category (e.g. 1 through 14) of the definition of Qualified Institutional Buyer in Item 3b the respondent falls under: ___

IN WITNESS WHEREOF, I certify that I (i) am an authorized signatory of the Holder indicated below, (ii) executed this Senior Notes Eligibility Certificate on the date set forth below and (iii) confirm that this Senior Notes Eligibility Certificate (x) contains accurate representations with respect to the undersigned and (y) is a certification to the Debtors and the Bankruptcy Court.

_____
(Signature)

By:_____
(Please Print or Type)

Title:_____
(Please Print or Type)

Address, telephone number and facsimile number:

_____

_____

_____

Certain communications during these Rights Offerings will be performed via e-mail. For that reason, you are required to provide your e-mail address below:

_____
(E-Mail Address)

Section 3

Item 3a. Accredited Investor Certification.

Please indicate the basis on which you would be deemed an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6), or (7) of the Securities Act by initialing the appropriate line provided below:

"Accredited investor" pursuant to Regulation D promulgated under the Securities Act shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

1. Any bank as defined in section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act whether in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934 (as amended from time to time, the "Exchange Act"); any insurance company as defined in section 2(13) of the Securities Act; any investment company registered under the Investment Company Act or a business development company as defined in section 2(a) (48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958, as amended; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors; _____ initials

2. Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act; _____ initials

3. Any organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), corporation, or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; _____ initials

5. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000; _____ initials

6. Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; _____ initials

7. Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in ss.230.506(b)(2)(ii); and _____ initials

8. Any entity in which all of the equity owners are accredited investors. _____ initials

Item 3b. Qualified Institutional Buyer Certification.

Please indicate the basis on which you would be deemed a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act by initialing the appropriate line provided below:

"Qualified institutional buyer" within the meaning of Rule 144A of the Securities Act means any of the following entities, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the entity:

1. Any insurance company as defined in section 2(a)(13) of the Securities Act; _____ initials

2. Any investment company registered under the Investment Company Act or any business development company as defined in section 2(a)(48) of the Investment Company Act; _____ initials

3. Any small business investment company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; _____ initials

4. Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees; _____ initials

5. Any employee benefit plan within the meaning of title I of the Employee Retirement Income Security Act of 1974; _____ initials

6. Any trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in paragraph (1)(D) or (E) above, except trust funds that include as participants individual retirement accounts or H.R. 10 plans; _____ initials

7. Any business development company as defined in section 202(a)(22) of the Investment Advisers Act; _____ initials

8. Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation (other than a bank as defined in section 3(a)(2) of the Securities Act or a savings and loan association or other institution referenced in section 3(a)(5)(A) of the Securities Act or a foreign bank or savings and loan association or equivalent institution), partnership, or Massachusetts or similar business trust; and _____ initials

9. Any investment adviser registered under the Investment Advisers Act; _____ initials

10. Any dealer registered pursuant to section 15 of the Exchange Act acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $10 million of securities of issuers that are not affiliated with the dealer, provided, that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer; _____ initials

11. Any dealer registered pursuant to section 15 of the Exchange Act acting in a riskless principal transaction on behalf of a qualified institutional buyer; _____ initials

12. Any investment company registered under the Investment Company Act, acting for its own account or for the accounts of other qualified institutional buyers, that is part of a family of investment companies which own in the aggregate at least $100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies. "Family of investment companies" means any two or more investment companies registered under the Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), provided that, for purposes of this section: _____ initials

    Each series of a series company (as defined in Rule 18f-2 under the Investment Company Act) shall be deemed to be a separate investment company; and

    Investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor);

13. Any entity, all of the equity owners of which are qualified institutional buyers, acting for its own account or the accounts of other qualified institutional buyers; and _____ initials

14. Any bank as defined in section 3(a)(2) of the Securities Act, any savings and loan association or other institution as referenced in section 3(a)(5)(A) of the Securities Act, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least $25 million as demonstrated in its latest annual financial statements, as of a date not more than 16 months preceding the date of sale under the rule in the case of a U.S. bank or savings and loan association, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution.; _____ initials

For purposes of the foregoing definition:

In determining the aggregate amount of securities owned and invested on a discretionary basis by an entity, the following instruments and interests shall be excluded: bank deposit notes and certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.

The aggregate value of securities owned and invested on a discretionary basis by an entity shall be the cost of such securities, except where the entity reports its securities holdings in its financial statements on the basis of their market value, and no current information with respect to the cost of those securities has been published. In the latter event, the securities may be valued at market for purposes of the foregoing definition.

In determining the aggregate amount of securities owned by an entity and invested on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with generally accepted accounting principles may be included if the investments of such subsidiaries are managed under the direction of the entity, except that, unless the entity is a reporting company under section 13 or 15(d) of the Exchange Act, securities owned by such

subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in the consolidated financial statements of another enterprise.

For purposes of this section, “riskless principal transaction” means a transaction in which a dealer buys a security from any person and makes a simultaneous offsetting sale of such security to a qualified institutional buyer, including another dealer acting as riskless principal for a qualified institutional buyer.

Section 4

NOMINEE CONFIRMATION OF OWNERSHIP

Your ownership of Senior Notes must be confirmed to participate in the Rights Offerings

The Nominee holding your Senior Notes must complete the box below on your behalf.

For Use by Nominee Only

Nominee Name: _____

Date: _____

Nominee's DTC Participant Number: _____

Contact Person at Nominee: _____

Contact Telephone Number: _____

Contact E-Mail Address: _____

Account Number for the Beneficial Holder Submitting this Senior Notes Eligibility Certificate: _____

Principal Amount of Senior Notes (bearing CUSIP Number 70336TAC8) held in this account number as of the date hereof: _____

Medallion Guarantee:

DTC INFORMATION

For Use by Eligible Holders of Allowed Senior Notes Claims that do not use a Nominee to hold such Eligible Holder's Senior Notes in "street name."

Eligible Holder Name:
_____

Date: _____

Eligible Holder's DTC Participant Number:
_____

Eligible Holder's DTC Participant Name: _____

Contact Person at Eligible Holder:
_____

Contact Telephone Number: _____

Contact E-Mail Address: _____

Account Name for the Eligible Holder Submitting this Senior Notes Eligibility Certificate:
_____

Account Number for the Eligible Holder Submitting this Senior Notes Eligibility Certificate: _____

Principal Amount of Senior Notes (bearing CUSIP Number 70336TAC8) held in this account number as of the date hereof: _____

Annex B

Convertible Notes/GUC Eligibility Certificate

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re **PATRIOT COAL CORPORATION, *et al.*,** **Debtors.**	**Chapter 11** **Case No. 12-51502-659** **(Jointly Administered)**

INSTRUCTIONS TO CONVERTIBLE NOTES/GUC ELIGIBILITY CERTIFICATE FOR RIGHTS OFFERINGS IN CONNECTION WITH THE DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

If you are an Eligible Holder (including a transferee of an Eligible Holder) and wish to participate in the Rights Offerings, this Convertible Notes/GUC Eligibility Certificate must be returned so as to be actually received by the Subscription Agent no later than 5:00 p.m. (prevailing Central Time) on November 27, 2013. If you do not return this form, you will instead receive your Ratable Share of the Convenience Class Consideration under the Plan.

If you are not an Eligible Holder, do not return this form. You will receive your Ratable Share of the Convenience Class Consideration under the Plan.

The *Disclosure Statement for Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [ECF No. [●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "**Disclosure Statement**") has been prepared and filed pursuant to section 1125 of chapter 11, title 11 of the United States Code (the "**Bankruptcy Code**") and describes the terms and provisions of the *Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [ECF No. [●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "**Plan**"). The Debtors' *Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into A Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection With the Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures*, dated October 18, 2013 [ECF No. 4834] (the "**Rights Offerings Motion**") has been filed, including the Rights Offerings Procedures attached thereto as Exhibit A (the "**Rights Offerings Procedures**"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan and the Rights Offerings Procedures, as applicable.

Pursuant to the Plan, Eligible Holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and Allowed General Unsecured Claims and the Backstop Parties are entitled to participate in the Rights Offerings, as further described in the Rights Offerings Procedures. An "Eligible Holder" is a holder of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim that is (i) a "qualified institutional buyer"

within the meaning of Rule 144A of the Securities Act, or an entity in which all of the equity owners are such "qualified institutional buyers," or (ii) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6) or (7) of the Securities Act, or an entity in which all of the equity owners are such "accredited investors," in each case as such Holder certifies on its Eligibility Certificate that is timely returned. Eligible Holders of Allowed Convertible Notes Claim(s) or Allowed General Unsecured Claim(s) that do not return a Convertible Notes/GUC Eligibility Certificate will instead receive their Ratable Share of the Convenience Class Consideration under the Plan.

See the Plan, the Disclosure Statement, the Plan Supplement, the Rights Offerings Motion and the Rights Offerings Procedures and the documents referenced therein for a complete description of the Rights Offerings (the "**Rights Offerings Documents**"). The Plan Supplement may be filed with the United States Bankruptcy Court for the Eastern District of Missouri (the "**Bankruptcy Court**") no later than five (5) days prior to the Voting Deadline (the "**Plan Supplement Mailing Date**"), and will include the form of the Reorganized Debtors' organizational documents, the form of the Rights Offering Notes and Related Rights Offering Notes Indenture, the form of the Rights Offering Warrants and related Rights Offering Warrant Agreement, and the form of the Stockholders' Agreement. Copies of the Rights Offerings Documents may be obtained, free of charge, at *www.patriotcaseinfo.com* or by contacting:

Patriot Coal Corporation, *et al*.
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

You have received the attached Convertible Notes/GUC Eligibility Certificate because you are a Holder as of the Rights Offerings Record Date of an Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim, or the transferee of such Allowed Claim.

Transfer of Claims: If, prior to the Eligibility Certificate Deadline, you transfer your Allowed Convertible Notes Claim or Allowed General Unsecured Claim to an Eligible Holder, (i) such transferee may have the opportunity to participate in the Rights Offerings on account of such transferred Claim and (ii) you do not need to return this Convertible Notes/GUC Eligibility Certificate in respect of such transferred Claim. In order for a transferee to be offered Rights with respect to such Claim, (i) such transferee must submit a Convertible Notes/GUC Eligibility Certificate by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)) and (ii) such transfer and all preceding transfers, if any, beginning with the transfer by the Holder of such Claim as of the Rights Offerings Record Date, must be evidenced by a Certification Period Transfer Notice delivered to the Subscription Agent (available at *www.patriotcaseinfo.com/rights.php*).

Holders with questions regarding transferring their Claims may contact:

GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

or

Gregory Gennady Plotko, Special Counsel
Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Telephone: (212) 715-9149
E-mail: GPlotko@kramerlevin.com

To properly complete and submit this Convertible Notes/GUC Eligibility Certificate:

6. **Review** the amount of your Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim set forth below in Section 1 (except for the Backstop Parties).

7. **Complete** the Eligibility Certification in Section 2.

8. **Initial** next to the applicable paragraph in Section 3a (Accredited Investor Certification) or 3b (Qualified Institutional Buyer Certification).

9. **Complete** the Nominee Confirmation of Ownership or DTC Information, as applicable, in Section 4.

10. **Return** this Convertible Notes/GUC Eligibility Certificate to the Subscription Agent on or before 5:00 p.m. (prevailing Central Time) on the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)) and, **for transferees only**, return the Certification Period Transfer Notice to the Subscription Agent by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)).

CONVERTIBLE NOTES/GUC ELIGIBILITY CERTIFICATE FOR RIGHTS OFFERINGS IN CONNECTION WITH THE DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Section 1: Confirmation of Ownership

Your ownership of an Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim must be confirmed in order to be eligible to receive Rights and New Common Stock.

If your Convertible Notes **are** held in "street name" by a bank, brokerage house, or other financial institution (each, a "**Nominee**"), you must forward your Convertible Notes/GUC Eligibility Certificate to the Nominee with sufficient time for the Nominee to complete the "**Nominee Certification**" in section 4 of this Convertible Notes/GUC Eligibility Certificate (including providing the Nominee's medallion guarantee) and for the Nominee to deliver the Convertible Notes/GUC Eligibility Certificate to the Subscription Agent on or before the Eligibility Certificate Deadline.

If your Convertible Notes **are not** held in "street name," or you only hold an Allowed General Unsecured Claim, you must complete the DTC Information in Section 4 of this Convertible Notes/GUC Eligibility Certificate.

Item 1a. Amount of Allowed Convertible Notes Claim(s). I certify that I hold Allowed Convertible Notes Claims in the following principal amount (upon stated maturity) set forth in the box below or that I am the authorized signatory of that beneficial owner. For purposes of this Subscription Form, do not adjust the principal amount for any accrued or unmatured interest or any accretion factor. The Subscription Agent has taken this into account in its calculation of your allocated Rights Offering Notes and Rights Offering Warrants.

$

Item 1B. Amount of Allowed General Unsecured Claim(s). I certify that I hold Allowed General Unsecured Claims in the following principal amount (upon stated maturity) set forth in the box below or that I am the authorized signatory of that beneficial owner. For purposes of this Subscription Form, do not adjust the principal amount for any accrued or unmatured interest or any accretion factor. The Subscription Agent has taken this into account in its calculation of your allocated Rights Offering Notes and Rights Offering Warrants.

	Debtor Name
$	

Section 2: Eligibility Certification

Eligible Holders: In order to receive (i) Rights and (ii) its Ratable Share of the GUC Stock Allocation under the Plan, the respondent must

4. be either (i) a Qualified Institutional Buyer or (ii) an Accredited Investor;

5. answer "Yes" to either Question 1 **or** Question 2 below; and

6. return this Convertible Notes/GUC Eligibility Certificate to GCG, Inc. by 5:00 p.m. (prevailing Central Time) on November 27, 2013.

Question 1. Is the respondent an "Accredited Investor"? ___Yes ___No

If Yes, please indicate which category (e.g. 1 through 8) of the definition of Accredited Investor in Item 3a the respondent falls under: ___

If the answer to this Question 1 is marked "Yes," the respondent shall proceed to Section 3. If the answer to this Question 1 is marked "No," the respondent shall proceed to Question 2.

Question 2. Is the respondent a "Qualified Institutional Buyer"? ___Yes ___No

If Yes, please indicate which category (e.g. 1 through 14) of the definition of Qualified Institutional Buyer in Item 3b the respondent falls under: ___

IN WITNESS WHEREOF, I certify that I (i) am an authorized signatory of the Holder indicated below, (ii) executed this Convertible Notes/GUC Eligibility Certificate on the date set forth below and (iii) confirm that this Convertible Notes/GUC Eligibility Certificate (x) contains accurate representations with respect to the undersigned and (y) is a certification to the Debtors and the Bankruptcy Court.

_____
(Signature)

By:_____
(Please Print or Type)

Title:_____
(Please Print or Type)

Address, telephone number and facsimile number:

_____

_____

_____

Certain communications during these Rights Offerings will be performed via e-mail. For that reason, you are required to provide your e-mail address below:

_____

(E-Mail Address)

Section 3

Item 3a. Accredited Investor Certification.

Please indicate the basis on which you would be deemed an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6), or (7) of the Securities Act by initialing the appropriate line provided below:

"Accredited investor" pursuant to Regulation D promulgated under the Securities Act shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

1. Any bank as defined in section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act whether in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934 (as amended from time to time, the "Exchange Act"); any insurance company as defined in section 2(13) of the Securities Act; any investment company registered under the Investment Company Act or a business development company as defined in section 2(a) (48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958, as amended; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors; _____ initials

2. Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act; _____ initials

3. Any organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), corporation, or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; _____ initials

5. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000; _____ initials

6. Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; _____ initials

7. Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in ss.230.506(b)(2)(ii); and _____ initials

8. Any entity in which all of the equity owners are accredited investors. _____ initials

Item 3b. Qualified Institutional Buyer Certification.

Please indicate the basis on which you would be deemed a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act by initialing the appropriate line provided below:

"Qualified institutional buyer" within the meaning of Rule 144A of the Securities Act means any of the following entities, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the entity:

1. Any insurance company as defined in section 2(a)(13) of the Securities Act; _____ initials

2. Any investment company registered under the Investment Company Act or any business development company as defined in section 2(a)(48) of the Investment Company Act; _____ initials

3. Any small business investment company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; _____ initials

4. Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees; _____ initials

5. Any employee benefit plan within the meaning of title I of the Employee Retirement Income Security Act of 1974; _____ initials

6. Any trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in paragraph (1)(D) or (E) above, except trust funds that include as participants individual retirement accounts or H.R. 10 plans; _____ initials

7. Any business development company as defined in section 202(a)(22) of the Investment Advisers Act; _____ initials

8. Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation (other than a bank as defined in section 3(a)(2) of the Securities Act or a savings and loan association or other institution referenced in section 3(a)(5)(A) of the Securities Act or a foreign bank or savings and loan association or equivalent institution), partnership, or Massachusetts or similar business trust; and _____ initials

9. Any investment adviser registered under the Investment Advisers Act; _____ initials

10. Any dealer registered pursuant to section 15 of the Exchange Act acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $10 million of securities of issuers that are not affiliated with the dealer, provided, that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer; _____ initials

11. Any dealer registered pursuant to section 15 of the Exchange Act acting in a riskless principal transaction on behalf of a qualified institutional buyer; _____ initials

12. Any investment company registered under the Investment Company Act, acting for its own account or for the accounts of other qualified institutional buyers, that is part of a family of investment companies which own in the aggregate at least $100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies. "Family of investment companies" means any two or more investment companies registered under the Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), provided that, for purposes of this section: _____ initials

    Each series of a series company (as defined in Rule 18f-2 under the Investment Company Act) shall be deemed to be a separate investment company; and

    Investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor);

13. Any entity, all of the equity owners of which are qualified institutional buyers, acting for its own account or the accounts of other qualified institutional buyers; and _____ initials

14. Any bank as defined in section 3(a)(2) of the Securities Act, any savings and loan association or other institution as referenced in section 3(a)(5)(A) of the Securities Act, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least $25 million as demonstrated in its latest annual financial statements, as of a date not more than 16 months preceding the date of sale under the rule in the case of a U.S. bank or savings and loan association, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution.; _____ initials

For purposes of the foregoing definition:

In determining the aggregate amount of securities owned and invested on a discretionary basis by an entity, the following instruments and interests shall be excluded: bank deposit notes and certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.

The aggregate value of securities owned and invested on a discretionary basis by an entity shall be the cost of such securities, except where the entity reports its securities holdings in its financial statements on the basis of their market value, and no current information with respect to the cost of those securities has been published. In the latter event, the securities may be valued at market for purposes of the foregoing definition.

In determining the aggregate amount of securities owned by an entity and invested on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with generally accepted accounting principles may be included if the investments of such subsidiaries are managed under the direction of the entity, except that, unless the entity is a reporting company under section 13 or 15(d) of the Exchange Act, securities owned by such

subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in the consolidated financial statements of another enterprise.

For purposes of this section, “riskless principal transaction” means a transaction in which a dealer buys a security from any person and makes a simultaneous offsetting sale of such security to a qualified institutional buyer, including another dealer acting as riskless principal for a qualified institutional buyer.

Section 4

NOMINEE CONFIRMATION OF OWNERSHIP

Your ownership of Convertible Notes must be confirmed to participate in the Rights Offerings

The Nominee holding your Convertible Notes must complete the box below on your behalf.

For Use by Nominee Only

Nominee Name: _____

Date: _____

Nominee's DTC Participant Number: _____

Contact Person at Nominee: _____

Contact Telephone Number: _____

Contact E-Mail Address: _____

Account Number for the Beneficial Holder Submitting this Convertible Notes/GUC Eligibility Certificate: _____

Principal Amount of Convertible Notes (bearing CUSIP Number 70336TAA2) held in this account number as of the date hereof: _____

Medallion Guarantee:

DTC INFORMATION

For Use by Eligible Holders of (1) Allowed General Unsecured Claims and/or (2) Allowed Convertible Notes Claims that do not use a Nominee to hold such Eligible Holder's Convertible Notes in "street name."

Eligible Holder Name:
_____

Date: _____

Eligible Holder's DTC Participant Number:
_____

Eligible Holder's DTC Participant Name: _____

Contact Person at Eligible Holder:
_____

Contact Telephone Number: _____

Contact E-Mail Address: _____

Account Name for the Eligible Holder Submitting this Convertible Notes/GUC Eligibility Certificate: _____

Account Number for the Eligible Holder Submitting this Convertible Note/GUC Eligibility Certificate: _____

Principal Amount of Convertible Notes (bearing CUSIP Number 70336TAA2) held in this account number as of the date hereof: _____

Annex C

Subscription Form

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re **PATRIOT COAL CORPORATION, *et al.*,** **Debtors.**	**Chapter 11** **Case No. 12-51502-659** **(Jointly Administered)**

INSTRUCTIONS TO SUBSCRIPTION FORM FOR CERTIFIED ELIGIBLE HOLDERS OF ALLOWED SENIOR NOTES CLAIMS, GENERAL UNSECURED CLAIMS AND CONVERTIBLE NOTES CLAIMS AND THE BACKSTOP PARTIES FOR RIGHTS OFFERINGS IN CONNECTION WITH THE DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

The Subscription Deadline is 5:00 p.m. (prevailing Central Time) on December 10, 2013. In order to participate in the Rights Offerings, this Subscription Form and payment of the Subscription Purchase Price must be actually received by the Subscription Agent by that time, unless provided otherwise herein.

The *Disclosure Statement for Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [ECF No. [●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "**Disclosure Statement**") has been prepared and filed pursuant to section 1125 of chapter 11, title 11 of the United States Code (the "**Bankruptcy Code**") and describes the terms and provisions of the *Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [ECF No. [●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "Plan"). The Debtors' *Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into A Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection With the Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures*, dated October 18, 2013 [ECF No. 4834] (the "**Rights Offerings Motion**") has been filed, including the Rights Offerings Procedures attached thereto as Exhibit A (the "**Rights Offerings Procedures**"). On November [●], 2013, the United States Bankruptcy Court for the Eastern District of Missouri entered the *Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into a Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection With the Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures* [ECF No. [●]]. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan and the Rights Offerings Procedures, as applicable.

Pursuant to the Plan, Certified Eligible Holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and Allowed General Unsecured Claims and the Backstop Parties are entitled to participate in the Rights Offerings. See the Plan, the Disclosure Statement, the Plan

Supplement and the documents referenced therein for a complete description of the Rights Offerings (the "**Rights Offerings Documents**"). The Plan Supplement may be filed with the United States Bankruptcy Court for the Eastern District of Missouri (the "**Bankruptcy Court**") no later than five (5) days prior to the Voting Deadline (the "**Plan Supplement Mailing Date**"), and will include the Reorganized Debtors' organizational documents, the form of Rights Offering Notes and Related Rights Offering Notes Indenture, the form of Rights Offering Warrants and related Rights Offering Warrant Agreement, and the Stockholders' Agreement. Copies of the Rights Offerings Documents may be obtained, free of charge, at *www.patriotcaseinfo.com* or by contacting:

Patriot Coal Corporation, *et al*.
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

You have received the attached Subscription Form because you are a Holder of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or an Allowed General Unsecured Claim and you certified that you are an Accredited Investor or Qualified Institutional Buyer (or that your equity owners are either all Accredited Investors or all Qualified Institutional Buyers), or are a Backstop Party. Please utilize the attached Subscription Form to execute your election. In order to elect to participate in the Rights Offerings, you must complete and return to the Subscription Agent so as to be received by the Subscription Agent no later than the Subscription Deadline: (i) the attached Subscription Form, (ii) the other documents referenced herein; and (iii) the payment of your Subscription Purchase Price (as identified in Item 2b below) by wire transfer or bank or cashier's check (collectively, the "**Rights Offerings Deliveries**"); provided, however, that the Subscription Purchase Price related to any Backstop Party's Backstop Allocation must be received on or before the Effective Date. Your election to participate in the Rights Offerings is irrevocable.

Your subscription will be processed by the Subscription Agent in accordance with the Rights Offerings Procedures, including but not limited to the procedures set forth below. Your payment of your Subscription Purchase Price will be deposited and held in one or more trust accounts, escrow accounts, treasury accounts, or similar segregated accounts, which may be non-interest bearing accounts (the "**Subscription Accounts**"). The Subscription Accounts will be maintained by the Subscription Agent for the purpose of holding the money for administration of the Rights Offerings until the Effective Date or such other date, at the option of the Debtors or Reorganized Debtors, as set forth in the Rights Offerings Procedures. The Subscription Agent will not use such funds for any other purpose prior to such date and will not encumber or permit such funds to be encumbered with any claims, liens, encumbrances or other liabilities.

The Rights may not be sold, transferred, or assigned, except in connection with the transfer by a Rights Offerings Participant of the corresponding Senior Notes Claim, General Unsecured Claim or Convertible Notes Claim, as evidenced by a Post-Certification Period Transfer Notice

delivered to the Subscription Agent; provided, however, that the Rights may be transferred to Eligible Affiliates or as otherwise provided in the Backstop Rights Purchase Agreement.

No interest will be paid to entities exercising Rights on account of amounts paid in connection with such exercise; provided, however, that the Subscription Agent will return any payments made pursuant to the Rights Offerings, and any interest accrued thereon from the Subscription Deadline: (i) to the extent that any portion of the Subscription Purchase Price paid to the Subscription Agent is not used to purchase Rights Offering Notes and Rights Offering Warrants, the Subscription Agent will return such ratable portion, and any ratable interest accrued thereon from the Subscription Deadline through the date such portion is mailed to the applicable Rights Offerings Participant, to the applicable Rights Offerings Participant within ten (10) Business Days of a determination that such funds will not be used; and (ii) if the Rights Offerings are cancelled or otherwise has not been consummated by the Effective Date, the Subscription Agent will return any payments made pursuant to the Rights Offerings, and any interest accrued thereon from the Subscription Deadline through the date such portion is mailed to the applicable Rights Offerings Participant, to the applicable Rights Offerings Participant within ten (10) Business Days thereafter.

The Rights Offerings Procedures are hereby incorporated by reference as if fully set forth herein.

Please review the Rights Offerings Documents for further information. Copies of such documents may be accessed, free of charge, at *www.patriotcaseinfo.com* or obtained by contacting:

Patriot Coal Corporation, *et al*.
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

Questions. If you have any questions about this Subscription Form or the subscription procedures described herein, please contact the Subscription Agent at (877) 600-6531 (toll free).

Important Transfer Restriction. A Rights Offerings Participant's Rights shall not be transferable, other than by transfer of such Rights, in whole, to a single Eligible Affiliate or in connection with the transfer by a Rights Offerings Participant of the corresponding Claim(s) to a Certified Eligible Holder, as evidenced by a Post-Certification Period Transfer Notice delivered to the Subscription Agent, or as provided in the Backstop Rights Purchase Agreement. The form of Post-Certification Period Transfer Notice is available at *www.patriotcaseinfo.com/rights.php*.

If the Rights Offerings Deliveries are not received by the Subscription Agent by the Subscription Deadline, your unexercised Rights will automatically be relinquished, and you shall have no further interest in the Rights.

To subscribe for the Rights Offering Notes and Rights Offering Warrants pursuant to the Rights Offerings:

1. **Review** the amount of your Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim set forth below in Item 1 (except for the Backstop Parties).

2. **Review** your maximum number of Rights Offering Notes and Rights Offering Warrants in Item 4a.

   Complete Item 4b by indicating the whole number of Rights Offering Notes and Rights Offering Warrants for which you wish to subscribe, Item 4c by indicating the Oversubscription Amount and Item 4d by indicating the Subscription Purchase Price.

3. **Read and Complete** the certification, representations, warranties and covenants in Item 5.

4. **Return the Subscription Form** to the Subscription Agent so that it is actually received on or before the Subscription Deadline (December 10, 2013 at 5:00 p.m. (prevailing Central Time)).

5. **Pay the Subscription Purchase Price** to the Subscription Agent so that it is actually received on or before the Subscription Deadline (December 10, 2013 at 5:00 p.m. (prevailing Central Time)) (except for the Backstop Parties).

6. **Return your W-8 or W-9, as applicable,** to the Subscription Agent so that it is actually received on or before the Subscription Deadline (December 10, 2013 at 5:00 p.m. (prevailing Central Time). Further information is set forth in Item 7.

Participation in these Rights Offerings is voluntary, and is limited to those holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and Allowed General Unsecured Claims and Backstop Parties who are (i) "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act of 1933, as amended (the "Securities Act"), or an entity in which all of the equity owners are such "qualified institutional buyers," or (ii) "accredited investors" within the meaning of Rule 501(a)(1), (2), (3), (5), (6), or (7) of the Securities Act, or an entity in which all of the equity owners are such "accredited investors."

SUBSCRIPTION FORM FOR RIGHTS OFFERINGS IN CONNECTION WITH THE DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

SUBSCRIPTION DEADLINE

The Subscription Deadline is 5:00 p.m. (prevailing Central Time) on December 10, 2013.

Please consult the Rights Offerings Documents for additional information with respect to this Subscription Form.

The holders of Allowed Senior Notes Claims, Allowed General Unsecured Claims and/or Allowed Convertible Notes Claims and the Backstop Parties that are (i) "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act, or an entity in which all of the equity owners are such "qualified institutional buyers," or (ii) "accredited investors" within the meaning of Rule 501(a)(1), (2), (3), (5), (6), or (7) of the Securities Act, or an entity in which all of the equity owners are such "accredited investors," are entitled to participate in the Rights Offerings, as further described in the Rights Offerings Procedures. To subscribe, fill out Items 1a and 1b below and read and complete Items 3, 5 and 6 below.

Item 1. Amount of Eligible Claim(s)

Pursuant to the Rights Offerings Procedures, each Certified Eligible Holder is entitled to participate in the Rights Offerings to the extent of such Certified Eligible Holder's claim(s) as of the Eligibility Certificate Deadline.

1a. For purposes of the Rights Offerings, your Allowed Senior Notes Claim is [●].

1b. For purposes of the Rights Offerings, your Allowed Convertible Notes Claim is [●].

1c. For purposes of the Rights Offerings, your Allowed General Unsecured Claim is [●].

Item 2. Backstop Commitment Percentage (Backstop Parties Only)

Pursuant to the Rights Offerings Procedures, each Backstop Party is entitled to participate in the Rights Offerings to the extent of such Backstop Party's Backstop Commitment Percentage of the Other Senior Notes Rights and the Backstop Allocation.

2a. For purposes of the Rights Offerings, your Backstop Commitment Percentage is [●].

Item 3. Subscription Price

The subscription price for each Rights Offering Note shall be the principal amount of such Rights Offering Note**.** The subscription price for each Rights Offering Warrant is $[●].

Item 4. Initial Allocation; Subscription Amount; Oversubscription Amount; Subscription Purchase Price; Final Allocation.

4a. Initial Allocation of Rights Offering Notes and Rights Offering Warrants.

Your Initial Allocation of Rights Offering Notes is [●] in aggregate principal amount and has been calculated as follows:

[●] (Aggregate principal amount of Rights Offering Notes Available for [Senior Notes] / [Convertible Notes Claims and General Unsecured Claims])	×	[●] (your Allowed Senior Notes Claim/Debtor-Weighted Convertible Notes Claim/ Debtor-Weighted General Unsecured Claim) / [●] (total amount of Certified Eligible Holders' [Allowed Senior Notes Claims] / [Debtor-Weighted Allowed Convertible Notes Claims and Debtor-Weighted General Unsecured Claims])	=	[●] (Your Initial Allocation of aggregate principal amount of Rights Offering Notes)

Your Initial Allocation of Rights Offering Warrants is [●] and has been calculated as follows:

[●] (Rights Offering Warrants Available for [Senior Notes] / [Convertible Notes and General Unsecured Claims])	×	[●] (your Allowed Senior Notes Claim/Debtor-Weighted Convertible Notes Claim/Debtor-Weighted General Unsecured Claim) / [●] (total amount of Certified Eligible Holders' [Allowed Senior Notes Claims] / [Debtor-Weighted Allowed Convertible Notes Claims and Debtor-Weighted General Unsecured Claims)	=	[●] (Your Initial Allocation of Rights Offering Warrants)

If you choose to participate in the Notes Rights Offering, you must also participate in the Warrants Rights Offering (and vice versa) by subscribing for and purchasing a proportionate share of your Initial Allocation of Notes Rights or Warrants Rights, as applicable.

4b. Subscription Amount. By filling in the following blanks, you are irrevocably agreeing to purchase the number of Rights Offering Notes and Rights Offering Warrants specified below (specify a whole number of Rights Offering Notes and Rights Offering Warrants not greater than your Initial Allocation of Rights Offering Notes and Rights Offering Warrants shown in Item 4a. above) on the terms of and subject to the conditions set forth in the Plan.

A. _____ (Indicate the aggregate principal amount of Rights Offering Notes you elect to purchase from your Initial Rights Allocation)	B. _____ (Indicate Number of Rights Offering Warrants you Elect to Purchase from your Initial Rights Allocation)	_____ (Indicate the Ratio of A:B) (Must equal [●])

4c. Oversubscription Amount. If you have agreed to purchase your full Initial Rights Allocation, pursuant to section 4b, you may agree to purchase additional Rights Offering Notes and Rights Offering Warrants to the extent that there are any Unsubscribed Rights. Such Notes and Warrants will be allocated to you in as set forth in the Rights Offerings Procedures.

By filling in the following blanks, you are irrevocably agreeing to purchase the number of Rights Offering Notes and Rights Offering Warrants specified below, to the extent allocated to you, on the terms of and subject to the conditions set forth in the Plan.

X. _____ (Indicate the aggregate principal amount of additional Rights Offering Notes you elect to purchase)	Y. _____ (Indicate Number of Rights Offering Warrants you elect to purchase)	_____ (Indicate the Ratio of X:Y) (Must equal [●])

Notwithstanding anything herein or in the Rights Offerings Documents to the contrary, your final allocation of Rights Offering Notes and Rights Offering Warrants shall be finally determined by the Debtors or Reorganized Debtors, as applicable, in accordance with the Plan, and any funds held in the Subscription Accounts pursuant to the Plan and not utilized pursuant to the Rights Offerings Procedures, the Plan, or otherwise, shall be returned to the Rights Offerings Participant in accordance with the Backstop Rights Purchase Agreement.

4d. Subscription Purchase Price.

In order for you to purchase your Subscription Amount and Oversubscription Amount, you must pay an amount equal to the Subscription Purchase Price by wire transfer or bank or cashier's check by 5:00 p.m. (prevailing Central Time) on December 10, 2013, as set forth in Item 4 below; provided, however, that the Subscription Purchase Price related to any Backstop Party's Subscription Amount and Oversubscription Amount, if any, must be paid on or before the Effective Date.

The Subscription Purchase Price equals the sum of the aggregate principal amount of Notes and the purchase price in respect of Warrants.

Notes Subscription Price

Calculate the Subscription Purchase Price in respect of Notes as follows:

1	A (the aggregate principal amount of Rights Offering Notes you elected to purchase from your Initial Rights Allocation)	_____
2	**Plus**	+
3	X (the aggregate principal amount of additional Rights Offering Notes you elected to purchase)	_____
4	**Equals**	$_____

Warrants Subscription Price

Calculate the Subscription Purchase Price in respect of Warrants as follows:

1	B (the number of Rights Offering Warrants you elected to purchase from your Initial Rights Allocation)	_____
2	**Plus**	+
3	Y (the number of additional Rights Offering Warrants you elected to purchase)	_____
4	***multiplied by***	×
5	[$●] (the subscription price for each Rights Offering Warrant)	[$●]
6	**Equals**	$_____

4e. Final Allocation. Notwithstanding anything herein or in the Rights Offerings Documents to the contrary, your final allocation of Rights Offering Notes and Rights Offering Warrants shall be finally determined by the Debtors or Reorganized Debtors, as applicable, in accordance with the Plan and any funds held in the Subscription Accounts pursuant to the Plan and not utilized pursuant to the Rights Offerings Procedures, the Plan, or otherwise, shall be returned to the Holder.

Item 5. Subscription Certifications, Representations, Warranties and Agreements.

By returning the Subscription Form:

1. I certify that (i) I am the Holder, or the authorized signatory of a Holder of the Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim identified in Item 1 (except for the Backstop Parties); (ii) I agree, or such Holder agrees, to be bound by all the terms and conditions described in the Instructions and as set forth in this Subscription Form; (iii) I have, or such Holder has, obtained a copy of the Rights Offerings Documents and all related documents and agreements and understand that the exercise of Rights pursuant to the Rights Offerings are subject to all the terms and conditions set forth in such documents and (iv) I acknowledge, or such Holder acknowledges, that the Debtors, the Backstop Parties, the Subscription Agent, and their respective affiliates and each of their (and their affiliates') respective officers, directors, equityholders, employees, members, managers, agents, attorneys, representatives, and advisors shall have no liability to any other party in interest arising from, or related to such parties' participation in, the transactions contemplated by the Rights Offerings and hereby are exculpated from any and all claims, obligations, suits, judgments, damages, rights, liabilities, or causes of action as set forth in Article 11 of the Plan.

2. The Holder represents and warrants that (i) to the extent applicable, it is duly formed, validly existing, and in good standing under the laws of the jurisdiction of its formation; and (ii) it has the requisite power and authority to enter into, execute and deliver this Subscription Form and to perform its obligations hereunder and has taken all necessary action required for due authorization, execution, delivery and performance hereunder.

3. The Holder acknowledges and understands that this Subscription Form shall not be binding on the Debtors or the Reorganized Debtors until the terms and conditions set forth in the Plan are satisfied and the Company executes a counterpart hereof. The Rights Offering Notes and Rights Offering Warrants issued to the Holder shall be the number set forth on the Company's acknowledgement signature page below. The Rights Offering Notes and Rights Offering Warrants shall not be certificated.

4. The Holder agrees that this Subscription Form constitutes a valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith, and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

5. The Holder hereby understands, represents, warrants, covenants and agrees as follows:

   (a) The Holder is (i) a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act, or an entity in which all of the equity owners are such "qualified institutional buyers," or (ii) an "accredited investor" within the

meaning of Rule 501(a)(1), (2), (3), (5), (6), or (7) of the Securities Act, or an entity in which all of the equity owners are such "accredited investors," in each case as established by the Holder's responses to the Certification attached to this Agreement in Item 6.

(b) The Rights Offering Notes and Rights Offering Warrants are being acquired by the Holder for the account of the Holder for investment purposes only, within the meaning of the Securities Act, and not with a view to the distribution thereof other than as permitted by the Company's organizational documents and the Stockholders' Agreement and in compliance with applicable securities laws. No one other than the Holder has any right to acquire the Rights Offering Notes and Rights Offering Warrants being acquired by the Holder.

(c) The Holder's financial condition is such that the Holder has no need for any liquidity in its investment in the Company and is able to bear the risk of holding the Rights Offering Notes and Rights Offering Warrants for an indefinite period of time and the risk of loss of its entire investment in the Company. The Holder (i) is a financial institution or other organization and its representatives are capable of evaluating the merits and risks of acquiring the Rights Offering Notes and Rights Offering Warrants, or (ii) has knowledge and experience (or the Holder has utilized the services of a representative and together they have knowledge and experience) in financial and business matters to be capable of evaluating the merits and risks of holding the Rights Offering Notes and Rights Offering Warrants and to make an informed decision relating thereto.

(d) The Holder has been given the opportunity to (i) ask questions and receive satisfactory answers concerning the terms and conditions of the Rights Offerings and (ii) obtain additional information in order to evaluate the merits and risks of an investment in the Company, and to verify the accuracy of the information contained in the Rights Offerings Documents. No statement, printed material or other information that is contrary to the information contained in any Rights Offerings Document has been given or made by or on behalf of the Company or the Backstop Parties to the Holder.

(e) The Holder acknowledges and understands that:

(i) An investment in the Company is speculative and involves significant risks.

(ii) The Rights Offering Notes and Rights Offering Warrants will be subject to certain restrictions on transferability as described in the Plan and as a result of the foregoing, the marketability of the Rights Offering Notes and Rights Offering Warrants will be severely limited.

(iii) The Holder will not transfer, sell or otherwise dispose of the Rights Offering Notes and Rights Offering Warrants in any manner that will violate the Company's organizational documents, the Stockholders'

Agreement, the Securities Act or any state or foreign securities laws or subject the Company or any of its affiliates to regulation under the rules and regulations of the Securities and Exchange Commission or the laws of any other federal, state or municipal authority or any foreign governmental authority having jurisdiction thereof.

(iv) The Rights Offering Notes and Rights Offering Warrants have not been, and will not be, registered under the Securities Act or any state or foreign securities laws, and are being offered and sold in reliance upon federal, state and foreign exemptions from registration requirements for transactions not involving any public offering. The Holder recognizes that reliance upon such exemptions is based in part upon the representations of the Holder contained herein.

(v) The Holder has received and read a copy of the Company's organizational documents and the Stockholders' Agreement, and agrees the Company's organizational documents and the Stockholders' Agreement shall become binding upon the Holder upon the later of: (A) as of the date the Company accepts this subscription; and (B) the effective date of the Company's organizational documents and the Stockholders' Agreement. The Company's organizational documents and the Stockholders' Agreement will be available on the Plan Supplement Mailing Date from the Subscription Agent.

(vi) The representations and warranties by the Holder set forth in Section II.e of the Rights Offerings Procedures are hereby incorporated by reference.

(vii) Neither the Company nor the Reorganized Debtors intend to register as an investment company under the Investment Company Act of 1940, as amended ("**Investment Company Act**"), and neither the Company nor the Reorganized Debtors nor their respective managers, members or partners nor any other person or entity selected to act as an agent of the Company or the Reorganized Debtors with respect to managing their affairs, is registered as of the date hereof as an investment adviser under the Investment Advisers Act of 1940, as amended (the "**Investment Advisers Act**").

(g) The Holder is aware that: (i) no federal, state, local or foreign agency has passed upon the Rights Offering Notes and Rights Offering Warrants or made any finding or determination as to the fairness of this investment and (ii) data set forth in any Rights Offerings Documents or in any supplemental letters or materials thereto is not necessarily indicative of future returns, if any, which may be achieved by the Company.

6. The Holder hereby acknowledges that the Company seeks to comply with all applicable anti-money laundering laws and regulations. In furtherance of such efforts, the Holder hereby represents and agrees that: (i) no part of the funds used by the Holder to acquire

the Rights Offering Notes and Rights Offering Warrants has been, or shall be, directly or indirectly derived from, or related to, any activity that may contravene federal, state, or international laws and regulations, including anti-money laundering laws and regulations; and (ii) no contribution, or payment to the Company by the Holder shall cause the Company to be in violation of any applicable anti-money laundering laws and regulations including without limitation, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 and the U.S. Department of the Treasury Office of Foreign Assets Control regulations. The Holder agrees to provide the Company all information that may be reasonably requested to comply with applicable U.S. law. The Holder agrees to promptly notify the Company (if legally permitted) if there is any change with respect to the representations and warranties provided herein.

7. The Holder hereby agrees to provide such information and to execute and deliver such documents as may reasonably be necessary to comply with any and all laws, rules and regulations to which the Company, is subject.

8. The representations, warranties covenants and agreements of the Holder contained in this Subscription Form will survive the execution hereof and the distribution of the Rights Offering Notes and Rights Offering Warrants to the Holder.

9. Neither this Subscription Form nor any provision hereof shall be waived, modified, discharged, or terminated except by an instrument in writing signed by the party against whom any such waiver, modification, discharge, or termination is sought except by the Company in accordance with the Plan and the terms herein.

10. References herein to a person or entity in either gender include the other gender or no gender, as appropriate.

11. This Subscription Form may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same agreement.

12. This Subscription Form and its validity, construction and performance shall be governed in all respects by the laws of the State of New York.

13. This Subscription Form is intended to be read and construed in conjunction with the Company's organizational documents and the Stockholders' Agreement, as applicable, and the other Rights Offerings Documents pertaining to the issuance by the Company of the Rights Offering Notes and Rights Offering Warrants to the Holder. Accordingly, pursuant to the terms and conditions of this Subscription Form and such related agreements it is hereby agreed that the execution by Holder of this Subscription Form, in the place set forth herein, shall constitute agreement to be bound by the terms and conditions hereof and the terms and conditions of the Company's organizational documents and the Stockholders' Agreement, with the same effect as if each of such separate but related agreement were separately signed.

Date: _____

Name of Holder: _____
(Print or Type)

Social Security or Federal Tax I.D. No.: _____

Signature: _____

Name of Person Signing: _____
(If other than Holder)

Title (if corporation, partnership or LLC): _____

Street Address: _____

City, State, Zip Code: _____

Contact E-mail: _____

Telephone Number: _____

[Acknowledgement Signature Page to Follow]

THIS FORM SHOULD BE RETURNED TO THE SUBSCRIPTION AGENT.

The foregoing Subscription Form is hereby accepted as of _____, 2013 (the "Acceptance Date") by Patriot Coal Corporation for _____ Warrants and _____ in aggregate principal amount of Notes issued to [_____] as of the Acceptance Date.

PATRIOT COAL CORPORATION

By: _____
Name:
Title:

Item 6. Payment Instruction.

Pursuant to your irrevocable election to exercise your Rights, you must make your payment of the Subscription Purchase Price calculated in Item 4d above by wire transfer or bank or cashier's check so that it is actually received by the Subscription Agent on or before 5:00 p.m. (prevailing Central Time) on the Subscription Deadline.

Please make cashier's checks payable to "GCG, Inc. as subscription agent for Patriot Coal Corporation."

Please have wire transfers delivered to:

[BANK], New York, New York

Name of Account: [___]
Routing Number: [___]
Account Number: [___]
Bank Name: [___]

Bank Location: [___]
Special Instructions: [___]

Swift Code: [___]

Item 7. Tax Information

1. Each Holder that is a U.S. person (*i.e.*, a U.S. citizen or resident, a partnership organized under U.S. law, a corporation organized under U.S. law, a limited liability company organized under U.S. law, or an estate or trust (other than a foreign estate or trust whose income from sources without the U.S. is not includible in the beneficiaries' gross income)), must provide its taxpayer identification number on a signed IRS form W-9 to the Subscription Agent. This form is necessary for Patriot Coal Corporation to comply with its tax filing obligations and to establish that the Holder is not subject to certain withholding tax obligations applicable to non-U.S. persons. The enclosed W-9 form contains detailed instructions for furnishing this information.

2. Each Holder that is not a U.S. person or resident alien is required to provide information about its status for withholding purposes, generally on form W-8BEN (for most foreign beneficial owners), form W-8IMY (for most foreign intermediaries, flow-through entities, and certain U.S. branches), form W-8EXP (for most foreign governments, foreign central banks of issue, foreign tax-exempt organizations, foreign private foundations, and governments of certain U.S. possessions), or form W-8ECI (for most non-U.S. persons receiving income that is effectively connected with the conduct of a trade or business in the United States). Each Holder that is not a U.S. person should provide the Subscription Agent with the appropriate form W-8. Please contact the Subscription Agent if you need further information regarding these forms. Holders may also access the IRS website (www.irs.gov) to obtain the appropriate form W-8 and its instructions.

Annex D

W-9 Form

Form **W-9**
(Rev. August 2013)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type See **Specific Instructions** on page 2.

Name (as shown on your income tax return)

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification:
☐ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____

☐ Other (see instructions) ▶

Exemptions (see instructions):
Exempt payee code (if any) _____
Exemption from FATCA reporting code (if any) _____

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number
☐☐☐ – ☐☐ – ☐☐☐☐

Employer identification number
☐☐ – ☐☐☐☐☐☐☐

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below), and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here **Signature of U.S. person** ▶ **Date** ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. The IRS has created a page on IRS.gov for information about Form W-9, at *www.irs.gov/w9*. Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity,
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust, and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.

2. The treaty article addressing the income.

3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

4. The type and amount of income that qualifies for the exemption from tax.

5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,

2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),

3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code* on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships* on page 1.

What is FATCA reporting? The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code* on page 3 and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

Partnership, C Corporation, or S Corporation. Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA) name" on the "Business name/disregarded entity name" line.

Disregarded entity. For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulation section 301.7701-2(c)(2)(iii). Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Note. Check the appropriate box for the U.S. federal tax classification of the person whose name is entered on the "Name" line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

Limited Liability Company (LLC). If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the U.S. federal tax classification in the space provided. If you are an LLC that is treated as a partnership for U.S. federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation, as appropriate. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for U.S. federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.

Other entities. Enter your business name as shown on required U.S. federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the *Exemptions* box, any code(s) that may apply to you. See *Exempt payee code* and *Exemption from FATCA reporting code* on page 3.

Exempt payee code. Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following codes identify payees that are exempt from backup withholding:

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)

2—The United States or any of its agencies or instrumentalities

3—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities

4—A foreign government or any of its political subdivisions, agencies, or instrumentalities

5—A corporation

6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States

7—A futures commission merchant registered with the Commodity Futures Trading Commission

8—A real estate investment trust

9—An entity registered at all times during the tax year under the Investment Company Act of 1940

10—A common trust fund operated by a bank under section 584(a)

11—A financial institution

12—A middleman known in the investment community as a nominee or custodian

13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over $600 required to be reported and direct sales over $5,000[1]	Generally, exempt payees 1 through 5[2]
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

[1] See Form 1099-MISC, Miscellaneous Income, and its instructions.

[2] However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Reg. section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Reg. section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at *www.ssa.gov*. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at *www.irs.gov/businesses* and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: *A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.*

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt payee code* earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account [1]
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor [2]
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee [1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner [1]
5. Sole proprietorship or disregarded entity owned by an individual	The owner [3]
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	**Give name and EIN of:**
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity [4]
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

[1] List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

[2] Circle the minor's name and furnish the minor's SSN.

[3] You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

[4] List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

***Note.** Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to *phishing@irs.gov*. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: *spam@uce.gov* or contact them at *www.ftc.gov/idtheft* or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

Annex E

Certification Period Transfer Notice

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re	**Chapter 11**
PATRIOT COAL CORPORATION, *et al.*,	**Case No. 12-51502-659** **(Jointly Administered)**
Debtors.	

INSTRUCTIONS TO CERTIFICATION PERIOD TRANSFER NOTICE

This Certification Period Transfer Notice must accompany the transferee's applicable Eligibility Certificate, both of which must be returned so as to be actually received by the Subscription Agent no later than 5:00 p.m. (prevailing Central Time) on November 27, 2013.

You must submit this Certification Period Transfer Notice[4] if you are the transferee, subsequent to November 6, 2013 but prior to 5:00 p.m. (prevailing Central Time) on November 27, 2013, of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim against the Debtors and wish to be offered Rights on account of such Claims. In order to be offered Rights to purchase Rights Offering Notes and Rights Offering Warrants on account of such transferred Claim, a transferee must submit this notice so as to be actually received by the Subscription Agent no later than the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)).

This notice does not substitute for the Senior Notes Eligibility Certificate (Annex A to the Rights Offerings Procedures) or the Convertible Notes/GUC Eligibility Certificate (Annex B to the Rights Offerings Procedures). In order to be offered Rights, you must return the applicable Eligibility Certificate along with this notice. Submission by a transferee of this Certification Period Transfer Notice and an Eligibility Certificate pursuant to the Rights Offerings Procedures shall supersede any prior Eligibility Certificate submitted in respect of the Claims transferred to such transferee.

For further information, please refer to the Rights Offerings Procedures and the Instructions to the Eligibility Certificate, available (free of charge) at www.patriotcaseinfo.com/rights.php or by contacting:

Patriot Coal Corporation, et al.,
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

4 Capitalized terms used by not otherwise defined herein shall have the meaning given to such terms in the rights offerings procedures (the "**Rights Offerings Procedures**") attached as Exhibit A to the *Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into A Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection With the Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures*, dated October 18, 2013 [ECF No. 4834].

CERTIFICATION PERIOD TRANSFER NOTICE

Patriot Coal Corporation, et al.,
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

Please take notice that, pursuant to Section II.b of the Rights Offerings Procedures, the undersigned Holder (as such term is defined in the Rights Offerings Procedures) of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim (the "**Transferor**"), has agreed to transfer to the transferee, also a Holder of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim, named below (the "**Transferee**"), its Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim identified herein and any and all rights associated therewith.

Name of Transferor:	Name of Transferee:
Federal Tax I.D. No.:	Federal Tax I.D. No.:
Street Address:	Street Address:
City, State, Zip Code:	City, State, Zip Code:
Telephone Number:	Telephone Number:
Fax:	Fax:
E-Mail:	E-Mail:
	Bank, Broker or Other Nominee that will hold the Notes transferred to the Transferee
	DTC Participant Name:
	DTC Participant Number:

Amount of Allowed Senior Notes Claims Transferred to the Transferee: $_____

Amount of Allowed Convertible Notes Claims Transferred to the Transferee: $._____

Amount of Allowed General Unsecured Claims Transferred to the Transferee: $._____

The undersigned certifies that: (i) I am an authorized signatory of the Transferor or Transferee, as applicable, (ii) the Transferor is a holder of the Claims identified herein (Transferor only) and (iii) I understand that the transfer of Claims and any associated rights is subject to the conditions listed above and all the terms and conditions set forth in the Disclosure Statement, the Plan and the Rights Offerings Procedures.

Date: November __, 2013

Name of Transferor: _____ Name of Transferee: _____

_____ _____

By: _____ By: _____
Name: Name:
Title: Title:

Annex F

Post-Certification Period Transfer Notice

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re **PATRIOT COAL CORPORATION, *et al.*,** **Debtors.**	**Chapter 11** **Case No. 12-51502-659** **(Jointly Administered)**

INSTRUCTIONS TO POST-CERTIFICATION PERIOD TRANSFER NOTICE

This Post-Certification Period Transfer Notice shall accompany your Subscription Form, which must be returned so as to be actually received by the Subscription Agent no later than 5:00 p.m. (prevailing Central Time) on December 10, 2013.

You must submit this Post-Certification Period Transfer Notice[5] if you are the transferee, subsequent to November 27, 2013 but prior to 5:00 p.m. (prevailing Central Time) on December 10, 2013, of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim against the Debtors along with the corresponding Rights in respect thereof. In order to exercise such Rights, you must submit this notice so as to be actually by the Subscription Agent no later than the Subscription Deadline (December 10, 2013 at 5:00 p.m. (prevailing Central Time)).

For further information, please refer to the Rights Offerings Procedures and the Instructions to the Subscription Certificate, available (free of charge) at www.patriotcaseinfo.com/rights.php or by contacting:

Patriot Coal Corporation, et al.,
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

5 Capitalized terms used by not otherwise defined herein shall have the meaning given to such terms in the rights offerings procedures (the "**Rights Offerings Procedures**") attached as Exhibit A to the *Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into A Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection With the Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures*, dated October 18, 2013 [ECF No. 4834].

POST-CERTIFICATION PERIOD TRANSFER NOTICE

Patriot Coal Corporation, et al.,
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

Please take notice that, pursuant to Section II.h of the Rights Offerings Procedures, the undersigned Certified Eligible Holder (as such term is defined in the Rights Offerings Procedures) of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim (the "**Transferor**"), has agreed to transfer to the transferee, also a Certified Eligible Holder, named below (the "**Transferee**"), its Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim identified herein and any and all rights associated therewith.

The Transferor confirms and certifies that: the Rights and the Claims transferred to the Transferee were not offered or sold by means of any form of general solicitation or general advertising (within the meaning of Regulation D).

Name of Transferor:	Name of Transferee:
Federal Tax I.D. No.:	Federal Tax I.D. No.:
Street Address:	Street Address:
City, State, Zip Code:	City, State, Zip Code:
Telephone Number:	Telephone Number:
Fax:	Fax:
E-Mail:	E-Mail:
	Bank, Broker or Other Nominee that will hold the Notes transferred to the Transferee
	DTC Participant Name:
	DTC Participant Number:

Amount of Allowed Senior Notes Claims Transferred to the Transferee: $_____

Amount of Allowed Convertible Notes Claims Transferred to the Transferee: $_____

Amount of Allowed General Unsecured Claims Transferred to the Transferee: $_____

The undersigned certifies that: (i) I am an authorized signatory of the Transferor or Transferee, as applicable, (ii) the Transferor is a Certified Eligible Holder of the Claims identified herein (Transferor only) and (iii) I understand that the transfer of Claims and any associated rights is subject to the conditions listed above and all the terms and conditions set forth in the Disclosure Statement, the Plan and the Rights Offerings Procedures.

Date: _____, 2013

Name of Transferor: _____ Name of Transferee: _____

_____ _____

By: _____ By: _____
Name: Name:
Title: Title:

Comparison of Disclosure Statement for Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Against Disclosure Statement for Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re:	**Chapter 11**
PATRIOT COAL CORPORATION, *et al.*,	**Case No. 12-51502-659**
Debtors.[1]	**(Jointly Administered)**

DISCLOSURE STATEMENT FOR DEBTORS' ~~SECOND~~THIRD AMENDED JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000
Facsimile: (212) 607-7983
Marshall S. Huebner
Elliot Moskowitz
Brian M. Resnick
Michelle M. McGreal

Counsel to the Debtors
and Debtors in Possession

Dated: ~~October 26~~November 4, 2013

[1] 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.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE DEBTORS' JOINT PLAN OF REORGANIZATION (THE "**PLAN**") AND CERTAIN OTHER DOCUMENTS AND FINANCIAL INFORMATION. THE INFORMATION INCLUDED HEREIN IS FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND SHOULD NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW AND WHETHER TO VOTE ON THE PLAN. THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE. THE SUMMARIES OF THE FINANCIAL INFORMATION AND THE DOCUMENTS THAT ARE ATTACHED HERETO ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH INFORMATION AND DOCUMENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR SUCH OTHER PLAN-RELATED DOCUMENTS AND FINANCIAL INFORMATION, THE PLAN OR SUCH OTHER PLAN-RELATED DOCUMENTS AND FINANCIAL INFORMATION, AS THE CASE MAY BE, SHALL GOVERN FOR ALL PURPOSES.

THE STATEMENTS AND FINANCIAL INFORMATION CONTAINED HEREIN HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN SINCE THE DATE HEREOF. EACH HOLDER OF A CLAIM OR INTEREST ENTITLED TO VOTE ON THE PLAN SHOULD CAREFULLY REVIEW THE PLAN AND THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE CASTING A BALLOT. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ANY PERSONS DESIRING ANY SUCH ADVICE OR OTHER ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

ALTHOUGH THE DEBTORS HAVE ATTEMPTED TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT, EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED.

THE FINANCIAL PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED BY THE MANAGEMENT OF THE DEBTORS AND THEIR FINANCIAL ADVISORS. THESE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS THAT, ALTHOUGH CONSIDERED REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE FINANCIAL PROJECTIONS OR THE ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING

SUBSEQUENT TO THE DATE ON WHICH THESE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED AND/OR MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE FINANCIAL PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY HAVE BEEN AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN AN ACCEPTANCE OF THE PLAN OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN AND IN THE PLAN SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM OR INTEREST.

WITH RESPECT TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING, THREATENED OR POTENTIAL LITIGATION OR ACTIONS, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AND MAY NOT BE CONSTRUED BY ANY PARTY AS AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

THE SECURITIES DESCRIBED HEREIN WILL BE ISSUED WITHOUT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR ANY SIMILAR FEDERAL, STATE OR LOCAL LAW, IN RELIANCE ON THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE TO THE MAXIMUM EXTENT PERMITTED AND APPLICABLE AND TO THE EXTENT THAT SECTION 1145 IS EITHER NOT PERMITTED OR NOT APPLICABLE, THE EXEMPTION SET FORTH IN SECTION 4 OF THE SECURITIES ACT OR ANOTHER EXEMPTION THEREUNDER. IN ACCORDANCE WITH SECTION 1125(E) OF THE BANKRUPTCY CODE, A DEBTOR OR ANY OF ITS AGENTS THAT PARTICIPATES, IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, IN THE OFFER, ISSUANCE, SALE, OR PURCHASE OF A SECURITY, OFFERED OR SOLD UNDER THE PLAN, OF THE DEBTOR, OF AN AFFILIATE PARTICIPATING IN A JOINT PLAN WITH THE DEBTOR, OR OF A NEWLY ORGANIZED SUCCESSOR TO THE DEBTOR UNDER THE PLAN, IS NOT LIABLE, ON ACCOUNT OF SUCH PARTICIPATION, FOR VIOLATION OF ANY APPLICABLE LAW, RULE, OR REGULATION GOVERNING THE OFFER, ISSUANCE, SALE, OR PURCHASE OF SECURITIES.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE

COMMISSION (THE "**SEC**"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

SEE ARTICLE 9 OF THIS DISCLOSURE STATEMENT, ENTITLED "CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING," FOR A DISCUSSION OF CERTAIN CONSIDERATIONS IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM TO ACCEPT THE PLAN.

CAPITALIZED TERMS USED BUT NOT OTHERWISE DEFINED HEREIN HAVE THE MEANINGS GIVEN TO SUCH TERMS IN THE PLAN; *PROVIDED, HOWEVER,* THAT ANY CAPITALIZED TERM USED HEREIN THAT IS NOT DEFINED HEREIN OR IN THE PLAN, BUT IS DEFINED IN THE BANKRUPTCY CODE OR THE BANKRUPTCY RULES, SHALL HAVE THE MEANING ASCRIBED TO SUCH TERM IN THE BANKRUPTCY CODE OR THE BANKRUPTCY RULES.

PRELIMINARY STATEMENT

On September 6, 2013, the Debtors filed the Joint Chapter 11 Plan of Reorganization (the "**Initial Plan**"). Following the filing of the Initial Plan, the Debtors continued to engage in discussions with potential investors regarding a potential transaction that would provide hundreds of millions of dollars of emergence financing for the Estates. The Debtors also continued their negotiations with the UMWA, Arch Coal, Inc. and Peabody Energy Corporation in an attempt to reach global settlements with these parties and resolve the risks and uncertainties created by the parties' ongoing litigation, provide necessary liquidity to the Debtors and provide funding to the Patriot Retirees VEBA.

As described herein, the results of these extensive efforts are, subject to Bankruptcy Court approval and the additional conditions in the Rights Offerings Term Sheet (as defined below) and the Backstop Rights Purchase Agreement, the Peabody Settlement and the Arch Settlement, respectively, (i) a commitment by certain funds and accounts managed and/or advised by Knighthead Capital Management, LLC (collectively, "**Knighthead**") to backstop two rights offerings on the terms set forth in the term sheet attached hereto as Appendix D~~, which was consented to by the Creditors' Committee and the UMWA~~ (the "**Rights Offerings Term Sheet**"), and the Backstop Rights Purchase Agreement, attached hereto as Appendix G, (ii) a global settlement among the Debtors, Peabody, the UMWA and the UMWA Employees and the UMWA Retirees (each as defined in the Peabody Settlement) on the terms set forth in the ~~settlement agreement~~Peabody Settlement, attached hereto as Appendix E, and (iii) a global settlement between the Debtors and Arch on the terms set forth in the ~~settlement agreement~~Arch Settlement, attached hereto as Appendix F. The Rights Offerings will provide the Debtors with $250 million of capital, and the Peabody Settlement and Arch Settlement will together provide the Debtors with over $150 million in incremental liquidity and value. The Peabody Settlement also provides the Patriot Retirees VEBA with $310 million over the next four years. Moreover, the Rights Offerings and these settlements will facilitate the Debtors' satisfaction of certain conditions required by the Debtors' settlement of the Section 1113/1114 Motion with the UMWA that was approved by the Bankruptcy Court on August 22, 2013, and which is expected to provide the Debtors with labor stability and critically needed savings of approximately $130 million annually over the next four years. The foregoing transactions are the cornerstones of the Plan, which the Debtors believe provides substantially greater value to the Estates and a more expeditious emergence from chapter 11 than any other alternative. The Creditors' Committee and the UMWA have consented to the Rights Offerings Term Sheet and ~~agreed to support~~ the Backstop Rights Purchase Agreement and agreed to support the consummation of the transactions contemplated thereby, including supporting confirmation of the plan of reorganization contemplated by the Rights Offerings Term Sheet and the Backstop Rights Purchase Agreement~~, subject to their review and approval of the final documentation relating to these agreements. The Debtors have filed a motion seeking Bankruptcy Court approval of the Backstop Rights Purchase Agreement and the Rights Offerings Procedures, which motion is scheduled to be heard at the hearing on the Disclosure Statement.~~.

After filing the Initial Plan, the Debtors also continued to engage in active discussions with multiple parties on the potential terms of senior exit financing. After reviewing several proposals and negotiating with the parties, the Debtors ~~are in the process of selecting financial~~

~~institutions~~selected (i) Barclays Bank PLC, Deutsche Bank AG New York Branch and Deutsche Bank Securities Inc. to structure, arrange and syndicate ~~the Exit Credit Facilities. The Debtors intend to seek Bankruptcy Court approval of the engagement of such parties at or prior to the hearing on the Disclosure Statement. The~~: (a) an exit senior secured term loan facility in an aggregate principal amount of $250,000,000 and (b) an exit senior secured asset-based revolving credit facility in an aggregate principal amount of $125,000,000; and (ii) Barclays Bank PLC to structure and arrange a letter of credit facility in an aggregate amount not to exceed $201,000,000. The Debtors will include further detail on the terms of the Exit Credit Facilities in the Plan Supplement and will request approval of the Exit Facilities in connection with confirmation of the Plan.

This Disclosure Statement is being furnished by the Debtors as proponents of the Debtors' ~~Second~~Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, which is attached hereto as Appendix A, pursuant to section 1125 of the Bankruptcy Code and in connection with the solicitation of votes for the acceptance or rejection of the Plan. **WHILE THE DEBTORS ARE THE SOLE PROPONENTS OF THE PLAN, THE PLAN IS SUPPORTED BY THE CREDITORS' COMMITTEE, AND THE CREDITORS' COMMITTEE ENCOURAGES HOLDERS OF UNSECURED CLAIMS TO VOTE IN FAVOR OF THE PLAN.**

This Disclosure Statement describes certain aspects of the Plan, including an analysis of the treatment of holders of Claims against, and Interests in, the Debtors and the securities to be issued under the Plan, and also contains a discussion of the Debtors' history, businesses, properties and operations, projections for those operations and risk factors associated with the businesses and the Plan.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF THE STRUCTURE OF, CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS IN, AND IMPLEMENTATION OF, THE PLAN. IT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT AND TO THE SCHEDULES ATTACHED THERETO OR REFERRED TO THEREIN.

A. The Plan

The Plan provides for a reorganization of the Debtors and the resolution of all outstanding Claims against and Interests in the Debtors. The Plan contemplates two rights offerings to raise $250 million of capital through the issuance of (i) senior secured second lien notes and (ii) warrants exercisable for New Class A Common Stock. The Plan will provide each of the holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and Allowed General Unsecured Claims, in each case that is a Certified Eligible Holder, an opportunity to participate in the Rights Offerings.

In connection with the Rights Offerings, on October 9, 2013, the Debtors entered into the Rights Offerings Term Sheet, pursuant to which the Debtors and the Backstop Parties agreed to take all actions reasonably necessary to negotiate, document and consummate the transactions contemplated by the Rights Offerings Term Sheet, which include the Backstop

Parties' commitment to purchase the Unsubscribed Rights in accordance with the Backstop Rights Purchase Agreement~~, which is attached hereto as Appendix G,~~ and the Rights Offerings Procedures, which are attached hereto as Appendix H. On November 4, 2013, the Debtors and Knighthead entered into, and the Creditors' Committee and the UMWA consented to, the Backstop Rights Purchase Agreement.

All holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and/or Allowed General Unsecured Claims will receive separate materials regarding the Rights Offerings, copies of which will be available on the Debtors' Case Information Website at *www.patriotcaseinfo.com*. These materials will include an Eligibility Certificate (as defined in the Rights Offerings Procedures), which will request that you certify whether you are an Eligible Holder and return such executed Eligibility Certificate to the Subscription Agent by the Eligibility Certificate Deadline ((November 27, 2013 at 5:00 p.m. (prevailing Central Time)). **IF YOU ARE AN ELIGIBLE HOLDER AND YOU DO NOT PROPERLY COMPLETE THE ELIGIBILITY CERTIFICATE AND CAUSE ITS RETURN TO THE SUBSCRIPTION AGENT PRIOR TO THE ELIGIBILITY CERTIFICATE DEADLINE, YOU WILL NOT HAVE THE RIGHT TO PARTICIPATE IN THE RIGHTS OFFERINGS.**

Only Certified Eligible Holders may participate in the Rights Offerings. To participate in the Rights Offerings, a Rights Offerings Participant (as defined below) must submit a duly completed Subscription Form and the appropriate payment to the Subscription Agent on or before December 10, 2013 at 5:00 p.m. (prevailing Central Time). If a holder of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim (including a Transferee Eligible Holder) is an Eligible Holder and does not duly complete, execute and timely deliver an Eligibility Certificate certifying that it is an Eligible Holder on or before the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)), such holder cannot participate in the Rights Offerings. Instead, such holder will receive its Ratable Share of Convenience Class Consideration.

Prior to November 27, 2013 at 5:00 p.m. (prevailing Central Time), a holder of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim that is not an Eligible Holder may transfer its Allowed Claim to an Eligible Holder in accordance with the Rights Offerings Procedures. Any such transfer must be evidenced by a proper and timely Certification Period Transfer Notice (as defined in the Rights Offerings Procedures) submitted by the transferor so as to be received by the Subscription Agent no later than November 27, 2013 at 5:00 p.m. (prevailing Central Time).

For further information regarding the Rights Offerings and the Rights Offerings Procedures, please refer to Article 8 below and Article 5.7 of the Plan.

The Debtors have proposed a Plan that they believe will treat Creditors in an economic and fair manner. As discussed further in Section 5.2, in developing the Plan, the Debtors, in consultation with the Creditors' Committee, considered various issues relating to how the distributable value should be allocated amongst the creditors of the various Debtors, including,

without limitation, (a) whether the elements necessary to obtain an order of substantive consolidation are satisfied in these Chapter 11 Cases; (b) the value of the Estates on a consolidated and a non-consolidated basis, and the proper method of determining such value; (c) the projected recoveries of Creditors on a consolidated basis with and without implementation of substantive consolidation, in whole or in part; (d) whether and how to attribute the value of the UMWA Settlement to specific Debtors; and (e) the nature and treatment of Intercompany Claims. The Debtors and the Creditors' Committee believe that the Plan strikes a balance between these competing interests.

Based upon the Debtors' analyses and discussions with the Creditors' Committee, the Plan provides that:

- Intercompany Claims and ~~Intercompany~~ Interests in Subsidiary Debtors will not receive any distribution under the Plan;

- holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 2 Debtors should be entitled to a recovery enhancement of 2 times the recoveries of holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 1 Debtors; and

- holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 3 Debtors should be entitled to a recovery enhancement of 3 times the recoveries of holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 1 Debtors~~; and~~.

- ~~holders of Allowed Senior Notes Claims that are receiving Convenience Class Consideration should be entitled to a recovery enhancement of 5 times the recoveries of holders of Allowed General Unsecured Claims and Allowed Convenience Claims against Group 1 Debtors.~~

The Debtors and the Creditors' Committee believe that these distribution allocations strike a fair and equitable balance among the various considerations described above.

B. Treatment of Claims and Interests Under the Plan

1. Treatment of DIP Facility Claims

Pursuant to the DIP Order, all DIP Facility Claims constitute Allowed Claims. Except to the extent that a holder of a DIP Facility Claim agrees in its sole discretion to less favorable treatment, on or before the Effective Date, each DIP Agent, for the ~~ratable~~ benefit of the applicable DIP Lenders, L/C Issuers and itself, shall be paid in Cash 100% of the then-outstanding amount, if any, of the DIP Facility Claims relating to the applicable DIP Facility (or, in the case of any Outstanding L/C, Paid in Full), other than Contingent DIP Obligations. Contemporaneously with all amounts owing in respect of principal included in the DIP Facility Claims (other than Contingent DIP Obligations), interest accrued thereon to the date of payment and fees, expenses and non-contingent indemnification obligations as required by the DIP Facilities and arising prior to the Effective Date being paid in full in Cash (or, in the case

of any Outstanding L/C, Paid in Full), (i) the commitments under the DIP Facilities shall automatically terminate, (ii) except with respect to Contingent DIP Obligations (which shall survive the Effective Date and shall continue to be governed by the DIP Facilities and DIP Order as provided below), the DIP Facilities and the "Loan Documents" referred to therein shall be deemed canceled, (iii) all Liens on property of the Debtors and the Reorganized Debtors arising out of or related to the DIP Facilities shall automatically terminate, and all Collateral subject to such Liens shall be automatically released, in each case without further action by the DIP Agents or the DIP Lenders and (iv) all guarantees of the Debtors and Reorganized Debtors arising out of or related to the DIP Facility Claims (other than with respect to Contingent DIP Obligations) shall be automatically discharged and released, in each case without further action by the DIP Agents or the DIP Lenders. The DIP Agents and the DIP Lenders shall take all actions to effectuate and confirm such termination, release and discharge as reasonably requested by the Debtors or the Reorganized Debtors.

Notwithstanding anything to the contrary in the Plan or the Confirmation Order, (a) the Contingent DIP Obligations will survive the Effective Date and shall not be discharged or released pursuant to the Plan or the Confirmation Order and (b) the DIP Facilities and the Loan Documents referred to therein (other than the Collateral Documents (as defined in the First Out DIP Facility and the Second Out DIP Facility, respectively)) shall continue in full force and effect with respect to any obligations thereunder governing (i) the Contingent DIP Obligations and (ii) the relationships among the DIP Agents, the L/C Issuers and the DIP Lenders, as applicable, including, but not limited to, those provisions relating to the rights of the DIP Agents and the L/C Issuers to expense reimbursement, indemnification and other similar amounts (either from the Debtors or the DIP Lenders) and any provisions that may survive termination or maturity of the DIP Facilities in accordance with the terms thereof.

After the Effective Date, the Reorganized Debtors shall continue to reimburse the DIP Agents for the reasonable fees and expenses (including reasonable and documented legal fees and expenses) incurred by the DIP Agents in accordance with the DIP Documents and the DIP Order.

~~For the avoidance of doubt, the Bankruptcy Court shall retain jurisdiction as to any and all matters arising under the DIP Order or the DIP Facilities until all DIP Facility Claims have been satisfied in accordance with the terms of the Plan or otherwise.~~

2. Treatment of Administrative Claims

An Administrative Claim is a Claim for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code. For purposes of the Plan, Administrative Claims include, but are not limited to, Other Administrative Claims, Backstop Fees, the Breakup Fee, if any, the Backstop Expense Reimbursement, and Professional Fee Claims. Administrative Claims also include Claims pursuant to section 503(b)(9) of the Bankruptcy Code. Section 503(b)(9) of the Bankruptcy Code grants administrative priority for the value of goods received by the Debtors within twenty days before the commencement of the case in which the goods have been sold to the Debtors in the ordinary course of the Debtors' business.

a. Other Administrative Claims

Except to the extent that the applicable Creditor agrees with the Reorganized Debtors to less favorable treatment, each holder of an Allowed Other Administrative Claim against any of the Debtors shall be paid the full unpaid amount of such Allowed Other Administrative Claim in Cash (i) on or as soon as reasonably practicable after the Effective Date (for Claims Allowed as of the Effective Date), (ii) on or as soon as practicable after the date such Claims are Allowed (or upon such other terms as may be agreed upon by such holder and the applicable Reorganized Debtor) or (iii) as otherwise ordered by the Bankruptcy Court.

Allowed Other Administrative Claims regarding assumed agreements, liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases and non-ordinary course liabilities approved by the Bankruptcy Court shall be paid in full and performed by the Reorganized Debtors in the ordinary course of business (or as otherwise approved by the Bankruptcy Court) in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions.

b. Professional Fee Claims

Each holder of a Professional Fee Claim shall be paid in full in Cash pursuant to Section 7.1 of the Plan.

3. Treatment of Priority Tax Claims

A Priority Tax Claim is a Claim (whether secured or unsecured) of a governmental unit entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code or specified under section 502(i) of the Bankruptcy Code. Except to the extent that the applicable Creditor has been paid by the Debtors before the Effective Date, or the applicable Reorganized Debtor and such Creditor agree to less favorable treatment, each holder of an Allowed Priority Tax Claim against any of the Debtors shall receive, at the sole option of the Reorganized Debtors, (a) payment in full in Cash made on or as soon as reasonably practicable after the later of the Effective Date and the first Distribution Date occurring at least 20 calendar days after the date such Claim is Allowed, (b) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code or (c) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.

The Reorganized Debtors shall have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

4. Classification and Treatment of Other Claims and Interests

The Plan divides all other Claims against, and all Interests in, the Debtors into various Classes. The following summarizes the classification of Claims and Interests under the Plan, the treatment of each Class, the projected recovery under the Plan, if any, for each Class and whether or not each Class is entitled to vote. Note that the classifications and distributions set forth in the table remain subject to change, as further described in Article 3 of the Plan.

Summary of Classification and Treatment of
Claims and Interests in the Debtors

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND ARE THEREFORE SUBJECT TO CHANGE.

The information in the table below is provided in summary form for illustrative purposes only and is subject to material change based on certain contingencies, including related to the claims reconciliation process. Actual recoveries may widely vary within these ranges, and any changes to any of the assumptions underlying these amounts could result in material adjustments to recovery estimates provided herein and/or the actual distribution received by Creditors. The projected recoveries are based on information available to the Debtors as of the date hereof and reflects the Debtors' views as of the date hereof only. In addition to the cautionary notes contained elsewhere in the Disclosure Statement, it is underscored that the Debtors make no representation as to the accuracy of these recovery estimates. The Debtors expressly disclaim any obligation to update any estimates or assumptions after the date hereof on any basis (including new or different information received and/or errors discovered).

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan[2]	Estimated Allowed Claims[3]
1A-101A	Other Priority Claims	Payment in full in Cash; or other treatment that will render the Claim Unimpaired.	100%	$0 – $0.228 million
1B-101B	Other Secured Claims	Payment in full in Cash; Reinstatement of the legal, equitable and contractual rights of the holder of such Claim; payment of the proceeds of the sale or disposition of the Collateral securing such Claim, in each case, to the extent of the value of the holder's secured interest in such Collateral; return of Collateral securing such Claim; or other treatment that will render the Claim Unimpaired.	100%	$1.1 million – $1.5 million

[2] The ranges of recoveries for Certified Eligible Holders listed herein is based on the Debtors' estimates of such holder's recovery based on certain assumptions, including (x) the number of holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and Allowed General Unsecured Claims that will certify that they are Eligible Holders pursuant to the Rights Offerings Procedures and (y) an assumed value of the Rights ranging from $0 to $50 million. The ranges of recoveries for holders of Allowed Claims receiving Convenience Class Consideration listed herein are based on the Debtors' estimates of such holder's recovery based on certain assumptions, including (x) the number of holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and Allowed General Unsecured Claims that are Eligible Holders and (y) the Debtors' best estimate of the total amount of claims that will ultimately be Allowed. Based on the foregoing, the Debtors have included herein their best estimates of recoveries for holders of Allowed Claims that are receiving Convenience Class Consideration.

[3] Estimated aggregate amount of claims that are projected to be Allowed under the Plan.

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan[2]	Estimated Allowed Claims[3]
1C; 2C-100C	Senior Notes Parent Claims; Senior Notes Guarantee Claims	Subject to Section ~~3.3~~3.2(c) of the Plan, each holder of an Allowed Senior Notes Parent Claim[4] shall be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the Senior Notes Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the Senior Notes Stock Allocation ~~or~~, or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the ~~Convenience~~Senior Notes Class Cash Consideration.	Certified Eligible Holder: 0% to ~~13.42~~11.71% ~~Convenience~~Senior Notes Class Cash Consideration: ~~0.75~~2.60 % to ~~10.62~~10% (best estimate: ~~2.20~~10%)	$25 billion[5]
1D	Convertible Notes Claims	Subject to Section ~~3.3~~3.2(d) of the Plan, each holder of an Allowed Convertible Notes Claim shall be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the GUC Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the GUC Stock Allocation ~~or~~, or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the Convenience Class Consideration.	Certified Eligible Holder: 0% to 1.93% Convenience Class Consideration: ~~0.15~~0.38% to 2.12% (best estimate: ~~0.44~~0.57%)	$200 million

[4] The amount of the distribution on account of Senior Notes Parent Claims has been determined by giving effect to the guarantees by the Subsidiary Debtors of the Senior Notes.

[5] This amount includes the Senior Notes Parent Claims against Patriot Coal in the amount of $250 million and the Senior Notes Guarantee Claims against 99 Subsidiary Debtors in the amount of $24.75 billion.

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan[2]	Estimated Allowed Claims[3]
1E; 2D-101D	General Unsecured Claims	Subject to Section ~~3.3~~3.2(e) of the Plan, each holder of an Allowed General Unsecured Claim shall be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the GUC Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the GUC Stock Allocation ~~or~~, or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the Convenience Class Consideration.	Group 1 Debtor: Certified Eligible Holder: 0% to 1.93% Convenience Class Consideration: ~~0.15~~0.38% to 2.12% (best estimate: ~~0.44~~0.57%) Group 2 Debtor: Certified Eligible Holder: 0% to 3.87% Convenience Class Consideration: ~~0.30~~0.76% to 4.25% (best estimate: ~~0.88~~1.15%) Group 3 Debtor: Certified Eligible Holder: 0% to 5.80% Convenience Class Consideration: ~~0.45~~1.14% to 6.37% (best estimate: ~~1.32~~1.72%)	$312 million – $558 million (includes Classes 1F, 2E-101E – Convenience Class Claims)
1F; 2E-101E	Convenience Class Claims	Subject to Section ~~3.3~~3.2(f) of the Plan, each holder of a Convenience Class Claim shall be entitled to its Ratable Share of the Convenience Class Consideration.	Group 1 Debtor: ~~0.15~~0.38% to 2.12% (best estimate: ~~0.44~~0.57%) Group 2 Debtor: ~~0.30~~0.76% to 4.25% (best estimate: ~~0.88~~1.15%) Group 3 Debtor: 0.45% to 6.37% (best estimate: ~~1.32~~1.72%)	$312 million – $558 million (includes Classes 1E, 2D-101D – General Unsecured Claims)

Class	Designation	Plan Treatment of Allowed Claims	Projected Recovery Under the Plan[2]	Estimated Allowed Claims[3]
1G; 2F-101F	Section 510(b) Claims	No distribution.	0%	$0
1H	Interests in Patriot Coal	No distribution.	0%	N/A

C. Recommendation

After review of their current business operations, their prospects as ongoing business enterprises and the estimated recoveries of Creditors in various liquidation scenarios, the Debtors have concluded that the recovery of holders of Allowed Claims will be maximized by the Debtors' continued operation as a going concern. The Debtors believe that their businesses and assets have significant value that would not be realized in a liquidation scenario, either in whole or in substantial part, and that the value of the Estates is considerably greater as a going concern than if they were liquidated. *See* Article 6 herein, "Statutory Requirements for Confirmation of the Plan."

At this time, the Debtors believe that the Plan provides the best recoveries possible for the Debtors' Creditors and strongly recommend that, if you are entitled to vote, you vote to accept the Plan. The Debtors also believe that any alternative to Confirmation of the Plan, such as liquidation, partial sale of assets or any attempt by another party in interest to file a plan, would result in lower recoveries for stakeholders, as well as significant delays, potential litigation and costs.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR THE HOLDERS OF CLAIMS AGAINST EACH OF THE DEBTORS AND THUS RECOMMEND THAT, TO THE EXTENT APPLICABLE, YOU VOTE TO ACCEPT THE PLAN.

PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Notice to Holders of Claims

This Disclosure Statement is being transmitted to certain Creditors for the purpose of soliciting votes on the Plan and to others for informational purposes. The purpose of this Disclosure Statement is to provide adequate information to enable holders of Claims that are entitled to vote on the Plan to make a reasonably informed decision with respect to the Plan prior to exercising their right to vote to accept or reject the Plan.

By the Approval Order entered on November [•], 2013, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient and adequate detail to enable holders of Claims that are entitled to vote on the Plan to make informed judgments with respect to acceptance or rejection of the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE

EITHER A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

ALL HOLDERS OF CLAIMS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT, ITS APPENDICES AND THE PLAN SUPPLEMENT FILED PRIOR TO THE VOTING DEADLINE CAREFULLY AND IN THEIR ENTIRETY BEFORE, IF APPLICABLE, DECIDING TO VOTE EITHER TO ACCEPT OR TO REJECT THE PLAN. This Disclosure Statement contains important information about the Plan, considerations pertinent to acceptance or rejection of the Plan and developments concerning the Chapter 11 Cases.

THIS DISCLOSURE STATEMENT, THE OTHER MATERIALS INCLUDED IN THE SOLICITATION PACKAGE AND THE PLAN SUPPLEMENT ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. This Disclosure Statement contains projections of future performance as set forth in Appendix C attached hereto. Other events may occur subsequent to the date hereof that may have a material impact on the information contained in this Disclosure Statement. Except as expressly stated, neither the Debtors nor the Reorganized Debtors intend to update the Disclosure Statement, including, without limitation, the Financial Projections. Thus, neither the Disclosure Statement nor the Financial Projections will reflect the impact of any subsequent events, including any not already accounted for in the assumptions underlying the Financial Projections. Further, the Debtors do not anticipate that any updates, amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences. Accordingly, the delivery of this Disclosure Statement does not imply that the information herein is correct or complete as of any time subsequent to the date hereof.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

B. Who Is Entitled to Vote on the Plan?

In general, a holder of a Claim or Interest may vote to accept or reject a plan of reorganization if (i) no party in interest has objected to such Claim or Interest (or the Claim or Interest has been Allowed subsequent to any objection or estimated for voting purposes), (ii) the Claim or Interest is Impaired by the plan and (iii) the holder of such Claim or Interest will receive or retain property under the plan on account of such Claim or Interest.

The holders of Claims in the following Classes are entitled to vote on the Plan:

- Class 1C (Senior Notes Parent Claims)
- Class 1D (Convertible Notes Claims)
- Class 1E (General Unsecured Claims)
- Class 1F (Convenience Class Claims)
- Classes 2C-100C (Senior Notes Guarantee Claims)
- Classes 2D-101D (General Unsecured Claims)
- Classes 2E-101E (Convenience Class Claims)

In general, if a Claim or Interest is Unimpaired under a plan, section 1126(f) of the Bankruptcy Code deems the holder of such Claim or Interest to have accepted the plan and thus the holders of Claims in such Unimpaired Classes are not entitled to vote on the plan. Because the following Classes are Unimpaired under the Plan, the holders of Claims in these Classes are not entitled to vote:

- Class 1A (Other Priority Claims)
- Class 1B (Other Secured Claims)
- Classes 2A-101A (Other Priority Claims)
- Classes 2B-101B (Other Secured Claims)

In general, if the holder of an Impaired Claim or Impaired Interest will not receive any distribution or retain any property under a plan in respect of such Claim or Interest, section 1126(g) of the Bankruptcy Code deems the holder of such Claim or Interest to have rejected the plan, and thus the holders of Claims in such Classes are not entitled to vote on the plan. The holders of Claims and Interests in the following Classes are conclusively presumed to have rejected the Plan and are therefore not entitled to vote:

- Class 1G (Section 510(b) Claims)
- Class 1H (Interests in Patriot Coal)
- Classes 2F-101F (Section 510(b) Claims)
- Classes 2G-101G (Interests in Subsidiary Debtors)

C. General Voting Procedures and the Voting Deadline

On November [•], 2013, the Bankruptcy Court entered the Approval Order, which, among other things, approved this Disclosure Statement, set voting procedures and scheduled the hearing on Confirmation of the Plan. A copy of the Confirmation Hearing Notice is enclosed with this Disclosure Statement. The Confirmation Hearing Notice sets forth in detail, among other things, the voting deadlines and objection deadlines with respect to the

Plan. The Confirmation Hearing Notice and the instructions attached to the Ballot(s) should be read in connection with this Section C.

If you are entitled to vote, after carefully reviewing the Plan, this Disclosure Statement and the detailed instructions accompanying your Ballot(s), please indicate your acceptance or rejection of the Plan by checking the appropriate box on the enclosed Ballot(s). Please complete and sign your original Ballot(s) (copies with non-original signatures will not be accepted) and return it/them in the envelope provided. You must provide all of the information requested by the appropriate Ballot(s). Failure to do so may result in disqualification of your vote on such Ballot(s). Holders of Claims or Interests who fail to vote are not counted as either accepting or rejecting the Plan.

Each Ballot has been coded to reflect the Class of Claims that it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot(s) sent to you with this Disclosure Statement.

The Debtors have retained GCG, Inc. as their Solicitation Agent to assist with the voting process. If you have any questions concerning the procedure for voting your Claim, the packet of materials that you have received or the amount of your Claim, or if you wish to obtain (at no charge) a printed copy of the Plan, this Disclosure Statement or any appendices or exhibits to such documents, please contact GCG, Inc. at (877) 600-6531 or, for international callers, (336) 542-5677. Such materials will also be available, free of charge, on the Debtors' Case Information website (located at http://www.PatriotCaseInfo.com).

IN THE CASE OF ALL VOTERS OTHER THAN BENEFICIAL HOLDERS, IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND ACTUALLY RECEIVED NO LATER THAN DECEMBER [10], 2013 AT [4:00 P.M.] (PREVAILING CENTRAL TIME) (THE "**VOTING DEADLINE**") BY THE SOLICITATION AGENT, AS FOLLOWS:

If by U.S. mail:

Patriot Coal Corporation, *et al.*
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798

If by courier / hand delivery:

Patriot Coal Corporation, *et al.*
c/o GCG, Inc.
5151 Blazer Parkway, Suite A
Dublin, Ohio 43017

BALLOTS RECEIVED AFTER THE VOTING DEADLINE MAY NOT BE COUNTED. BALLOTS SHOULD NOT BE DELIVERED DIRECTLY TO THE DEBTORS, THE BANKRUPTCY COURT, THE CREDITORS' COMMITTEE, COUNSEL TO THE DEBTORS OR THE CREDITORS' COMMITTEE OR ANYONE OTHER THAN GCG, INC.

IN THE CASE OF BENEFICIAL HOLDERS, IF YOU RECEIVED A RETURN ENVELOPE ADDRESSED TO YOUR NOMINEE, PLEASE RETURN YOUR

BENEFICIAL BALLOT TO YOUR NOMINEE SO THAT IT WILL BE RECEIVED BY THE NOMINEE IN SUFFICIENT TIME SO AS TO ENABLE THE NOMINEE TO PROCESS THE BENEFICIAL BALLOT, INCORPORATE THE RESULTS IN A MASTER BALLOT AND RETURN SAME TO GCG, INC. BY THE VOTING DEADLINE.

D. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3017(c), the Bankruptcy Court has scheduled the Confirmation Hearing for December [17], 2013, at [9:00] a.m. (prevailing Central Time) before the Honorable Chief Judge Kathy Surratt-States, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Eastern District of Missouri, 111 S. 10th Street, Courtroom 7 North, St. Louis, Missouri 63102. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court (i) prior to the Confirmation Hearing by posting notice of same on the docket for the Chapter 11 Cases and (ii) at the Confirmation Hearing without further notice except for a notice filed on the Bankruptcy Court's docket and/or an announcement of the adjournment date made at the Confirmation Hearing or at any subsequently adjourned Confirmation Hearing.

The Bankruptcy Court has directed that objections to Confirmation and proposed modifications to the Plan, if any, must (i) be in writing, (ii) conform to the Bankruptcy Rules, (iii) state the name and address of the objecting party and the amount and nature of the Claim or Interest of such party, (iv) state with particularity the basis and nature of any objection to the Plan and (v) be filed, together with proof of service, with the Bankruptcy Court in accordance with the Case Management Order and served so as to be actually RECEIVED on or before [4:00] p.m. (prevailing Central Time) on December [10], 2013 by:

1. the United States Bankruptcy Court for the Eastern District of Missouri, 111 S. 10th Street, Courtroom 7 North, St. Louis, Missouri 63102, Attn: The Honorable Chief Judge Kathy Surratt-States;

2. the Debtors, Patriot Coal Corporation, 12312 Olive Boulevard, Suite 400, St. Louis, Missouri 63141, Attn: Joseph W. Bean and Jacquelyn A. Jones;

3. counsel to the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Brian M. Resnick;

4. conflicts counsel to the Debtors, Curtis, Mallet-Prevost, Colt & Mosle LLP, 101 Park Avenue, New York, New York 10178, Attn: Steven J. Reisman and Michael A. Cohen;

5. local counsel to the Debtors, Bryan Cave LLP, One Metropolitan Square, 211 N. Broadway, Suite 3600, St. Louis, Missouri 63102, Attn: Lloyd A. Palans and Brian C. Walsh;

6. the Office of the United States Trustee, 111 S. 10th Street, Suite 6.353, St. Louis, Missouri 63102, Attn: Leonora S. Long and Paul A. Randolph;

7. counsel to the Creditors' Committee, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Thomas Moers Mayer, Adam C. Rogoff, P. Bradley O'Neil and Gregory G. Plotko;

8. local counsel to the Creditors' Committee, Carmody MacDonald P.C., 120 South Central Avenue, St. Louis, Missouri 63105-1705, Attn: Gregory D. Willard and Angela L. Schisler;

9. counsel to the First Out DIP Agent, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Marcia Goldstein and Joseph Smolinsky;

10. counsel to the Second Out DIP Agent, Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, Attn: Margot B. Schonholtz and Ana Alfonso; and

11. counsel to the Backstop Parties, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Stephen E. Hessler.

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ARTICLE 1
INTRODUCTION

Patriot Coal Corporation ("**Patriot Coal**"), a Delaware corporation, and its subsidiaries that are debtors and debtors in possession (collectively, the "**Debtors**" and, together with their non-debtor subsidiaries, "**Patriot**" or the "**Company**"), submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code for use in the solicitation of votes on the Plan, which is attached as Appendix A hereto.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition history, significant events that have occurred during the Debtors' jointly administered cases under chapter 11 of the Bankruptcy Code (the "**Chapter 11 Cases**") and the reorganization and anticipated post-reorganization operations and financing of the Reorganized Debtors. This Disclosure Statement also describes the terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of Confirmation of the Plan, certain risk factors associated with the securities to be issued under the Plan and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the Confirmation process and the voting procedures that holders of Claims eligible to vote must follow for their votes to be counted.

FOR A SUMMARY OF THE PLAN, PLEASE SEE ARTICLE 5 HEREOF. FOR A DISCUSSION OF CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING, PLEASE SEE ARTICLE 9 HEREOF.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATED TO THE PLAN, CERTAIN EVENTS IN THE CHAPTER 11 CASES AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT SUCH SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION, NOR WILL IT BE UPDATED TO REFLECT ANY SUBSEQUENT EVENTS.

ARTICLE 2
DESCRIPTION AND HISTORY OF BUSINESS

Section 2.1 Introduction

Patriot is a producer and marketer of coal in the United States, with operations and coal reserves in the Appalachia (Northern and Central) and Illinois Basin coal regions. Patriot's principal business is the mining, preparation and sale of metallurgical coal and thermal coal. Patriot supplies different qualities of coal to a diverse base of domestic and international customers. Metallurgical coal products are sold primarily to steel mills and independent coke producers, where they are blended with other coals in a chemical process that produces coke for the manufacture of steel. Various thermal coal products are sold primarily to electricity generators with the appropriate boiler, emission control and transportation equipment to produce either electricity or steam, or both.

Prior to October 31, 2007, Patriot Coal and a number of its subsidiaries were wholly owned subsidiaries of Peabody Energy Corporation ("**Peabody**"). Effective October 31, 2007, Patriot Coal was spun off from Peabody through a dividend of all outstanding shares of Patriot Coal (the "**Spin-Off**"). As a result of the Spin-Off, Patriot Coal became a separate, public company, listed on the New York Stock Exchange.

On July 23, 2008, Patriot Coal acquired Magnum Coal Company LLC ("**Magnum**") from affiliates of ArcLight Capital Partners, LLC. At the time of its acquisition by Patriot Coal, Magnum (which had on its balance sheet substantial assets and liabilities previously acquired from Arch Coal, Inc. ("**Arch**")) was one of the largest coal producers in Appalachia, controlling more than 600 million tons of proven and probable coal reserves.

a. Operations Overview

The Debtors conduct mining operations at eleven active mining complexes consisting of seventeen surface and underground mines in the Appalachia and Illinois Basin coal regions. The Debtors' operations include company-operated mines, one contractor-operated mine and coal preparation facilities. Through these active and certain idled operations, as well as positions in undeveloped coal reserves, the Debtors control approximately 1.8 billion tons of proven and probable coal reserves. The Debtors' mining methods are diverse and include surface, underground continuous mining and underground longwall production.

The Debtors ship coal to domestic and international electricity generators, industrial users, steel mills and independent coke producers, as well as to brokers that ultimately sell the coal to these same types of customers. Coal is shipped via various company-owned and third-party loading facilities, multiple rail and river transportation routes and ocean-going vessels. In 2012, the Debtors sold a total of 24.9 million tons of coal, selling 75% of this coal to domestic and global electricity generators and industrial customers and the remaining 25% to domestic and global steel and coke producers. In 2012, 45% of the total sales volume was

composed of export sales. In the first six months of 2013, the Debtors sold 11.2 million tons of coal, with 51% of total volume in export sales.

Approximately 65% of the Debtors' 2012 coal sales were under long-term (terms longer than one year) coal supply agreements that specify the coal sources, quality and technical specifications, shipping arrangements, pricing, force majeure and other provisions unique to agreements reached with each purchaser. Many of these agreements contain provisions that may result in price adjustments, including price re-opener provisions that allow either party to commence price renegotiation at various periods and provisions that adjust the base price for the cost impact at the source mine of certain events such as changes in laws and regulations governing the production of coal. Coal products sold outside of these term agreements are subject to current market pricing that can be significantly more volatile than the pricing structure negotiated through term supply agreements.

Section 2.2 Management and Employee Matters

a. Management

The Debtors' current management team is composed of highly capable professionals with substantial industry experience. Information regarding Patriot Coal's executive officers is as follows:

Name	Position
Bennett K. Hatfield	President, Chief Executive Officer & Director
Michael D. Day	Executive Vice President - Operations
John E. Lushefski	Senior Vice President & Chief Financial Officer
Charles A. Ebetino, Jr.	Senior Vice President - Global Strategy & Corporate Development
Robert W. Bennett	Senior Vice President & Chief Marketing Officer
Joseph W. Bean	Senior Vice President - Law & Administration & General Counsel

Bennett K. Hatfield. Bennett K. Hatfield, age 56, serves as President, Chief Executive Officer and as a Director. Mr. Hatfield was named President in May 2012 and Chief Executive Officer and Director in October 2012. He previously served as Patriot Coal's Chief Operating Officer since he joined Patriot Coal in September 2011. Mr. Hatfield has held a number of executive operating and commercial positions during a 30-plus-year career in the coal industry. Prior to joining Patriot Coal, Mr. Hatfield served as President, Chief Executive Officer and Director of International Coal Group, Inc., from March 2005 until the company was sold in June 2011. Mr. Hatfield previously served as President, Eastern Operations of Arch, from March 2003 until March 2005, and Executive Vice President and Chief Commercial Officer of Coastal Coal Company from December 2001 through February 2003. Mr. Hatfield joined Massey Energy Company in 1979, where he served in a number of management roles, most recently as Executive Vice President and Chief Operating Officer from June 1998 through December 2001. Mr. Hatfield is a board member of the West Virginia Coal Association and the National Mining Association (the "**NMA**"). Mr. Hatfield is a Licensed Professional Engineer with a Bachelor of Science degree in Mining Engineering from Virginia Polytechnic Institute and State University.

Michael D. Day. Michael D. Day, age 43, serves as Executive Vice President – Operations. He was appointed to this position effective February 1, 2013. Mr. Day most recently served as Patriot Coal's Senior Vice President – Engineering and W.V. Central Region & Kentucky Operations from August 2011 through January 2013. Mr. Day joined Patriot Coal in August 2008 and held the positions of Vice President – Operations from August 2009 through August 2011 and Vice President – Surface Operations from August 2008 through August 2009. Prior to joining Patriot Coal, Mr. Day served in a variety of management positions from 1992 through 2008 at Magnum, Arch and James River Coal Company. Mr. Day is an executive board member of the Kentucky Coal Association and the University of Kentucky Mining Engineering Foundation. Mr. Day holds a Bachelor of Science degree in Mining Engineering from the University of Kentucky and is a Registered Professional Engineer.

John E. Lushefski. John E. Lushefski, age 57, serves as Senior Vice President and Chief Financial Officer. He previously served on Patriot Coal's Board of Directors from October 2007 until September 2012, at which time he resigned from the Board of Directors and was named to his current position. From 2005 until September 2012, Mr. Lushefski was a senior consultant providing strategic, business development and financial advice to public and private companies. He has substantial coal industry experience and a global background in treasury, tax, accounting, strategic planning, information technology, human resources, investor relations and business development. From 1996 until December 2004, he served as Chief Financial Officer of Millennium Chemicals Inc., a NYSE-listed international chemicals manufacturer that was spun off from Hanson PLC. He also served as Senior Vice President and Chief Financial Officer of Hanson Industries Inc. from 1995 to 1996, and as Vice President and Chief Financial Officer of Peabody Holding Company, Inc. from 1991 to 1995. Prior to joining Hanson in 1985, he was an Audit Manager with Price Waterhouse LLP. Mr. Lushefski is a certified public accountant and holds a Bachelor of Science degree in Business Management and Accounting from Pennsylvania State University.

Charles A. Ebetino, Jr. Charles A. Ebetino, Jr., age 60, serves as Senior Vice President – Global Strategy and Corporate Development. From August 2010 through September 2011, Mr. Ebetino served as Senior Vice President and Chief Operating Officer. From the time of the Spin-Off through August 2010, Mr. Ebetino served as Senior Vice President – Corporate Development for Patriot Coal. Prior to the Spin-Off, Mr. Ebetino was Senior Vice President – Business and Resource Development for Peabody since May 2006. Mr. Ebetino also served as Senior Vice President – Market Development for Peabody's sales and marketing subsidiary from 2003 to 2006 and was directly responsible for COALTRADE, LLC. He joined Peabody in 2003 after more than 25 years with American Electric Power Company, Inc. ("**AEP**") where he served in a number of management roles in the fuel procurement and supply group, including Senior Vice President of Fuel Supply and President and Chief Operating Officer of AEP's coal mining and coal-related subsidiaries from 1993 until 2002. Mr. Ebetino is a past board member of NMA, former Chairman of the NMA Environmental Committee, a former Chairman and Vice Chairman of the Edison Electric Institute's Power Generation Subject Area Committee, a former Vice Chairman of the Inland Waterway Users Board and a past board member and President of the Western Coal Transportation Association. Mr. Ebetino has a Bachelor of Science degree in Civil Engineering from Rensselaer Polytechnic Institute. He also attended the New York University School of Business for graduate study in finance.

Robert W. Bennett. Robert W. Bennett, age 50, serves as Senior Vice President and Chief Marketing Officer. Mr. Bennett has over 24 years of experience in the coal sales, marketing and trading arena. From the time of the Magnum acquisition through March 2009, Mr. Bennett served as Patriot Coal's Senior Vice President of Sales and Trading and was responsible for Patriot Coal's thermal coal sales. Prior to the Magnum acquisition, Mr. Bennett served as Senior Vice President – Sales and Trading of Magnum and President of Magnum Coal Sales, LLC, positions he held from 2006 to 2008. During 2005 and 2006, Mr. Bennett served as Vice President – Appalachia Sales for Peabody's sales and marketing subsidiary, COALSALES, LLC. Mr. Bennett served as Vice President – Brokerage and Agency Sales for Peabody's coal trading subsidiary, COALTRADE, LLC from 1997 to 2005, where he was responsible for all coal brokerage and agency relationships in the eastern United States ("**U.S.**"). Prior to 1997, Mr. Bennett held various leadership positions with AGIP Coal Sales and Neweagle Corporation. Mr. Bennett holds a Bachelor of Arts degree in Finance from Marshall University.

Joseph W. Bean. Joseph W. Bean, age 51, serves as Senior Vice President – Law & Administration and General Counsel. From the time of the Spin-Off until February 2009, Mr. Bean served as Senior Vice President, General Counsel and Corporate Secretary for Patriot Coal. Prior to the Spin-Off, Mr. Bean served as Peabody's Vice President and Associate General Counsel and Assistant Secretary from 2005 to 2007 and as Senior Counsel from 2001 to 2005. During his tenure at Peabody, he directed the company's legal and compliance activities related to mergers and acquisitions, corporate governance, corporate finance and securities matters. Mr. Bean has more than 25 years of corporate law experience, including over 20 years as in-house legal counsel. He was counsel and assistant corporate secretary for The Quaker Oats Company prior to its acquisition by PepsiCo in 2001 and assistant general counsel for Pet Incorporated prior to its 1995 acquisition by Pillsbury. He also served as a corporate law associate with the law firms of Mayer, Brown & Platt in Chicago and Thompson & Mitchell in St. Louis. Mr. Bean holds a Bachelor of Arts degree from the University of Illinois and a Juris Doctorate from Northwestern University School of Law.

b. Employees

Collectively, the Debtors employ approximately 4,000 people in active status,[6] working in both full- and part-time positions. These employees include miners, engineers, truck drivers, mechanics, electricians, administrative support staff, managers, directors and executives. As of September 30, 2013, approximately 42% of these employees are unionized and represented by the United Mine Workers of America (the "**UMWA**").

[6] In addition, the Debtors are currently providing benefits to approximately 220 current and former employees who are not actively working as a result of workers' compensation, lay-off, short- or long-term disability, military leave or some other form of personal leave. While such employees are not receiving wages, some receive other benefits, including, but not limited to, disability payments from health and welfare benefit plans, workers' compensation benefits from state-mandated programs, severance benefits, continuation of medical benefits and/or certain life insurance benefits, depending on the type of leave and/or years of service.

Section 2.3 Prepetition Capital Structure

a. Patriot Coal Stock

As of July 9, 2012 (the "**Petition Date**"), Patriot Coal had 300 million authorized shares of common stock, $0.01 par value, of which 92,378,514 shares were outstanding as of June 30, 2013, with approximately 800 registered shareholders of record. Patriot Coal was also authorized to issue 10,000,000 shares of preferred stock, $0.01 par value, which included 1,000,000 shares of Series A Junior Participating Preferred Stock. No preferred stock was issued from either of these classes of stock.

b. Options and Other Securities with Values Keyed to Common Stock

As of the Petition Date, Patriot Coal had 1,564,715 outstanding non-qualified stock options. There were also 571,999 time-based restricted stock units and 534,865 performance-based restricted stock units issued and outstanding with certain Patriot Coal executives and 152,684 deferred stock units issued and outstanding with certain directors of Patriot Coal.

c. Prepetition Debt

Patriot Coal, as borrower, and substantially all of the other Debtors, as guarantors, were parties to that certain $427.5 million Amended and Restated Credit Agreement, dated as of May 5, 2010 (the "**Prepetition Credit Agreement**") by and among such Debtors, Bank of America, N.A., as administrative agent, and the lenders party thereto. The Prepetition Credit Agreement provided for the issuance of letters of credit and direct borrowings. As of the Petition Date, $300.8 million in letters of credit and $25 million in direct borrowings were outstanding under the Prepetition Credit Agreement.

Obligations arising under the Prepetition Credit Agreement were guaranteed by substantially all of the Subsidiary Debtors and were secured by first priority liens on substantially all of the Debtors' assets, including, but not limited to, certain of the Debtors' mines, a substantial portion of the Debtors' coal reserves and related equipment and fixtures, and a second priority lien on account receivables.

Patriot Coal was also party to a $125 million accounts receivable securitization program, which provided for the issuance of letters of credit and direct borrowings. As of the Petition Date, $51.8 million in letters of credit were issued and outstanding under this securitization facility. No cash borrowings were outstanding.

Patriot Coal issued two series of unsecured notes: (a) $250 million in 8.25% Senior Notes due 2018, which are guaranteed by substantially all of the Subsidiary Debtors and (b) $200 million in 3.25% Convertible Notes due 2013.

In 2005, a subsidiary of Patriot Coal issued unsecured promissory notes in conjunction with an exchange transaction involving the acquisition of Illinois Basin coal reserves. The promissory notes and related interest are payable in annual installments of $1.7 million and

mature in January 2017. As of the Petition Date, approximately $7 million was outstanding under the promissory notes.

ARTICLE 3
EVENTS LEADING UP TO THE CHAPTER 11 CASES

Section 3.1 Industry Background

In recent years, the demand for coal has decreased, in large part because alternative sources of energy have become increasingly attractive to electricity generators in light of declining natural gas prices and more burdensome environmental and other governmental regulations on the production and utilization of coal. As the domestic electricity markets have increasingly turned to natural gas and with the softening of the global steel markets, there has been reduced demand for both thermal and metallurgical coal.

Over the last several years, coal's share of the U.S. energy market and prices for thermal coal have both markedly declined. Coal's share of total electricity generation, for example, declined from 45% in the first quarter of 2011 to 36% in the first quarter of 2012. Vast resources of natural gas have been unlocked through the discovery of shale deposits and technological advancements in drilling, causing the price of natural gas in the United States to fall. In 2012, the price of natural gas fell to a ten-year low. Moreover, the mild winter in 2012 resulted in lower coal burn for electricity generation. Heating degree days were 21% below normal in the first quarter of 2012. These factors, in turn, caused coal inventories at U.S. electricity producers to expand to over 200 million tons at the end of March 2012. Rail car loadings for the first quarter of 2012 were consequently down 10% year-over-year, with the lowest loadings since the beginning of 1994. As a result, the coal industry as a whole has been forced to reduce production, idle mines and lay off workers.

Metallurgical coal (which varies from thermal coal based primarily on its chemical composition) is suitable for carbonization to make coke for use in manufacturing steel. The demand for metallurgical coal is dependent on the strength of the global economy, and in particular, on steel production in countries such as China and India, as well as Europe, Brazil and the United States. In response to the global economic downturn and distressed international financial markets, the demand and price for metallurgical coal have declined.

Section 3.2 Events Leading Up to the Chapter 11 Cases

a. Declining Demand for Coal

Because the Debtors sell substantial quantities of coal products to domestic and international electricity generators and steel producers, the Debtors' business and results of operations are linked closely to global demand for coal-fueled electricity and steel production. Declining demand for coal-fueled electricity and a decrease in steel production have had a material impact on the Debtors' businesses. During the first half of 2012, Patriot was approached by certain customers seeking to cancel or delay shipments of coal contracted for

delivery under their coal supply agreements. In addition, two Patriot customers, Bridgehouse Commodities Trading Limited ("**Bridgehouse**") and Keystone Industries LLC ("**Keystone**"), defaulted on their contractual obligations to purchase hundreds of thousands of tons of coal from Patriot. On April 3, 2012 and June 1, 2012, Patriot filed actions for damages against Bridgehouse and Keystone, respectively, resulting from these breaches of contract.

In light of the decreased demand for both thermal and metallurgical coal, it became uneconomical to operate certain of the Debtors' mining complexes, and the Debtors took steps to reduce coal production to match expected sales volumes. In January 2012, the Debtors announced the idling of four metallurgical coal mines and production curtailment at one additional metallurgical coal mine. In February and April 2012, the Debtors announced the closure of additional mines due to reduced thermal coal demand. With the idling of operations during 2012, approximately 1,000 employee and contractor positions were eliminated. From the beginning of 2012 to the Petition Date, the Debtors decreased their annual thermal coal production by just under five million tons compared to 2011.

b. United States Federal and State-Level Governmental Regulations and Costs of Compliance

The regulatory environment in which the Debtors operate, with respect to both the production and utilization of coal, also contributed to the Debtors' financial situation. Specifically, the regulation of electricity generators made it increasingly difficult for companies to use coal as an energy source. At the same time, the Debtors faced dramatically increasing costs to comply with environmental laws and other governmental regulations. The Debtors also suffered from unsustainable labor-related legacy liabilities.

1. *Regulation of Power Plants*

As the regulation of greenhouse gases and other air emissions imposed on power plants became more rigorous, electricity generators faced increasing difficulties in obtaining permits to build and operate coal-fueled power plants and higher costs to comply with the permits received at such facilities. Over the past several years, the United States Environmental Protection Agency (the "**EPA**") has promulgated rules that curtail air emissions of various pollutants from coal-fired power plants. The effect of these rules is to require the installation of costly compliance equipment by both existing and future power plants that utilize coal. In addition, the EPA has proposed performance standards for certain new power plants that would significantly restrict the permissible emissions of carbon dioxide, a by-product of burning coal, and in doing so, severely limit the future development of coal-fueled electricity generated assets.

In addition, electricity generators have recently been incentivized to use alternative energy sources. Many states have implemented renewable portfolio standards, which generally mandate that a specified percentage of electricity sales in the state be attributable to renewable energy sources. Congress has considered imposing a similar federal mandate. Governmental agencies have also been providing grants and other financial incentives to entities that are

developing or selling alternative energy sources with lower greenhouse gas emissions. The combination of these incentives and the cost of complying with regulations has caused electricity generators to close existing coal-fueled facilities, reduce construction of new facilities or change the type of fuel used at existing power plants from coal to alternative fuels like natural gas.

2. *Regulation of Coal Mining*

Federal and state regulatory authorities impose obligations on the coal mining industry in a wide array of areas, including, but not limited to, employee health and safety, permitting and licensing requirements, environmental protection, the reclamation and restoration of mining properties after mining has been completed, surface subsidence from underground mining and the effect of mining on surface and ground water quality and availability.

Over the past several years, the Debtors have incurred hundreds of millions of dollars of costs to comply with new regulations, new interpretations of existing laws and regulations, and court orders resulting from citizen lawsuits brought by non-governmental organizations. These compliance costs added additional stress to the Debtors' financial condition.

Regulatory agencies and non-governmental organizations have been increasingly focused on the effects of surface mining on the environment, particularly as it relates to water quality, which has resulted in more rigorous permitting requirements and enforcement efforts. Among other things, the Debtors were ordered to install water treatment facilities at two of their mining complexes, with estimated construction and installation costs of approximately $80 million in the aggregate, and agreed to settle a lawsuit brought by non-governmental organizations under which the Debtors will install additional water treatment systems during the next five years. Further, in July 2011, the EPA issued guidance under the Clean Water Act with respect to "conductivity levels" (which reflect levels of salt, sulfides and other chemical constituents present in the water). Though the conductivity guidance was struck down by the United States District Court for the District of Columbia, the EPA has appealed to reinstate the guidance. Further, more generally, the focus on conductivity and related constituents, including the permitting agencies' attempts to respond to the EPA's guidance, resulted in additional difficulty in obtaining necessary permits and the imposition of more stringent requirements in the permits that were issued, which further increased the burden on the Debtors.

c. Labor Contracts and Legacy Labor Liabilities

As of the Petition Date, the Debtors had substantial and unsustainable legacy costs, primarily in the form of healthcare benefits and pension obligations. Among other things, as a result of the Spin-Off and the acquisition of Magnum, the Debtors became responsible for certain liabilities relating to former employees and retirees of certain Peabody subsidiaries (that are now Patriot subsidiaries), Magnum and Arch, who had retired prior to the formation of Patriot. As of March 14, 2013, certain of the Debtors employed 1,650 UMWA-represented employees and provided retiree benefits to five times as many UMWA-represented retirees and

dependents. Especially in an era of declining demand and price for coal, there was a mismatch between the cost of the Debtors' legacy obligations and their ongoing ability to generate revenue.

Certain of the Debtors were signatories to collective bargaining agreements with the UMWA that mirror the terms of the National Bituminous Coal Wage Agreement of 2011 (the "**NBCWA**" or "**2011 NBCWA**"). Since 1950, the NBCWA has been negotiated by the UMWA and the Bituminous Coal Operators' Association (the "**BCOA**"). Although the Debtors' unionized subsidiaries were not members of the BCOA, the UMWA has historically demanded that all unionized coal companies sign a "Me-Too" agreement that binds these companies to the terms of the existing NBCWA. Two of the Debtors were also signatories to collective bargaining agreements with the UMWA that differ in important respects from the 2011 NBCWA. Through these signatory companies, the Debtors became one of the largest employers of UMWA miners in the United States. As of the Petition Date, while less than 11.4% of miners employed in the U.S. coal industry were represented by the UMWA, more than 42% of the Debtors' employees were represented by the UMWA.

The NBCWA in force as of the Petition Date contained many provisions that restricted the ability of signatory employers to deploy labor and operate their mines in a flexible and cost-effective manner, which put signatory companies, such as certain of the Debtors, at a cost disadvantage as compared to their non-union competitors. Over the years, a costly package of pension, healthcare and other benefits for active and retired miners evolved under successive NBCWAs, including funding benefits for thousands of retired mineworkers whose employers are no longer in business. There is, for example, one working miner for every ten pensioners who receive benefits from the 1974 Pension Plan (as defined below). As of the Petition Date, the Debtors contributed approximately $12,500 per year to the 1974 Pension Plan for each of their active unionized employees. The 2011 NBCWA also required employers to sponsor a healthcare plan that effectively provides 100% first dollar coverage for active and retired employees. In 2011, the Debtors paid $48,185 per active represented employee to provide these healthcare benefits. As of the Petition Date, these liabilities were estimated to exceed $1.3 billion in the aggregate.

Pursuant to the NBCWA and a similar UMWA collective bargaining agreement, certain of the Debtors were required to make significant pension contributions to a multi-employer pension fund under the UMWA 1974 Pension Plan and Trust (the "**1974 Pension Plan**"). In 2007, the contribution rate to the 1974 Pension Plan was $2.00 per hour worked by each active represented employee. As of the Petition Date, it was $5.50 per hour. On May 25, 2012, the UMWA and the BCOA sent a notice to all employers advising that under the Pension Protection Act, contributions to the 1974 Pension Plan would increase to a minimum of $12.50 in 2017, and to a minimum of $21.50 by 2020. In 2012, the Debtors' contribution to the 1974 Pension Plan was approximately $21 million. In addition, the NBCWA also required the Debtors to contribute $1.50 per hour worked to the 2012 Retiree Bonus Account Trust. The Debtors were also required under the 2011 NBCWA to contribute $1.10 per hour

worked to the UMWA 1993 Benefit Plan through 2016, which provides health benefits to UMWA retirees whose last employer is no longer in business.

The Debtors are further obligated by statute to provide benefits to certain retirees who retired before October 1, 1994 under the Coal Industry Retiree Health Benefit Act of 1992, 26 U.S.C. § 9701 *et seq.* (the "**Coal Act**"). The Debtors comply with their Coal Act obligations through the payment of monthly premiums to two statutory trusts (the UMWA Combined Benefit Fund and the UMWA 1992 Benefit Plan) and administration of an individual employer health plan. The Debtors' Coal Act liabilities relate to approximately 2,300 beneficiaries. In 2012, the Debtors paid approximately $14 million with respect to these beneficiaries and, as of December 31, 2012, the Debtors estimate the present value of their Coal Act liabilities to be approximately $134.7 million.

In connection with the Spin-Off, a subsidiary of Peabody assumed and agreed to pay certain of Patriot's pre-Spin-Off obligations associated with the Coal Act, the NBCWA and certain salaried employee retiree healthcare benefits. As of December 31, 2012, these liabilities had a present value of $637.6 million. Even though a Peabody subsidiary is obligated to pay for these obligations, Patriot has historically administered these benefits. The Debtors are required to post approximately $52 million in letters of credit to secure these and similar obligations, with the cost of $42 million of these letters of credit relating to Coal Act liabilities being reimbursed by Peabody. The United States Bankruptcy Appellate Panel for the Eighth Circuit recently issued a ruling reversing the Bankruptcy Court's ruling that the 1113/1114 Decision affected the Peabody subsidiary's obligations with respect to certain of these retiree healthcare benefits associated with the NBCWA. On September 13, 2013, Peabody appealed this decision to the United States Court of Appeals for the Eighth Circuit. As discussed below, the Peabody Settlement, once effective, would resolve this pending litigation.

The Debtors are also subject to the Federal Coal Mine Health and Safety Act of 1969 (the "**Black Lung Act**") and other workers' compensation laws in the states in which they operate. Under the Black Lung Act, the Debtors are required to provide benefits to their current and former coal miners (and certain of their qualified dependents) suffering from coal workers' pneumoconiosis, an occupational disease often referred to as black lung disease. In 2011, the Debtors obtained from the United States Department of Labor the right to self-insure their Black Lung Act liabilities and, as a result, were required to post collateral to secure these obligations. In the first quarter of 2011, the Debtors provided the Department of Labor with $15 million in treasury bills as collateral. The Debtors estimate that, as of December 31, 2012, their Black Lung Act liabilities totaled approximately $204.6 million. Separately, the Debtors have posted approximately $132.6 million in letters of credit and/or bonds to secure their liabilities with respect to state traumatic and workers' compensation. The Debtors estimate that, as of December 31, 2012, other workers' compensation liabilities totaled approximately $74.5 million.

Section 3.3 Prepetition Restructuring Initiatives

a. Management Initiatives

The Company took various actions in response to the challenges described above. During the first six months of 2012, the Company reduced its thermal coal production by just under five million tons, delayed expansion of its program to increase the production of higher-margin metallurgical coal, decreased capital spending by $144 million for the full year 2012 and by over $620 million during the course of the Debtors' five-year plan covering 2013-2016, implemented major cost reduction initiatives and worked with its customers to better meet their changing requirements. Commencing in 2012, Patriot also reduced its workforce by about 1,000 employees and contractors, and lowered its cost of production by assuming full operation of several mines and facilities formerly operated by contractors.

b. Out of Court Financing

Prior to the Petition Date, the Debtors, with the assistance of Blackstone Advisory Partners L.P. ("**Blackstone**"), also explored various options to refinance their existing secured indebtedness and obtain incremental liquidity. As it became clear that the Debtors would likely need to restructure in chapter 11, the Debtors and Blackstone initiated a search for debtor in possession financing ("**DIP Financing**"). The Debtors and Blackstone approached a number of parties to arrange potential DIP Financing, including Bank of America, Citibank, N.A., and Barclays Bank PLC. Ultimately, the Debtors secured commitments for DIP Financing as arranged by these three parties, all as further described below.

ARTICLE 4
THE CHAPTER 11 CASES AND CERTAIN SIGNIFICANT EVENTS AND INITIATIVES

On July 9, 2012, each of the Debtors (other than Brody Mining, LLC and Patriot Ventures LLC) (collectively, the "**Initial Debtors**") commenced with the United States Bankruptcy Court for the Southern District of New York (the "**SDNY Bankruptcy Court**") a voluntary case under chapter 11 of the Bankruptcy Code. On December 19, 2012, the SDNY Bankruptcy Court entered an order transferring the Chapter 11 Cases to the United States Bankruptcy Court for the Eastern District of Missouri (the "**Bankruptcy Court**") [ECF No. 1789]. On September 23, 2013 (the "**Second Petition Date**"), Brody Mining, LLC and Patriot Ventures LLC (collectively, the "**Additional Debtors**") each commenced with the Bankruptcy Court a voluntary case under chapter 11 of the Bankruptcy Code, and on September 27, 2013, the Bankruptcy Court ordered consolidation of the Initial Debtors' cases and the Additional Debtors' cases for procedural purposes only. The Initial Debtors and the Additional Debtors have continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code since the Petition Date and the Second Petition Date, respectively. The following is a general summary of the Chapter 11 Cases including, without limitation, a discussion of the Debtors' restructuring and business initiatives since the Petition Date.

Section 4.1 Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor can reorganize its business for the benefit of itself, its creditors and its interest holders. Chapter 11 also promotes equality of treatment for similarly situated creditors and similarly situated interest holders.

The commencement of a chapter 11 case creates an estate that is composed of all of the legal and equitable interests of the debtor as of that date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Section 4.2 Certain Significant Events and Initiatives During the Chapter 11 Cases

a. DIP Facilities

On the Petition Date, the Debtors sought Bankruptcy Court authorization to, among other things: (i) consummate the proposed DIP Financing, enter into the $802 million DIP Facilities, and pay all fees related thereto; (ii) grant security interests, liens, superpriority claims (including a superpriority administrative claim) to the DIP Lenders to secure all obligations owed thereunder in accordance with the provisions of the DIP Order and related Security Agreement (as defined in the DIP Order); (iii) provide adequate protection to the Prepetition Credit Agreement Lenders; and (iv) utilize cash collateral.

The $802 million DIP Facilities are composed of two credit facilities: (x) a new money First Out DIP Facility, consisting of a $125 million asset-based revolving credit loan and a $375 million term loan, with Citibank, N.A. acting as First Out DIP Agent; and (y) a roll up of $302 million of outstanding letter of credit obligations under the Prepetition Credit Agreement, with Bank of America, N.A. acting as Second Out DIP Agent.

The Bankruptcy Court approved the DIP Motion, on an interim basis, on July 11, 2012 and, on a final basis, on August 3, 2012. The proceeds of the First Out DIP Facility were utilized to, among other things, provide liquidity and working capital to the Debtors during the transition of their business to chapter 11 and pay down the $25 million outstanding as of the Petition Date as direct borrowings under the Prepetition Credit Agreement.

On August 7, 2013, the Debtors entered into an amendment to the First Out DIP Facility (the "**DIP Amendment**"), which became effective on August 21, 2013 upon entry of the order by the Bankruptcy Court approving the same. The DIP Amendment had the effect of lowering the minimum consolidated EBIDTA financial covenant thresholds for periods following June 30, 2013, allowing liens on ordinary course insurance pledges and deposits, and obligating the Debtors to obtain a commitment to finance a plan of reorganization by no later than October 31, 2013. Pursuant to the terms of the Security Agreement, certain of the terms of the DIP Amendment were incorporated by reference into the Second Out DIP Facility. On October 29, 2013, the Debtors entered into another amendment to the First Out DIP Facility, which had the effect of removing from the First Out DIP Facility the Debtors' obligation to obtain a commitment to finance a plan of reorganization by October 31, 2013.

The DIP Facilities were set to mature on October 4, 2013. However, by filing the Initial Plan and satisfying certain other applicable conditions, on September 11, 2013, the Debtors secured an extension of the maturity date through December 31, 2013, which enables them, subject to their continued compliance with the provisions of the DIP Order and DIP Documents, to continue accessing the liquidity necessary to consummate the Plan on the timeline currently proposed.

Since entry of the DIP Order, the Debtors have consulted with the DIP Agents, when required under the DIP Facilities and as otherwise appropriate, concerning the status of the Chapter 11 Cases. The Debtors have kept the DIP Agents informed of, and have conferred with the DIP Agents on, matters affecting the DIP Facilities and the Debtors' proposed reorganization.

b. Automatic Stay

The filing of the Debtors' bankruptcy petitions on the Petition Date and the Second Petition Date, as applicable, triggered the immediate imposition of the automatic stay under section 362 of the Bankruptcy Code, which, with limited exceptions, enjoined all collection efforts and actions by Creditors, the enforcement of Liens against property of the Debtors and both the commencement and the continuation of prepetition litigation against the Debtors. With certain limited exceptions and/or modification as permitted by order of the Bankruptcy Court, the automatic stay remains in effect until the Effective Date of the Plan.

c. Description of Certain Significant First Day Motions and Orders

On or about the Petition Date, the Debtors filed numerous "first day" motions seeking various relief intended to ensure a seamless transition of the Debtors' business operations into chapter 11 and facilitate an efficient administration of the Chapter 11 Cases. The relief requested in these motions, among other things, allowed the Debtors to continue certain normal business activities that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code may have required prior court approval. Substantially all of the relief requested in the Debtors' "first day" motions was granted by the SDNY Bankruptcy Court. On September 26, 2013, the Bankruptcy Court entered an order making certain of the "first day" orders, among other pleadings, applicable to the Additional Debtors on an interim basis.[7] These motions and orders are available for review at the Debtors' Case Information Website (located at http://www.PatriotCaseInfo.com).

The orders entered pursuant to the Debtors' "first day" motions authorized the Debtors to, among other things:

- establish certain notice, case management and administrative procedures;[8]
- continue paying prepetition employee wages and certain associated benefits, provided that the Debtors would not pay any individual an aggregate prepetition amount in

[7] A hearing on entry of this relief on a final basis, to the extent necessary, is scheduled for October 22, 2013.

[8] Such case management and administrative procedures ultimately being revised by the *Order Establishing Certain Notice, Case Management and Administrative Procedures* [ECF No. 3361], entered by the Bankruptcy Court for the Eastern District of Missouri.

excess of $11,725, maintain employee benefits programs and allow employees to proceed with outstanding workers' compensation claims;

- continue using the Debtors' existing cash management system, bank accounts, purchase card program and business forms;
- generally continue using the Debtors' existing guidelines to invest cash;
- establish procedures for utilities to request adequate assurance, pursuant to which the utilities were prohibited from discontinuing service except in certain circumstances;
- continue performance under prepetition derivative contracts consistent with the ordinary course of the Debtors' business and their past practices;
- fulfill and honor all customer obligations the Debtors deemed appropriate in the ordinary course of business and continue, renew, replace, implement new, and/or terminate any customer practices and incur customer obligations as the Debtors deem appropriate;
- pay certain prepetition obligations to foreign creditors;
- enter into or terminate vendor agreements with shippers, warehousemen and service providers;
- pay some of the prepetition claims of certain critical vendors;
- pay for goods that were ordered prior to the Petition Date but delivered after the Petition Date;
- enter into and perform under coal sale contracts in the ordinary course of business and establish procedures with respect thereto;
- continue and renew their liability, casualty, property and other insurance programs;
- continue and renew their surety bond programs;
- pay production/excise taxes, environmental and safety fees and assessments, sales taxes, use taxes, employment taxes, franchise taxes and fees and property taxes and other similar taxes and fees; and
- establish procedures to protect the Estates against the possible loss of valuable tax benefits.

d. Appointment of the Creditors' Committee

On July 18, 2012, the United States Trustee for the Southern District of New York appointed the Creditors' Committee. The initial members of the Creditors' Committee were: American Electric Power, Cecil Walker Machinery, Gulf Coast Capital Partners, LLC, U.S. Bank National Association, the United Mine Workers of America, the United Mine Workers of America 1974 Pension Plan and Wilmington Trust Company.[9] The Creditors' Committee

[9] As of March 13, 2013, Cecil Walker Machinery tendered its resignation as a member of the Creditors' Committee with the United States Trustee. On or about March 20, 2013, Gulf Coast Capital Partners, LLC also

retained Kramer Levin Naftalis & Frankel LLP ("**Kramer Levin**"), Carmody MacDonald PC ("**Carmody MacDonald**") and Cole, Schotz, Meisel, Forman & Leonard, P.A. ("**Cole Schotz**") as its legal advisors, Mesirow Financial Consulting, LLC as its financial advisor and Houlihan Lokey Capital, Inc. as its financial advisor and investment banker. The current members of the Creditors' Committee are American Electric Power, U.S. Bank National Association, the United Mine Workers of America, the United Mine Workers of America 1974 Pension Plan and Wilmington Trust Company.

As detailed in Section 4.2(~~r~~s) below, since the formation of the Creditors' Committee, the Debtors have consulted with the Creditors' Committee concerning the administration of the Chapter 11 Cases, and the Creditors' Committee has been an active participant in these Chapter 11 Cases. The Debtors have kept the Creditors' Committee informed of, and have conferred with the Creditors' Committee on, matters relating to the Debtors' business operations and have sought the concurrence of the Creditors' Committee to the extent that its constituency would be affected by proposed actions and transactions outside of the ordinary course of the Debtors' businesses. The Creditors' Committee has participated actively with the Debtors' management and professional advisors in reviewing the Debtors' business plans and operations.

e. Appointment of the Non-Union Retiree Committee

On April 2, 2013, the Debtors filed a motion to modify and terminate certain benefits they pay to their non-union retirees (the "**Non-Union Retiree Motion**"). In connection with these steps, the Debtors, with Creditors' Committee support, agreed to the formation of a retiree committee pursuant to section 1114(d) of the Bankruptcy Code to act as the sole authorized representative of all their non-union retirees (the "**Non-Union Retiree Committee**") for the purpose of determining whether or not any such benefits are amendable. On March 7, 2013, upon order of the Bankruptcy Court [ECF No. 3093], the U.S. Trustee appointed the Official Committee of Non-Represented Retirees, which consists of seven retired employees of certain of the Debtors who are not covered by a collective bargaining agreement. As discussed further below, the Debtors and the Non-Union Retiree Committee reached a consensual resolution with respect to the Non-Union Retiree Motion.

f. Summary of Claims Process, Bar Dates and Claims Filed

On September 19, 2012, the Initial Debtors filed their schedules of assets and liabilities and statements of financial affairs ("**Schedules and SOFAs**"). Subsequently, on January 15, 2013, February 20, 2013 and June 3, 2013, the Initial Debtors filed amendments to certain Schedules and SOFAs. On September 23, 2013, the Additional Debtors filed their Schedules and SOFAs. Interested parties may review the Schedules and SOFAs and amendments thereto

Committee with the United States Trustee. On or about March 20, 2013, Gulf Coast Capital Partners, LLC also tendered its resignation as a member of the Creditors' Committee with the United States Trustee. To date, no replacement members have been appointed by the United States Trustee.

by visiting the Debtors' Case Information Website (located at http://www.PatriotCaseInfo.com).

On October 18, 2012, the SDNY Bankruptcy Court entered the Bar Date Order, which established procedures and set deadlines for filing Proofs of Claim against the Initial Debtors and approved the form and manner of the bar date notice (the "**Bar Date Notice**"). Pursuant to the Bar Date Order and the Bar Date Notice, the last date for certain persons and entities to file Proofs of Claim in the Initial Debtors' Chapter 11 Cases was December 14, 2012 (the "**Bar Date**"); and the last date for governmental units to file Proofs of Claim in the Initial Debtors' Chapter 11 Cases was January 21, 2013. The Bar Date Notice was published in the: *Wall Street Journal, National Edition*, *St. Louis Post Dispatch*, a St. Louis, Missouri newspaper, *Charleston Gazette and Charleston Daily Mail*, Charleston, West Virginia newspapers, *Gleaner*, a Henderson County, Kentucky newspaper, *Evansville Courier and Press*, a Union County, Kentucky newspaper, *The Dominion Post*, a Morgantown, West Virginia newspaper, *The Register Herald*, a Beckley, West Virginia newspaper, *Times West Virginian*, a Fairmont, West Virginia newspaper and *The Southern Illinoisan*, a Carbondale, Illinois newspaper at least 28 days prior to the Bar Date, and copies were served on Creditors and potential Creditors appearing in the Initial Debtors' Schedules.

On September 27, 2013, the Bankruptcy Court entered the *Order Establishing Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof*, in each of the Additional Debtors' Chapter 11 Cases [Case No. 13-48727, Case No. 13-48728, ECF No. 14] (together, the "**Additional Bar Date Order**"), which established procedures and set deadlines for filing Proofs of Claim against the Additional Debtors and approved the form and manner of the bar date notice (the " **Additional Bar Date Notice**"). Pursuant to the Additional Bar Date Order and the Additional Bar Date Notice, the last date for certain persons and entities to file Proofs of Claim in the Additional Debtors' Chapter 11 Cases is October 24, 2013 (the "**Additional Bar Date**"); and the last date for governmental units to file Proofs of Claim in the Additional Debtors' Chapter 11 Cases is March 24, 2014. The Additional Bar Date Notice was published in the: *Wall Street Journal, National Edition, St. Louis Post Dispatch*, a St. Louis, Missouri newspaper, *Charleston Gazette and Charleston Daily Mail*, Charleston, West Virginia newspapers, *Gleaner*, a Henderson County, Kentucky newspaper, *Evansville Courier and Press*, a Union County, Kentucky newspaper, *The Dominion Post*, a Morgantown, West Virginia newspaper, *The Register Herald*, a Beckley, West Virginia newspaper, *Times West Virginian*, a Fairmont, West Virginia newspaper and *The Southern Illinoisan*, a Carbondale, Illinois newspaper at least 10 days prior to the Additional Bar Date, and copies were served on Creditors and potential Creditors appearing in the Additional Debtors' Schedules.

As described in detail below, the Plan contemplates the establishment of an Administrative Claims Bar Date, pursuant to the Solicitation Procedures Order and the Confirmation Order.

The projected recoveries set forth in the Plan and this Disclosure Statement are based on certain assumptions, including the Debtors' estimates of the Claims that will eventually be

Allowed in various classes. There is no guarantee that the ultimate amount of each of such categories of Claims will correspond to the Debtors' estimates.

g. Exclusivity

Section 1121(b) of the Bankruptcy Code establishes an initial period of 120 days after the Bankruptcy Court enters an order for relief under chapter 11 of the Bankruptcy Code, during which only the debtor may file a chapter 11 plan. If the debtor files a chapter 11 plan within such 120-day period, section 1121(c)(3) of the Bankruptcy Code extends the exclusivity period by an additional 60 days to permit the debtor to seek acceptances of such plan. Section 1121(d) of the Bankruptcy Code also permits the Bankruptcy Court to extend these exclusivity periods "for cause." Without further order of the Bankruptcy Court, the Debtors' initial exclusivity period to file a chapter 11 plan would have expired on November 6, 2012. However, by order dated November 15, 2012, the Bankruptcy Court extended the time period of the Debtors' exclusive authority to file a plan of reorganization through and including May 5, 2013, and to seek acceptance of such plan through and including July 4, 2013. On April 26, 2013, the Bankruptcy Court extended the time period of the Debtors' exclusive authority to file a plan of reorganization through and including September 2, 2013, and to seek acceptance of such plan through and including November 1, 2013. On August 21, 2013, the Bankruptcy Court further extended the time period of the Debtors' exclusive authority to file a plan of reorganization through and including December 1, 2013, and to seek acceptance of such plan through and including January 30, 2014.

h. Motion to Appoint an Equity Committee and Motion to Appoint a Chapter 11 Trustee

On August 27, 2012, certain of the Debtors' shareholders filed a motion for the appointment of an official committee of equityholders under section 1102(a)(2) of the Bankruptcy Code (the "**Equity Committee Motion**"). After an extended period of negotiation, discovery, briefing and oral argument, the Bankruptcy Court denied the Equity Committee Motion on May 10, 2013, finding that there was not a substantial likelihood that equityholders would receive a meaningful distribution in the Chapter 11 Cases to justify the appointment of an equity committee.

On March 28, 2013, certain of the Debtors' noteholders filed a motion to appoint a chapter 11 trustee (the "**Trustee Motion**"). The Debtors and certain other parties, including the Creditors' Committee, filed objections to the Trustee Motion. After oral argument at a hearing on April 23, 2013, the Bankruptcy Court denied the Trustee Motion and entered an order effectuating the same on May 10, 2013, finding that the appointment of a chapter 11 trustee would not be in the interests of all Creditors or the Estates.

i. Operational Changes

Both prior to and during the Chapter 11 Cases, the Debtors and their advisors identified many changes that have led to and will continue to lead to substantial cash savings.

Among other actions, the Debtors have implemented or are in the process of implementing the following initiatives:

- **Reduction of Thermal Coal Production**: When the Debtors are unable to sell coal at a profit, they must decrease production in order to improve cash flow. During 2012, the Debtors reduced their thermal coal production by approximately 3.9 million tons. In 2013, thermal coal production has been further reduced. These reductions were accomplished by closing or idling multiple mines, including mines located at the Big Mountain, Bluegrass and Kanawha Eagle complexes.

- **Reduction of Metallurgical Coal Production**: During 2012, the Debtors decreased production from then unprofitable metallurgical mines and delayed expansion of their plan to increase the production of higher-margin metallurgical coal, in efforts to better align production with market demand. In total, the Debtors reduced their projected metallurgical coal production in 2012 by approximately 1.9 million tons. In 2013, metallurgical coal production has been further reduced. These reductions were accomplished by idling multiple mines, including mines located at the Rocklick and Wells complexes.

- **Decrease in Planned Capital Expenditures**: To conduct their operations, the Debtors must make capital expenditures. These expenditures include payments for machinery and equipment such as continuous miners, shearers and earth-moving machinery used in the mining of coal, and shuttle cars and conveyors, which are used to transport coal from underground mines to the surface. Capital expenditures amounted to $121.9 million in 2010 and $163 million in 2011. The Debtors decreased planned capital spending by $144 million for 2012 and planned capital spending by over $620 million during the course of the Debtors' five-year plan covering 2013-2016.

- **Discontinuation of Contractors**: During 2012, the Debtors lowered their cost of production by taking control of labor at several mines and facilities formerly operated by contractors, including mines located at the Kanawha Eagle, Wells and Rocklick complexes. The savings generated by assuming operations from contractors totaled $9.5 million in 2012 and the Debtors project that such efforts will continue to result in substantial savings between 2013 and 2016.

- **Elimination of Unprofitable Contracts**: The Debtors were party to numerous burdensome agreements, including, but not limited to, certain coal supply agreements acquired via the Spin-Off and the acquisition of Magnum, which resulted in hundreds of millions of dollars in lost revenue. The Debtors also had other unfavorable agreements, such as equipment leases, property leases and royalty agreements. During the Chapter 11

Cases, the Debtors have rejected over 265 executory contracts that were determined not to be beneficial to the Estates and renegotiated certain other unprofitable commercial agreements and property leases. The elimination or renegotiation of these contracts resulted in savings of $32.1 million in 2012, and the Debtors project that such rejections will result in hundreds of millions in savings between 2013 and 2016.

- **Sale of Surplus Assets**: For the year ended December 31, 2012, the Debtors realized $3.1 million from the sale of nonstrategic assets.

- **Reduction of Overhead Expenses**: The Debtors have cut their overhead expenses in a number of ways, including by eliminating charitable contributions, by reducing the cost for leasing their St. Louis headquarters, and by reducing the cost of their information systems outsourcing.

- **Reduction of Prepetition Unsecured Debt**: Following the commencement of the Chapter 11 Cases, the Debtors did not have to make certain interest and principal payments on their prepetition unsecured debt, which will result in savings in 2013 through 2016.

The Debtors' efforts to reduce costs also include wage, benefit, and headcount reductions from the Debtors' non-union employees and retirees. Such efforts include:

- **Modifications to Non-Union Employee Medical Benefits**: The Debtors made changes to the medical benefits available to their non-union employees. These changes include introducing employee premium contributions at ten percent of monthly premium cost, increasing the annual out-of-pocket maximum from $1,200 per person to $2,000 per person and from $3,600 per family to $4,000 per family, introducing working spouse coverage requirements, adopting a more restrictive formulary for covered drugs; implementing traditional step therapy programs to all available drug classifications, and eliminating coverage for PPI (ulcer) drug classification. The Debtors project that the changes will result in cash savings between 2013 and 2016.

- **Elimination of Non-Union Retiree Medical Benefits**: In connection with the Non-Union Retiree Motion, the Debtors worked with the Non-Union Retiree Committee to reach a consensual agreement (the "**Non-Union Retiree Settlement**") whereby (i) retiree life insurance benefits for non-union retirees were capped at $30,000 as of July 31, 2013, (ii) substantially all retiree medical benefits for non-union retirees were terminated as of July 31, 2013 and (iii) the Non-Union Retiree Committee was authorized to establish a voluntary employees' beneficiary association within the meaning of section 501(c)(9) of the U.S. Internal Revenue Code of 1986 (the "**Non-Union Retiree VEBA**"), to be funded by the Debtors with an initial

payment of $250,000 and $3.75 million (in stock or cash, as determined by the Debtors' in their sole discretion, upon consulting with the Creditors' Committee) upon the Debtors' emergence from chapter 11. On April 26, 2013, the Bankruptcy Court entered an order approving the Non-Union Retiree Motion, in part. The Debtors project that the total savings from the Non-Union Retiree Settlement will be approximately $15 million from 2013 to 2016.

- **Modifications to Non-Union Long-Term Disability Benefits**: The Debtors have made two changes to their non-union disability benefits. First, the duration of long-term disability benefits for salaried employees was reduced from up to social security normal retirement age to a maximum duration of 60 months. Second, the long-term disability benefits were eliminated for the non-represented hourly employees in the Midwest and replaced with the Sickness and Accident Benefits already in place for the non-represented hourly employees in West Virginia with a maximum benefit of 52 weeks. These changes were made so that the Debtors could minimize upcoming increases in long-term disability premiums.

- **Reduction in Non-Union Compensation**: Effective March 1, 2013, the Debtors imposed a wage reduction for many of their hourly and all of their salaried employees. The hourly wage adjustment affects approximately one-half of the Debtors' non-union workforce. These measures will result in cash savings.

- **Withholding of Earned Annual Incentive Compensation**: Prior to the Petition Date, the Debtors offered an Annual Incentive Plan (the "**Prepetition AIP**") that provided cash incentives to motivate plan participants to achieve specific performance objectives. No incentive payments were made pursuant to the 2012 Prepetition AIP, despite the fact that participants earned approximately $3 million under the program. As discussed further below, on May 26, 2013, the Bankruptcy Court approved new compensation plans designed to retain and motivate the Debtors' key employees, the maximum aggregate cost of which was lower than the cost of a single year of the Prepetition AIP.

- **Termination of Deferred Compensation Balances**: On March 15, 2013, the Bankruptcy Court entered an order authorizing the Debtors to terminate their supplemental 401(k) plan, which allowed certain members of the Debtors' management to defer compensation earned by them, and required the Debtors to match a specified percentage of such deferrals. The plan participants had approximately $2.5 million converted from cash obligations to prepetition claims.

The Debtors have also eliminated certain other non-union benefits, including various legacy retirement programs and legacy deferred vacation balances.

Simply put, the Debtors have made material strides at cost savings through operational changes, undertaking initiatives that will save approximately $170 million in 2014.

j. Sections 1113 and 1114 Process

The reduction of the Debtors' legacy labor liabilities has been a crucial and necessary step towards the Debtors' successful emergence from chapter 11. As of the Petition Date, ten of the ninety-nine Debtors (the "**Obligor Debtors**") were signatories to collective bargaining agreements with the UMWA (the "**Existing CBAs**") and had costly and burdensome obligations to UMWA-represented employees and retirees. The Debtors began formal negotiations with the UMWA in November 2012 with the goal of securing consensual modifications to their existing collective bargaining agreements and to the Obligor Debtors' retiree healthcare obligations under the Existing CBAs (the "**Retiree Benefits**"). As discussed above, prior to commencing these negotiations, the Debtors had identified and secured hundreds of millions of dollars in other savings, including by rejecting or renegotiating unprofitable contracts, increasing efficiency, selling nonstrategic assets, eliminating management positions, and making significant cuts to wages and benefits for their non-union employees and retirees (the "**Non-Union Savings**"). Nevertheless, the Debtors and their financial advisors concluded that, in light of the drop in coal demand and prices, increasingly adverse regulatory compliance requirements and unsustainable UMWA wage, benefit, and retiree healthcare costs, the Non-Union Savings alone would not enable the Debtors to survive in the short-term or compete in the long-term.

Between November 2012 and March 2013, the Debtors and the UMWA engaged in extended negotiations, with the Debtors delivering multiple labor proposals in an effort to reach a consensual agreement with the UMWA. During that period, the Debtors and the UMWA participated in a dozen formal bargaining sessions and multiple informal meetings and shared tens of thousands of pages of information concerning the labor proposals.

By March 14, 2013, the Debtors and the UMWA had not reached an agreement and the Debtors—whose financial condition had continued to deteriorate during the period of negotiation with the UMWA—filed a motion for relief under sections 1113 and 1114 of the Bankruptcy Code (the "**1113/1114 Motion**"). Over the next six weeks, the Bankruptcy Court presided over comprehensive litigation, which involved extensive briefing and discovery and culminated in a five-day trial.

On May 29, 2013, the Bankruptcy Court issued a 102-page ruling granting the 1113/1114 Motion and authorizing, but not directing, the Obligor Debtors to implement their proposed changes to the Existing CBAs and to the Retiree Benefits (the "**1113/1114 Decision**"). Shortly after the Bankruptcy Court issued its 1113/1114 Decision, the UMWA filed a notice of appeal (the "**1113/1114 Appeal**") and elected to have the 1113/1114 Appeal heard by the United States District Court for the Eastern District of Missouri. The 1113/1114

Appeal was assigned to the Honorable Carol E. Jackson (Case No. 4:13cv-01086-CEJ) and was fully briefed by the UMWA and the Debtors.

The Debtors and the UMWA continued to negotiate following the filing of the 1113/1114 Motion and the issuance of the 1113/1114 Decision and during the pendency of the 1113/1114 Appeal because the parties continued to believe that a consensual resolution held the promise of providing the Debtors the needed financial relief, while reducing the risk of an enterprise-threatening work stoppage. On August 9, 2013, the Debtors and the UMWA reached a settlement (the "**UMWA Settlement**") that consensually resolved the 1113/1114 Appeal. On August 16, 2013, the UMWA Settlement was ratified by the members of the UMWA, and on August 22, 2013, the Bankruptcy Court entered on order approving the UMWA Settlement.

The UMWA Settlement provides for, among other things, modifications to the Existing CBAs that the Debtors believe balance the needs and concerns of their UMWA-represented employees while providing the Debtors with the necessary savings and work rule flexibility that are key to their long-term viability, and the transition of provision and administration of the Retiree Benefits to the Patriot Retirees VEBA, to be funded by the consideration set forth in the VFA. The Debtors anticipate approximately $130 million in annual cost savings over the next four years resulting from the UMWA Settlement.

In light of the transactions contemplated above, the Debtors will seek Bankruptcy Court approval to amend certain documents relating to the UMWA Settlement, including the VFA, to reflect, among other things, the consideration to be provided to the Patriot Retirees VEBA in connection with the foregoing, and the releases of the Debtors' Causes of Action against the Peabody Released Parties (as defined in the Peabody Settlement).

k. Retaining Key Employees

In order to motivate and encourage the retention of critical employees during the uncertain period of the Chapter 11 Cases and to focus employees' attention on achieving important business objectives, the Debtors developed proposed compensation plans (the "**Compensation Plans**"). The Compensation Plans consist of the 2013 Annual Incentive Plan and the 2013 Critical Employee Retention Plan. The Compensation Plans are largely a continuation in structure of the Debtors' prepetition incentive and retention practices, but are substantially reduced in cost and tailored to reflect the business realities of the restructuring process. The Bankruptcy Court entered an order approving the Compensation Plans on May 16, 2013 [ECF No. 4001].

The 2013 Annual Incentive Plan offers incentive cash bonuses to approximately 225 participants if certain performance metrics are met. The amounts payable under the 2013 Annual Incentive Plan range generally from 1.25% to 20% of the participant's base salary. The 2013 Critical Employee Retention Plan includes approximately 113 participants. The amounts payable under the 2013 Critical Retention Plan equal between 11% and 45% of the participant's annual base salary. The total cost of the Compensation Plans, if all targets are

met under the 2013 Annual Incentive Plan, is $6.9 million, only 0.36% of Debtors' total annual revenues.

l. Selenium Water Discharge Settlement and Certain Other Environmental Matters

The Debtors successfully reached agreement to renegotiate a prior settlement of certain federal claims that had been brought against certain of the Debtors by three non-governmental organizations, the Ohio Valley Environmental Coalition, Inc., the West Virginia Highlands Conservancy and the Sierra Club, alleging violations of the Clean Water Act's National Pollutant Discharge Elimination System ("**NPDES**") permitting requirements and Surface Mining Control and Reclamation Act ("**SMCRA**") permit requirements relating to outfalls at sites acquired as part of the Magnum acquisition. In November 2012, the Debtors and the environmental groups reached an agreement (the "**November 2012 Settlement**") to modify a September 2010 federal district court order and a March 2012 consent decree to allow an additional twelve months to achieve compliance thereunder. Specifically, the November 2012 Settlement provides more time for the Debtors to install the same control technology as was required before at the subject outfalls in order to bring selenium discharges into compliance with applicable permit terms, with the deadlines to comply staggered from 2014 to 2018. In addition, as part of the November 2012 Settlement, the Debtors agreed to, among other things, impose interim caps on surface mining coal production beginning in 2014 leading to a permanent annual cap beginning in 2018, retire certain surface mining equipment and refrain from certain new large-scale surface mining operations. Under the November 2012 Settlement, the Debtors may continue, however, to conduct surface mining pursuant to large-scale surface mining permits currently in effect or in the future through small-scale surface mining production. The Debtors believe that access to their coal reserves was not negatively impacted by this settlement. The November 2012 Settlement allowed the Debtors to delay undertaking significant expenses to construct expensive selenium control equipment, to obtain a more workable timeframe in which to focus on achieving compliance with permit terms related to selenium discharges, and to avert additional costly litigation. This resulted in the Debtors conserving millions of dollars of liquidity during the Chapter 11 Cases.

On March 20, 2013, the Bankruptcy Court entered an order approving the assumption of the Debtors' lease (the "**LRPB Lease**") with a group of lessors, the LaFollette, Robson, Prichard & Broun group ("**LRPB**") [ECF No. 3332]. On September 30, 2013, the Debtors received a letter (the "**LRPB Letter**") from counsel to LRPB, claiming that certain terms of the November 2012 Settlement with certain environmental groups may constitute a default under the LRPB Lease. LRPB alleged that it may be entitled to significant monetary damages in respect thereof.

The Debtors engaged in discussions regarding the LRPB Lease and the LRPB Letter with LRPB over the past few weeks, and the parties were able to reach a consensual resolution. As part of this resolution and as required by Section 29 of the November 2012

Settlement, the Debtors will notify the environmental groups in writing (the "**Notification Letter**") of the allegations set forth in the LRPB Letter.

The Debtors also agreed to amendments to the LRPB Lease relating to royalties and other items and to amend Section 11.4 of the Plan to, among other things, preserve certain claims of LRPB. In return, LRPB agreed not to object to the Disclosure Statement or Plan. The Debtors do not believe that LRPB has any claims that will result in significant monetary damages against the Debtors or the Reorganized Debtors.

The Debtors have also been in discussions regarding potential settlements with other parties regarding certain environmental matters that, based on currently available information, the Debtors do not believe are significant. No assurances can be made that the parties will reach agreement on a settlement for any or all of these matters. If a settlement is not obtained with respect to these matters, the Bankruptcy Court may determine the allowed amount of certain of these matters as unsecured prepetition claims while others may not be discharged.

m. Certain Pending Adversary Proceedings

On August 6, 2012, Debtor Eastern Royalty LLC ("**ERC**") commenced an adversary proceeding in the Bankruptcy Court, *Eastern Royalty LLC v. Boone East Development Co.*, Adv. Pro. No. 12-04353 (Bankr. E.D. Mo.), seeking a declaratory judgment that its overriding royalty agreement with Boone East Development Co., Performance Coal Company, and New River Energy Corporation (collectively, the "**Massey Entities**") with respect to certain coal reserves in West Virginia is a standalone, non-executory contract for purposes of section 365 of the Bankruptcy Code. The Massey Entities are all subsidiaries of Alpha Natural Resources, Inc.

On September 21, 2012, ERC filed a motion for judgment on the pleadings pursuant to Federal Rule 12(c), arguing that the unambiguous language of the overriding royalty agreement and related contracts entitled it as a matter of law to its requested relief. The Massey Entities filed an opposition to this motion on October 18, 2012, arguing that the relevant agreements were ambiguous, and ERC filed a reply on November 1, 2012. Oral argument on the motion was held before the Bankruptcy Court on February 26, 2013, and the Bankruptcy Court took the matter under submission.

On August 10, 2012, Debtor Robin Land Company, LLC ("**RLC**") commenced an adversary proceeding in the Bankruptcy Court, *Robin Land Company, LLC v. STB Ventures, Inc.*, Adv. Pro. No. 12-04355 (Bankr. E.D. Mo.) (the "**STB Adversary Proceeding**"), seeking a declaratory judgment that its overriding royalty agreement with STB Ventures, Inc. ("**STB**") with respect to certain coal reserves in West Virginia is a standalone, non-executory contract for purposes of section 365 of the Bankruptcy Code. Ark Land Company ("**Ark Land**") and Ark Land KH, Inc. ("**ALKH**", together with Ark Land, the "**Arch Entities**") have intervened in this proceeding.

On February 19, 2013, STB and the Arch Entities filed answers to RLC's complaint, as well as counterclaims against RLC (i) seeking a declaratory judgment that the overriding royalty agreement is an executory contract, runs with the land, and is subject to section 365(d)(3) of the Bankruptcy Code, (ii) claiming post-petition breach of contract and (iii) claiming unjust enrichment and seeking to impose a constructive trust on RLC's assets. On March 4, 2013, RLC filed a motion for judgment on the pleadings pursuant to Federal Rule 12(c) and to dismiss the counterclaims, arguing that the unambiguous language of the overriding royalty agreement and related contracts entitled it as a matter of law to its requested relief. RLC also filed an answer to STB's and Arch's counterclaims on April 2, 2013. On March 6, 2013, STB filed a motion, which the Arch Entities subsequently joined, to compel RLC to pay overriding royalties allegedly due pursuant to sections 365(d)(3) and 363 of the Bankruptcy Code. RLC filed an objection to this motion on March 25, 2013. Oral argument was held before the Bankruptcy Court on both RLC's motion for judgment on the pleadings and to dismiss counterclaims, and on STB's motion to compel, on April 23, 2013. As discussed below, the Arch Settlement, once effective, will resolve the STB Adversary Proceeding.

n. Peabody Investigation, Litigation and Settlement

1. *Peabody Investigation and Litigation*

In connection with the Debtors' investigation into potential Estate causes of action, the Debtors and the Creditors' Committee have been investigating potential claims against Peabody arising out of the Spin-Off. [10] To that end, the Debtors, along with the Creditors' Committee, sought discovery from Peabody under Bankruptcy Rule 2004 in January 2013. When the resulting discovery negotiations reached an impasse, the Debtors and the Creditors' Committee moved the Bankruptcy Court for permission to propound their Bankruptcy Rule 2004 discovery requests in a motion filed on April 2, 2013. The Bankruptcy Court granted that motion in substantial part at a hearing on April 23, 2013 and entered a corresponding order on June 7, 2013. On June 10, 2013, the Debtors and the Creditors' Committee served on Peabody the subpoena contemplated by the Bankruptcy Court's order. On September 13, 2013, the Bankruptcy Court ordered that Peabody complete its production of documents by October 31, 2013. Peabody has produced documents on a rolling basis. As discussed below, upon entry into the Peabody Term Sheet (as defined below), this Bankruptcy Rule 2004 discovery was suspended, and, upon the effective date of the Peabody Settlement, all materials previously produced by Peabody will be returned or destroyed.

In furtherance of their investigation into Peabody's actions around the time of the Spin-Off, on April 26, 2013, the Debtors and the Creditors' Committee also moved for leave to conduct discovery on Duff & Phelps Corp. ("**Duff & Phelps**") and Morgan Stanley & Co.

[10] Peabody has maintained that the Debtors have no valid claims against Peabody arising out of the Spin-Off.

LLC ("**Morgan Stanley**") pursuant to Bankruptcy Rule 2004. The Bankruptcy Court granted leave to take such discovery on May 22, 2013. Both Duff & Phelps and Morgan Stanley have produced documents on a rolling basis. As discussed below, upon entry into the Peabody Term Sheet ~~(as defined below)~~, this Bankruptcy Rule 2004 discovery was suspended, and, upon the effective date of the Peabody Settlement, all materials previously produced by Duff & Phelps or Morgan Stanley will be returned or destroyed.

At the same time that the Debtors were investigating claims against Peabody arising from the Spin-Off, two Debtors (Patriot Coal and Heritage Coal Company LLC ("**Heritage**")) became engaged in litigation with Peabody and one of its subsidiaries regarding the scope of the Peabody subsidiary's obligations under the NBCWA Individual Employer Plan Liabilities Assumption Agreement (the "**NBCWA Liabilities Assumption Agreement**"), dated October 22, 2007, entered into by Peabody, the Peabody subsidiary, Patriot Coal and Heritage in connection with the Spin-Off. The Peabody subsidiary agreed in the NBCWA Liabilities Assumption Agreement to pay for healthcare benefits that Heritage was obligated to pay to approximately 3,100 Heritage retirees identified on Attachment A of the NBCWA Liabilities Assumption Agreement and their eligible dependents (the "**Attachment A Retirees**"). Concerned that Peabody might take the position that its subsidiary's obligations under the NBCWA Liabilities Assumption Agreement would be affected by the relief the Debtors sought under sections 1113 and 1114 of the Bankruptcy Code, Patriot Coal and Heritage filed an adversary proceeding contemporaneously with the 1113/1114 Motion that asked the Bankruptcy Court to declare that Peabody's subsidiary's obligations to the Attachment A Retirees would be unaffected by the relief the Debtors sought in the section 1113/1114 proceedings. On April 5, 2013, Patriot Coal and Heritage filed a motion for summary judgment asking the Bankruptcy Court to make the declaration sought in the adversary proceeding. On May 29, 2013, the Bankruptcy Court entered an opinion and order (the "**Summary Judgment Order**") denying Patriot Coal and Heritage's motion for summary judgment and granting sua sponte summary judgment for Peabody, finding that Peabody's subsidiary's obligations under the NBCWA Liabilities Assumption Agreement are affected by the relief sought and granted to the Debtors in the 1113/1114 Decision. Patriot Coal and Heritage appealed the Summary Judgment Order to the United States Bankruptcy Appellate Panel for the Eighth Circuit (the "**Panel**"). On August 21, 2013, the Panel issued an opinion and judgment reversing the Summary Judgment Order. On September 13, 2013, Peabody appealed the Panel's opinion and judgment to the United States Court of Appeals for the Eighth Circuit. That same day, Peabody filed an answer and counterclaims against Patriot Coal, Heritage and the UMWA in the action before the Bankruptcy Court, seeking declarations about the effect, if any, of the New CBAs on the Peabody subsidiary's obligations under the NBCWA Liabilities Assumption Agreement.

Independent of the proceedings before the Bankruptcy Court, Peabody served a third-party subpoena on the Debtors on or about August 7, 2013 in connection with an action the UMWA and certain UMWA-represented retirees commenced against Peabody and Arch in the United States District Court for the Southern District of West Virginia, captioned *Lowe v. Peabody Holding Co.*, No. 2:12-CV-06925 (the "**Lowe Action**"). On September 3, 2013, the Debtors filed an adversary action against Peabody before the Bankruptcy Court and

simultaneously moved for a preliminary injunction to preclude Peabody from seeking discovery from the Debtors prior to the completion of their reorganization. Prior to the hearing on that motion, the Debtors reached an agreement with Peabody on production of a limited set of documents in satisfaction of Peabody's subpoena. On September 27, 2013, the United States District Court for the Southern District of West Virginia granted Peabody's and Arch's motions to dismiss the Lowe Action. The UMWA and ~~retirees~~the other plaintiffs in the Lowe Action have appealed that decision to the United States Court of Appeals for the Fourth Circuit.

2. *Peabody Settlement*[11]

After several months of negotiations, on October 4, 2013, the Debtors, the UMWA, on behalf of itself and the UMWA Employees and the UMWA Retirees, and Peabody entered into a term sheet (the "**Peabody Term Sheet**"), which sets forth the principle terms of a global settlement that, if approved by the Bankruptcy Court, would resolve pending litigation among the parties, provide the Debtors with liquidity and credit support and provide hundreds of millions of dollars to the Patriot Retirees VEBA. Upon entry into the Peabody Term Sheet, the Debtors and the Creditors' Committee suspended the Bankruptcy Rule 2004 discovery discussed above, and the Debtors, the UMWA and Peabody ~~are seeking to suspend~~suspended the pending proceedings discussed above.

On October 16, 2013, the Debtors filed a motion with the Bankruptcy Court seeking approval of the Peabody Settlement, and, on October 24, 2013, the Debtors, the UMWA, on behalf of itself ~~and~~, the UMWA Employees and the UMWA Retirees, by and through the UMWA as their authorized representative, and Peabody entered into the Peabody Settlement. The Bankruptcy Court approved the Peabody Settlement on November [ ], 2013. The Peabody Settlement is incorporated by reference into the Plan as an integral and non-severable part thereof. The principle terms of the Peabody Settlement are as follows:

- Peabody shall pay an aggregate amount of $90 million to the Patriot Retirees VEBA and to ~~the Debtors~~Patriot (and if received by ~~the Debtors~~Patriot, to be contributed to the Patriot Retirees VEBA within one business day of receipt), on the later of (i) January 2, 2014 or the next business day thereafter if not a business day or (ii) the first business day that is seven business days after the effective date of the Peabody Settlement.[12]

[11] The following is only intended to provide a summary of the Peabody Settlement and is qualified in its entirety by the actual terms and conditions of the Peabody Settlement. To the extent of any inconsistency between this summary and the Peabody Settlement, the Peabody Settlement shall govern. Capitalized terms in this Section 4.2~~(~~n) not otherwise defined in this Disclosure Statement or the Plan shall have the meanings ascribed to them in the Peabody Settlement.

[12] Pursuant to the Peabody Settlement, the allocation of the $90 million between ~~the Debtors~~Patriot and the Patriot Retirees VEBA will be set forth in writing and provided to ~~the Debtors~~Patriot and the UMWA no later than December 1, 2013, and ~~the Debtors~~Patriot shall, within one business day of actual receipt of such funds from Peabody, pay over to the Patriot Retirees VEBA such amounts received from Peabody.

- Peabody shall also pay to the Patriot Retirees VEBA the following amounts: $75 million on January 2, 2015, $75 million on January 2, 2016, and $70 million on January 2, 2017; or, with respect to each such date, on the next business day thereafter if not a business day.

- On the ~~Effective Date~~effective date of the ~~Plan~~Peabody Settlement, Peabody shall (a) ~~post~~cause to be issued a $41.525 million letter of credit to secure the benefits of the retirees covered by the Coal Act Liabilities Assumption Agreement; (b) ~~replace, either by letter of credit or~~cause to be replaced (by surety~~,~~ bond or otherwise) the $15 million ~~dollar~~of cash collateral posted by Patriot ~~Coal~~ for Black Lung ~~Act liabilities, guaranteed by Reorganized Patriot Coal and its subsidiaries on an unsecured basis~~Benefits; and (c) cause to be issued letters of credit, guarantees or sureties, in Peabody's discretion as acceptable to the beneficiaries thereof, in the aggregate original face amount of up to $84 million to replace certain of the letters of credit currently posted by Patriot in a like aggregate value, which are listed on the schedule attached to the ~~settlement agreement~~Peabody Settlement as Exhibit B. With the exception of the letter of credit referred to in clause (a) of this paragraph, the term of the credit support shall be five years from the Effective Date of the Plan and will be reduced over time as letters of credit roll off or are reduced and not replaced, and, in the event Patriot refinances certain credit facilities, Patriot will use its reasonable best efforts to secure a facility that will permit such letters of credit to be replaced by such new loan facility. In the event that the credit support in clauses (b) and (c) of this paragraph remains outstanding after the fourth anniversary of the Effective Date of the Plan, Patriot shall pay to Peabody a fee of 100 bps per annum of the aggregate original face amount of the then-outstanding credit support referred to in clauses (b) and (c) of this paragraph, payable monthly in arrears. Patriot Corp. and its Affiliates shall reimburse Peabody for any and all Losses incurred in connection with the credit support described in clauses (b) and (c) of this paragraph.

- Peabody will pay at ~~current levels~~the level in effect as of October 4, 2013, all benefits claims of the Attachment A Retirees that are incurred by such Attachment A Retirees through December 31, 2013. Thereafter, Peabody will have no obligation to pay for (and Patriot shall have no obligation to administer, other than as set forth in any Collective Bargaining Agreement) retiree healthcare benefits for the Attachment A Retirees, ~~such retirees~~for claims incurred after December 31, 2013, and, thereafter, the benefits of the Attachment A Retirees will be included in the Patriot Retirees VEBA~~, and the benefits for such retirees will be provided exclusively by the Patriot Retirees VEBA.~~. As of the effective date of the Peabody Settlement, any obligations of Peabody under the NBCWA Liabilities Assumption Agreement and the

Acknowledgement and Assent will be deemed satisfied in full and such agreements shall be deemed terminated and of no further force and effect.

- The term of the Coal Terminaling Agreement, dated May 3, 2011, by and among Peabody Terminals, LLC, James River Coal Terminal, LLC and Patriot Coal Sales LLC shall be extended through and including March 31, 2016. The rate for services thereunder shall remain $5.50 per ton. In exchange for the releases and consideration provided for under the ~~settlement agreement~~Peabody Settlement, Patriot shall have the right to offset $3.75 per ton of the payment to Peabody for such services so that the payment to Peabody is $1.75 per ton from October 1, 2013, through and including March 31, 2016.

- As of the effective date of the Peabody Settlement, the Debtors will assume ~~the~~ (i) the agreements executed in connection with the Spin-Off, including Patriot's indemnification obligations contained therein, and (ii) all other agreements entered into by the Debtors and Peabody prior to the Petition Date and not previously assumed, rejected, terminated or expired, including the Settlement and Release Agreement dated September 2, 2008; *provided*, *however*, that Patriot shall not be required to indemnify Peabody under the assumed agreements for any liability to the extent specifically arising out of or relating to (a) the promissory notes referenced in Schedule 1.1(d) of the Separation Agreement, payable to Donald and Betty Bowles or Bentley Badgett II and Linda Badgett; (b) the Amended and Restated Lease Agreement by and between U.S. Bank, National Association and Eastern Associated Coal, LLC, dated July 12, 2006 and the related (i) trust agreement, dated as of July 15, 1986, pursuant to which Banc of America Leasing & Capital, LLC maintains one hundred percent of the beneficial interest in the trust created thereby, which trust is the owner and lessor of the equipment leased pursuant to the Equipment Lease, (ii) Facility Agreement 1, Facility Agreement 2 and Sub Subleases between U.S. Bank and Eastern Associated Coal, LLC and (iii) Guarantee of Peabody Energy Corporation, dated as of July 12, 2006, pursuant to which Peabody guaranteed to U.S. Bank and Banc of America Leasing & Capital, LLC the full and prompt payment of liabilities in connection with the Lease Agreements; or (c) Patriot's termination of the ~~banked vacation benefit policy~~Banked Vacation Benefit Policy (the "**Indemnification Carve-Out Claims**"); *provided that*, for the avoidance of doubt, any claims of Peabody for indemnity relating to any claims by or on behalf of the 1974 Pension Plan are not included in the Indemnification Carve-Out Claims.

- Releases of any Causes of Action by the Debtors against the Peabody Released Parties, including, but not limited to, (i) the Preliminary Injunction Action, (ii) any Causes of Action under chapter 5 of the Bankruptcy Code or created pursuant to sections 301 and 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases, (iii) any Causes of Action relating to

the Spin-Off and (iv) any Causes of Action that Debtors or their estates may have against the Peabody Released Parties with respect to the obligations of Peabody under the NBCWA Liabilities Assumption Agreement, including those asserted in the ~~adversary proceeding captioned *Patriot Coal Corporation v. Peabody Holding Company, LLC*, Adv. Pro. No. 13-04067-659 (Bankr. E.D. Mo. 2013)~~Benefits Litigation and the Attachment A Dispute, and such releases shall be binding on any trustees or successors to Patriot and each of the Debtors' estates. The release will not (x) waive or release any action, cause of action, grievance, suit, charge, demand, complaint or claim of any nature (1) arising after the effective date of the ~~settlement agreement~~Peabody Settlement under any agreement between Patriot and Peabody (A) entered into after the Petition Date, (B) previously assumed by the Debtors or (C) assumed by the Debtors pursuant to the terms of the ~~settlement agreement~~Peabody Settlement, including without limitation, with respect to (i) any indemnification or related liability of any Peabody Released Party, or (ii) any express agreement, covenant or obligation of any Peabody Released Party contained therein; or (2) arising after the Petition Date but prior to the effective date of the ~~settlement agreement~~Peabody Settlement with respect to ordinary course adjustments or on account of obligations arising in the ordinary course of business between Peabody and Patriot under, and relating to the specific subject matter covered by, agreements between them or (y) impact, impair or in any way limit any defenses that Patriot may have with respect to any claims reserved by Peabody.

- Releases of any Causes of Action the UMWA, on behalf of itself, the UMWA Employees, by and through the UMWA as their authorized representative and the UMWA Retirees, by and through the UMWA as their authorized representative, may have against the Peabody Released Parties, including without limitation any Causes of Action under the Acknowledgement and Assent or ERISA, including those asserted in the Lowe Action and Lowe Appeal, or in any way relating to any benefit plan, ~~collective bargaining agreements or retiree benefits~~Collective Bargaining Agreement or Retiree Benefits. The release will not apply to any claims or causes of action arising out of or related to: (a) any direct employment relationship between Peabody Western Coal Company, Big Sky Coal Company, Seneca Coal Company, LLC, and Big Ridge, Inc. and individuals belonging to, or represented by, the UMWA; or (b) the pending dispute between United Mine Workers of America, District 12 and Peabody Holding Company, LLC and Black Beauty Coal Company (n/k/a Peabody Midwest Mining, LLC) relating to the Memorandum of Understanding Regarding Job Opportunities effective January 1, 2007 between the UMWA and Peabody Coal Company, LLC, n/k/a Heritage Coal Company LLC.

- Releases of any Causes of Action by Peabody against the Debtor Released Parties, including, but not limited to, any Indemnification Carve-Out Claims~~,~~ and any counterclaims or defenses asserted by ~~PHC or~~ Peabody in the ~~adversary~~

~~proceeding captioned *Patriot Coal Corporation v. Peabody Holding Company, LLC*, Adv. Pro. No. 13-04067-659 (Bankr. E.D. Mo. 2013), and any appeals related thereto and~~Benefits Litigation, and the irrevocable withdrawal of any and all proofs of claim filed against the Debtors in the Chapter 11 Cases. The release and withdrawal will not (x) waive or release any action, cause of action, grievance, suit, charge, demand, complaint or claim of any nature (1) arising after the effective date of the ~~settlement agreement~~Peabody Settlement under any agreement between Peabody and Patriot (A) entered into after the Petition Date, (B) previously assumed by the Debtors or (C) assumed by the Debtors pursuant to the terms of the ~~settlement agreement~~Peabody Settlement, including without limitation, with respect to (i) any indemnification or related liability of any Patriot Released Party, or (ii) any express agreement, covenant or obligation of any Patriot Released Party contained therein; or (2) arising after the Petition Date but prior to the effective date of the ~~settlement agreement~~Peabody Settlement with respect to ordinary course adjustments or on account of obligations arising in the ordinary course of business between Peabody and Patriot under, and relating to the specific subject matter covered by, agreements between them or (y) impact, impair or in any way limit any defenses that Peabody may have with respect to claims reserved by Patriot.

- Releases of any Causes of Action by Peabody and its officers or directors against the UMWA Released Parties, including, but not limited to, any Causes of Action relating to the UMWA corporate campaign, picketing, handbilling, bannering and other forms of organized activities directed against Peabody, its officers or directors. The release will not apply to any claims or causes of action arising out of or related to: (a) any direct employment relationship between Peabody Western Coal Company, Big Sky Coal Company, Seneca Coal Company, LLC, and Big Ridge, Inc. and individuals belonging to, or represented by, the UMWA; or (b) the pending dispute between United Mine Workers of America, District 12 and Peabody Holding Company, LLC and Black Beauty Coal Company (n/k/a Peabody Midwest Mining, LLC) relating to the Memorandum of Understanding Regarding Job Opportunities effective January 1, 2007 between the UMWA and Peabody Coal Company, LLC, n/k/a Heritage Coal Company LLC.

The Peabody Settlement is subject to certain conditions, as set forth more fully in the Peabody Settlement, including the satisfaction of certain minimum liquidity standards by the Reorganized Debtors, the Bankruptcy Court having approved ~~of~~ the modification ~~to~~of certain documents relating to the UMWA Settlement and the Bankruptcy Court having issued an order that, among other things, approves the Peabody Settlement, which order (i) shall not have been reversed or vacated, or amended or modified without the consent of the Parties, (ii) shall not be subject to a stay and (iii) shall not be subject to any appeal that, factoring in all applicable circumstances, including the probability of success, could, in the event it were to be successful, reasonably be expected to materially and adversely impact Peabody, the enforceability of the Peabody Settlement or any of its material terms, or the rights and benefits

for which Peabody has bargained under the terms of the Peabody Settlement, as determined by Peabody on advice of counsel in its reasonable discretion. The Peabody Settlement may be terminated if (i) the Bankruptcy Court denies the relief requested in the motion to approve the ~~settlement~~Peabody Settlement and there is no reasonable prospect that the Bankruptcy Court will grant the relief requested ~~if~~in a renewed motion; (ii) the order approving the Peabody Settlement is vacated or reversed prior to the effective date of the ~~settlement agreement; or (c~~Peabody Settlement; or (iii) the conditions to the ~~settlement agreement~~Peabody Settlement becoming effective have not been satisfied by March 31, 2014, or are incapable of being satisfied.

o. Arch Investigation and Settlement

1. *Arch Investigation*

The Debtors and the Creditors' Committee have also initiated an investigation into Arch with respect to potential Estate Causes of Action, including in connection with the Debtors' July 2008 acquisition of Magnum. In furtherance of this investigation, the Debtors and the Creditors' Committee moved the Bankruptcy Court for leave to conduct discovery on Arch pursuant to Bankruptcy Rule 2004. The Bankruptcy Court entered stipulated orders granting Patriot leave to take such discovery on Arch on September 19, 2013, and Patriot served subpoenas on Arch on September 23, 2013. As discussed below, upon entry into the Arch Term Sheet (as defined below), this Bankruptcy Rule 2004 discovery was suspended.

2. *Arch Settlement*

After several weeks of negotiation, on October 4, 2013, the Debtors and Arch entered into a term sheet (the "**Arch Term Sheet**"), which sets forth the principle terms of a global settlement that, if approved by the Bankruptcy Court, would resolve pending litigation among the parties and provide the Debtors with liquidity and credit support. Upon entry into the Arch Term Sheet, the Debtors and the Creditors' Committee suspended the Bankruptcy Rule 2004 discovery discussed above, and the Debtors and Arch are seeking to reach an agreement with STB to stay the STB Adversary Proceeding and enter into a Stipulation and Order of Voluntary Dismissal, pursuant to which (a) the Override Agreement is rejected, and no rejection damages result therefrom, (b) the STB Adversary Proceeding is dismissed, and (c) STB irrevocably withdraws any and all proofs of claim filed against the Debtors in the Chapter 11 Cases and releases the Debtors from any and all Causes of Action including, but not limited to, any counterclaims and defenses asserted by or that could be asserted by STB in the STB Adversary Proceeding.

On October 16, 2013, the Debtors filed a motion with the Bankruptcy Court seeking approval of the Arch Settlement, and, on October 23, 2013, the Debtors and Arch entered into the Arch Settlement. The Arch Settlement was approved by the Bankruptcy Court on November [ ], 2013. The Arch Settlement is incorporated by reference into the Plan as an

integral and non-severable part thereof. The principle terms of the Arch Settlement are as follows: [13]

- Arch will pay $5 million in Cash (not subject to any rights of setoff or recoupment) to the Debtors on the Effective Date.

- As of and subsequent to the effective date of the ~~settlement agreement~~Arch Settlement, Arch will (i) make all payments required to be paid under the Overriding Royalty Agreement, dated October 31, 1994, between Ark Land Company and STB Ventures, Inc. (the "**Override Agreement**"), including all past due prepetition and post-petition amounts, pursuant to and in accordance with the Guaranty dated October 31, 1994, between Arch Mineral Corporation (predecessor in interest to Arch Coal, Inc.) and STB, (ii) not request or seek any reimbursement or indemnification from Patriot for any such payments and (iii) not object to the rejection of the Override Agreement or assert that the Override Agreement is integrated with any other contract, agreement or understanding, whether written or oral, by and between Arch, STB and/or any of the Debtors.

- As of the effective date of the ~~settlement agreement~~Arch Settlement, (i) the Debtors will amend and assume the Kelly-Hatfield Lease, which shall be amended to waive any minimum royalty payments due thereunder from and after January 1, 2014, (ii) Ark Land KH and RLC will enter into a new lease to become effective as of January 1, 2015 for the premises currently subject to the Kelly-Hatfield Lease, under terms and conditions customary for mineral leases in the industry that are not economically adverse to the Debtors, to include, without limitation: (a) a base royalty rate of 6%, with total advance minimum annual royalty payments of $0 through December, 31, 2016 (through calendar year 2016), and thereafter, $500,000, with a five (5) year rolling recoupment period and (b) a term of ten (10) years with two five (5) year renewal or extension periods and then renewable or extendable annually thereafter for so long as mineable and merchantable coal remains on the premises, and (iii) Arch will withdraw its objection to any of the Debtors' currently pending motions to assume the Kelly-Hatfield Lease or any other of the Debtors' leases and will not object to the such assumptions or assert that any of the leases are integrated with or not severable from any other agreement.

[13] The following is only intended to provide a summary of the Arch Settlement and is qualified in its entirety by the actual terms and conditions of the Arch Settlement. To the extent of any inconsistency between this summary and the Arch Settlement, the Arch Settlement shall govern. Capitalized terms in this Section 4.2(o) not otherwise defined in this Disclosure Statement or the Plan shall have the meanings ascribed to them in the Arch Settlement.

- As of the effective date of the ~~settlement agreement~~Arch Settlement, the Debtors will assume certain contracts identified in the Arch ~~settlement agreement~~Settlement, and reject certain other contracts identified in the Arch ~~settlement agreement~~Settlement, including the Purchase and Sale Agreement, dated December 31, 2005, by and between Arch Coal, Inc. and Magnum.

- Arch will receive (i) an Allowed Administrative Claim against RLC in the amount of $1,131,398.45 in respect of the assumption of the Kelly-Hatfield Lease, and (ii) an Allowed General Unsecured Claim against Magnum in the amount of $80.5 million and an Allowed General Unsecured Claim against RLC in the amount of $14.5 million, in each case, in respect of rejection damages claims.

- On the effective date of the ~~settlement agreement~~Arch Settlement, pursuant to a mutually agreeable purchase agreement, Patriot shall sell and convey to Arch, and Arch shall purchase and receive from Patriot, free and clear of all liens, claims, encumbrances and other interests, all of Patriot's interests of whatever kind, nature and extent in and to the property and estates referred to as the "South Guffey Reserve" for (i) $16 million in Cash and (ii) Arch's agreement to pay the Debtors a royalty of 6% on any coal recovered from such property in excess of 6.5 million tons.

- Arch and Patriot shall execute a mutually agreeable amendment to a surety agreement that shall (i) eliminate Patriot's obligation to maintain or arrange for the posting of any letters of credit thereunder until December 31, 2015, and (ii) require Patriot to post $8 million of letters of credit thereunder no later than December 31, 2015. Arch and Patriot shall cooperate to cancel the currently outstanding letters of credit.

- Subject to the terms and conditions of the Settlement Documents, mutual releases of Causes of Action by the Debtors and Arch, and withdrawal of Arch's Claims in these Chapter 11 Cases.

- In addition, the Debtors agreed that they will not propose or support any plan of reorganization that would breach the Arch Settlement or otherwise have an adverse impact on Arch in any material respect. Any provision of the Plan that adversely affects Arch must be in form and substance reasonably acceptable to Arch.

The UMWA has not reached a settlement with Arch.

p. ArcLight Investigation

The Debtors and the Creditors' Committee have also initiated an investigation into ArcLight Capital Partners, LLC ("**ArcLight**") with respect to potential Estate Causes of

Action, including in connection with the Debtors' July 2008 acquisition of Magnum. In furtherance of this investigation, the Debtors and the Creditors' Committee moved the Bankruptcy Court for leave to conduct discovery on ArcLight pursuant to Bankruptcy Rule 2004. The Bankruptcy Court entered a stipulated order granting Patriot leave to take such discovery on ArcLight on September 20, 2013 and Patriot served a subpoena on ArcLight on September 23, 2013.

Neither the Debtors, nor the UMWA, have reached a settlement with ArcLight.

q. Backstop Rights Purchase Agreement and Rights Offerings

Since April 2013, the Debtors have been negotiating with certain of their key constituents regarding the terms of a plan of reorganization, and have engaged in discussions with potential sources of emergence financing, including negotiating with significant holders of the Senior Notes, Knighthead and entities managed by Aurelius Capital Management, LP ("**Aurelius**"), regarding the terms of an emergence financing package that would involve a rights offering backstopped by Knighthead and Aurelius. On July 26, 2013, the Bankruptcy Court entered the *Order Authorizing and Approving the Payment of Fees and Reimbursement of Expenses of Potential Rights Offering Backstop Parties*, (the "**Potential Backstop Parties Order**") authorizing and approving the payment of certain fees and reimbursement of certain expenses of Knighthead and Aurelius in connection with the potential backstopped rights offering.

On October 9, 2013, these extensive negotiations ultimately resulted in a commitment by Knighthead to take all actions necessary to negotiate, document and consummate the transactions contemplated by the Rights Offerings Term Sheet, including to backstop the Rights Offerings on the terms set forth in the Backstop Rights ~~Offerings Term Sheet~~Purchase Agreement entered into by the Debtors and Knighthead on November 4, 2013. The Creditors' Committee and the UMWA have agreed to support the Rights Offerings and have consented to the Rights Offerings Term Sheet~~. On October 18~~ and the Backstop Rights Purchase Agreement. On November [ ], 2013, the ~~Debtors filed a motion seeking~~Bankruptcy Court approved, among other things, ~~approval of~~ the Debtors' entry into the Backstop Rights Purchase Agreement~~ by and among the Backstop Parties and the Debtors. If the Debtors and Knighthead are unable to agree to a Backstop Rights Purchase Agreement, consented to by the Creditors' Committee and the UMWA, by November 8, 2013, or the Backstop Rights Purchase Agreement is not approved by the Bankruptcy Court, the Rights Offerings Term Sheet will expire and be null and void, and each party thereunder will be relieved of any and all obligations to take any further action in connection with the Rights Offerings Term Sheet.~~.

A key feature of the Plan is the distribution of subscription rights in connection with two rights offerings to raise $250 million of capital through the issuance of (i) senior secured second lien notes and (i) warrants exercisable for New Class A Common Stock. The primary purpose of the Backstop Rights Purchase Agreement is to ensure that the Debtors have sufficient proceeds from the Rights Offerings to fund distributions under the Plan. Accordingly, pursuant to the Backstop Rights Purchase Agreement, the Backstop Parties will

commit to purchase any Unsubscribed Rights in the Rights Offerings subject to certain conditions.

The key terms of the Backstop Rights Purchase Agreement are as follows:[14]

- The Debtors will conduct the Rights Offerings pursuant to and in accordance with the Rights Offerings Procedures, the Backstop Rights Purchase Agreement and the Plan.

- Pursuant to the Rights Offerings, the Backstop Parties will be entitled to purchase, in addition to their Rights Offering Notes and Rights Offering Warrants in connection with the Other Senior Notes Rights and their Rights received under the Plan as a holder of a Claim, if any, up to 40% of the Rights Offering Notes and up to 40% of the Rights Offering Warrants for an aggregate combined subscription price of $~~100,000,010~~100,010,000.

- Knighthead has agreed to exercise Senior Notes Rights with respect to at least $57,000,000 of Senior Notes.

- If, after following the procedures for allocation of Unsubscribed Rights set forth in the Rights Offerings Procedures, there remain any Unsubscribed Rights, Knighthead has agreed, on a joint and several basis, and the other Backstop Parties have agreed, on a several, but not joint, basis, to purchase, simultaneously with the closing of the Rights Offerings, at the applicable Subscription Purchase Price, the number of Rights Offering Notes and Rights Offering Warrants equal to its Backstop Commitment Percentage multiplied by the number of remaining Rights Offering Notes and remaining Rights Offering Warrants in accordance with the terms and conditions of the Backstop Rights Purchase Agreement, up to an aggregate principal amount of $~~250,000,025~~250,025,000.

- In respect of the Other Senior Notes Rights and the New Common Stock that would have otherwise been distributed with such Other Senior Notes Rights pursuant to section 3.2(c)(i) of the Plan, the Backstop Parties will pay the Debtors the amount of cash distributable to holders of Allowed Senior Notes Claims pursuant to section 3.2(c) of the Plan. which amount shall be equal to the lesser of (i) ten percent (10%) of the principal amount of the Senior Notes underlying such Allowed Senior Notes Claims and (ii) $5,000,000.

[14] The following is only intended to provide a summary of the Backstop Rights ~~Offerings Term Sheet~~Purchase Agreement. To the extent of any inconsistency between this summary and the Backstop Rights ~~Offerings Term Sheet, the Rights Offerings Term Sheet, and, upon their approval by the Bankruptcy Court~~Purchase Agreement, the Backstop Rights Purchase Agreement ~~or the Rights Offerings Procedures, as applicable,~~ shall govern. Capitalized terms in this Section 4.2(q) not otherwise defined in this Disclosure Statement or the Plan shall have the meanings ascribed to them in the Backstop Rights ~~Offerings Term Sheet~~Purchase Agreement.

- ~~Subject to Bankruptcy Court approval of the Backstop Rights Purchase Agreement, the~~The Debtors will pay a Backstop Fee equal to 5% of the Rights Offerings Amount, payable on the Effective Date in the form of additional Rights Offering Notes and additional Rights Offering Warrants.

- ~~Subject to Bankruptcy Court approval of the Backstop Rights Purchase Agreement, the~~The Debtors will pay the documented reasonable fees and expenses of Kirkland & Ellis LLP, and, in the event the Debtors and the Backstop Parties agree that the Backstop Parties require a financial advisor in connection with litigation regarding the Plan and the Rights Offerings and the transactions contemplated thereby, one financial advisor in an amount to be agreed between the Debtors and the Backstop Parties, in each case that have been and are incurred by the Backstop Parties in connection with the negotiation, preparation and implementation of the Backstop Commitment and the Rights Offerings.

- Subject to certain exceptions, the Debtors will jointly and severally indemnify each Backstop Party from any Losses incurred in connection with the Backstop Rights Purchase Agreement and the Rights Offerings.

- Each Backstop Party, the UMWA and the Creditors' Committee agree to (i) support entry by the Bankruptcy Court of an order approving the Disclosure Statement, (ii) support and take all commercially reasonable actions necessary to facilitate the solicitation, confirmation and consummation of the Plan, (iii) not support or consent to any other plan or reorganization of the Debtors and (iv) not take any action that could prevent, interfere with, delay, or impede the approval of the Disclosure Statement, the solicitation of votes in connection with the Plan, or consummation of the Plan, including objecting to confirmation of the Plan, and each Backstop Party additionally agrees to (x) timely vote or cause to be voted all of its Claims to accept the Plan and (y) not change or withdraw such vote. Each Backstop Party further agrees that it will not transfer any Claim unless the transferee agrees in writing to be bound by these plan support obligations.

- The Debtors will apply the proceeds from the exercise of the Rights, along with the Debtors' unrestricted cash and borrowings under its Exit Credit Facilities, to (1) satisfy the DIP Facility Claims, (2) provide cash for general corporate purposes, (3) fund $3.75 million of Cash for the Non-Union Retiree VEBA, (4) fund ongoing obligations under the 1974 Pension Plan and (5) pay certain fees and expenses.

- The Debtors will not, directly or indirectly, take any action to solicit, initiate, encourage or assist the submission of, or enter into any discussions (other than accepting an initial inbound communication), negotiations or agreements regarding, any proposal, negotiation or offer relating to an Alternative Transaction; *provided* that if the Debtors receive, after the execution date of the Backstop Rights Purchase Agreement, a bona fide unsolicited proposal or expression of interest in undertaking an

Alternative Transaction ~~proposal, and the Board~~that the board of directors of the Company reasonably determines in its good faith judgment ~~that (i)~~could be expected to lead to a proposal for a Superior Transaction and that the failure to furnish or cause to be furnished information concerning the Debtors to such Person and engage in negotiations or discussions regarding such Alternative Transaction ~~provides a higher and better economic recovery to the Estates than that proposed in the Rights Offerings Term Sheet; (ii) the Board's~~proposal with such Person or its advisors would be inconsistent with its fiduciary ~~obligations require it to direct~~duties, then the Debtors ~~to accept such Alternative Transaction proposal (but subject to compliance with paragraphs (A)~~and its advisors shall be permitted to do so *provided* that (A) any information furnished has already been provided or is provided contemporaneously to the Backstop Parties or their advisors and (B) ~~below); (iii) such Alternative Transaction is from a proponent that the Board has reasonably determined is capable to consummate such Alternative Transaction; then the Board may terminate the Backstop Rights Purchase Agreement, *provided*: (A) the Debtors have been in compliance with its no-shop obligations under the Backstop Rights Purchase Agreement through the time of such proposed termination (including notifying the Backstop Parties of such Alternative Transaction~~such person has executed and delivered to the Debtors a customary confidentiality agreement reasonably acceptable to the Debtors); *provided, however,* that prior to commencing any such discussions (other than accepting an initial inbound communication) ~~regarding such Alternative Transaction taking place); and (B)~~, the Company shall advise the Backstop Parties or their advisors in writing that such discussions will be commenced; provided further that the Debtors give the Backstop Parties at least five (5) Business Days' written notice (accompanied by the proposal and any materials supporting such Alternative Transaction) and negotiates in good faith with and provides the Backstop Parties an opportunity to propose a revised transaction, before the earliest to occur of: (x) the Debtors exercising any permitted termination right in accordance with the Backstop Rights Purchase Agreement, (y) the Debtors entering into such Alternative Transaction, and (z) the Debtors filing a motion with the Bankruptcy Court seeking approval of such Alternative Transaction, *provided, further*, that the Debtors shall pay to the Backstop Parties the Breakup Fee to the extent otherwise payable under the Backstop Rights Purchase Agreement. The Creditors' Committee is permitted to exercise a fiduciary out substantially consistent with the terms of the Debtors' fiduciary out.

- Conditions to the obligations of the Backstop Parties to consummate the transactions contemplated by the Rights Offerings Term Sheet include, among others: (i) entry of the Backstop Approval Order and the Confirmation Order; (ii) the Debtors entering into definitive documentation for the Exit Credit Facilities; (iii) satisfaction of certain minimum liquidity standards by the Reorganized Debtors; (iv) Bankruptcy Court approval of the Arch Settlement and the Peabody Settlement; (v) the Debtors and the UMWA entering into an amended VFA to reflect the terms set forth in the Rights Offerings Term Sheet; and (vi) the Patriot Retirees VEBA having been funded with the

amount contemplated by the Rights Offerings Term Sheet to be funded on the Effective Date.

- The Backstop Rights Purchase Agreement may be terminated by the Backstop Parties if (i) ~~if~~ there has been a Material Adverse Change since the date of the Rights Offerings Term Sheet; (ii) ~~if the Backstop Approval Order is not entered on or prior to November 8, 2013, (iii) if~~ the Bankruptcy Court enters an order confirming a plan of reorganization other than the Plan; ~~or (iv) if~~(iii) the Effective Date of the Plan shall not have occurred by December 31, 2013; (iv) the Debtors enter into or seek court authority to enter into, or the Creditors' Committee causes the Debtors to enter into or seek court authority, an Alternative Transaction; or (v) the Debtors breach any representation, warranty or covenant in ~~the Rights Offerings Term Sheet or~~ the Backstop Rights Purchase Agreement in any material respect, or it shall be reasonably apparent that the Debtors shall be unable to satisfy each of the conditions to closing on or before the Effective Date, and such failure or inability remains uncured or continues for a period of ten Business Days following delivery of written notice thereof to the Debtors by the Backstop Parties.

- The Backstop Rights Purchase Agreement may be terminated by the Debtors if the Company receives, after the date of execution of the Backstop Rights Purchase Agreement, a bona fide unsolicited Alternative Transaction proposal, and the Company's board of directors reasonably determines in its good faith judgment that: (i) such Alternative Transaction provides a higher and better economic recovery to the Debtors' estates than that proposed in the Rights Offerings Term Sheet; (ii) the board of directors' fiduciary obligations require it to direct the Company to accept such Alternative Transaction proposal (but subject to compliance with paragraphs (A) and (B) below); and (iii) such Alternative Transaction is from a proponent that the board of directors has reasonably determined is capable to consummate such Alternative Transaction, then the Company may terminate this Agreement, provided that the Company has been in compliance with its "no-shop" obligations under the Backstop Rights Purchase Agreement through the time of such proposed termination, including (A) notifying the Backstop Parties in writing of such Alternative Transaction prior to any discussions (other than accepting an initial inbound communication) regarding such Alternative Transaction taking place) and (B) giving the Backstop Parties at least five (5) Business Days' written notice (accompanied by the proposal and any materials supporting such Alternative Transaction) and negotiating in good faith with and providing the Backstop Parties an opportunity to propose a revised transaction, before the earliest to occur of: (x) the Debtors exercising any permitted termination right in accordance herewith, (y) the Debtors entering into such Alternative Transaction, and (z) the Debtors filing a motion with the Bankruptcy Court seeking approval of such Alternative Transaction, provided, further, that notwithstanding any of the foregoing, the Debtors shall pay the Breakup Fee to the Backstop Parties to the extent otherwise payable under the Backstop Rights Purchase Agreement. The Creditors' Committee is

permitted to withdraw their support of the Backstop Rights Purchase Agreement on terms substantially consistent with these terms.

- In accordance with the Rights Offerings Term Sheet, the Debtors have included the following provisions in the Plan:

  - The shares of New Class A Common Stock otherwise issuable to Knighthead ~~in respect of their Claims~~ shall be issued directly to one or more Voting Trusts established by the Plan in the form of New Class B Common Stock.

  - The holders of Senior Notes Claims and Backstop Parties may elect to cause their distribution of New Class A Common Stock to be issued directly to a Voting Trust in the form of New Class B Common Stock; *provided*, *further*, that the UMWA will be the beneficiary of the economic value of any shares of New Class B Common Stock issued to ~~the~~a Voting Trust on the Effective Date in respect of any ~~Claims held by~~Senior Notes Stock Allocation otherwise issuable to Knighthead.

- On the Effective Date, Reorganized Patriot Coal will enter into the New Stockholders' Agreement with the Backstop Parties and certain other holders of New Class A Common Stock or Rights Offering Warrants whose number of shares of New Class A Common Stock plus the number of shares of New Class A Common Stock into which their Rights Offering Warrants could be exercised for would, in the aggregate, be equal to or greater than 5% of the total number of outstanding shares of New Class A Common Stock (calculated on a fully-diluted basis), that will provide for, among other things, consent rights of one or more of the parties prior to any issuance by Reorganized Patriot Coal of common stock, or securities convertible into common stock, at less than fair-market value at the time of such issuance (except in the case of the issuance of securities convertible into common stock, restricted stock or other derivative instruments as (i) equity compensation for management or (ii) consideration in any acquisition, merger or other similar transaction by Reorganized Patriot Coal for which stockholder approval would not be required under applicable listing rules of the New York Stock Exchange if Reorganized Patriot Coal were a public company listed on the New York Stock Exchange).

- As provided by the Rights Offerings Term Sheet, and as set forth in the Backstop Rights Purchase Agreement, the Backstop Parties shall have consent rights over, among other things, (i) the amended VFA; (ii) the Exit Credit Facilities Documents, including the material financial terms of and definitive documentation for the Exit Credit Facilities; (iii) the Registration Rights Agreement; (iv) the organizational documents of the Reorganized Debtors, including the New Certificate of Incorporation, New Bylaws, and New Stockholders' Agreement; (v) the Plan Documents; and (vi) the Rights

Offerings Procedures, in each case, as set forth in the Backstop Rights Purchase Agreement.

For further information on the Rights Offerings and Rights Offerings Procedures, please refer to Article 8 below.

r. Exit Financing

Since filing the Initial Plan, the Debtors, with the assistance of Blackstone, engaged in an extensive process to obtain exit financing proposals from various financial institutions. After reviewing several proposals and negotiating with the parties, the Debtors selected (i) Barclays Bank PLC, Deutsche Bank AG New York Branch and Deutsche Bank Securities Inc. to structure, arrange and syndicate: (a) an exit senior secured term loan facility in an aggregate principal amount of $250,000,000, which is contemplated to be the Exit Term Loan Credit Agreement under the Plan, and (b) an exit senior secured asset-based revolving credit facility in an aggregate principal amount of $125,000,000, which is contemplated to be the Exit ABL Credit Agreement under the Plan; and (ii) Barclays Bank PLC to structure and arrange a letter of credit facility in an aggregate amount not to exceed $201,000,000, which is contemplated to be the Exit L/C Credit Agreement under the Plan. On November [ ], 2013, the Bankruptcy Court authorized the Debtors to enter into engagement letters with these parties, incur and pay associated fees and expenses in connection with the engagement letters and furnish related indemnities. Although no commitment is currently in place, it is anticipated that (x) the Exit L/C Credit Agreement will be secured by (1) first priority liens (on a pari passu but first-out basis with the Exit Term Loan Credit Agreement) on the Debtors' fixed assets and (2) second priority liens (on a pari passu but first-out basis with the Exit Term Loan Credit Agreement) on the Debtors' current assets, (y) the Exit Term Loan Credit Agreement will be secured by (1) first priority liens (on a pari passu but second-out basis with the Exit L/C Credit Agreement) on the Debtors' fixed assets and (2) second priority liens (on a pari passu but second-out basis with the Exit L/C Credit Agreement) on the Debtors' current assets and (z) the Exit ABL Credit Agreement will be secured by (1) first priority liens on the Debtors' current assets and (2) second priority liens on the Debtors' fixed assets. The Debtors will include further detail on the terms of the Exit Credit Facilities in the Plan Supplement and will request approval of the Exit Facilities in connection with confirmation of the Plan.

~~r~~s. The Creditors' Committee's Role in these Chapter 11 Cases

The Creditors' Committee and its professionals played an integral role in these Chapter 11 Cases representing the interests of the Creditors' Committee and general unsecured creditors in all significant case issues. The Creditors' Committee worked closely with the Debtors' professionals and the Debtors' diverse creditor constituencies to among other things: (i) preserve and stabilize the Debtors' businesses as they navigated through the chapter 11 process and (ii) evaluate steps being taken to protect, and ultimately maximize, the potential benefits and recoveries for unsecured creditors. In addition to spending time discharging its duties under section 1102 of the Bankruptcy Code by responding to numerous inquiries from unsecured creditors on a variety of issues, the Creditors' Committee actively represented the

interest of unsecured creditors throughout all aspects of these Chapter 11 Cases. Notably, the Creditors' Committee actively participated in the following nonexclusive list of case matters and issues:

1. **Sections 1113 and 1114 Process**. The Creditors' Committee reviewed, commented on and obtained consensual modifications to the Debtors' proposed modifications of collective bargaining agreements under section 1113 of the Bankruptcy Code and the proposed modifications of retiree benefits pursuant to section 1114 of the Bankruptcy Code. The Creditors' Committee filed a responsive pleading to the Debtors' 1113/1114 Motion and participated in all of the depositions and hearings. The Creditors' Committee negotiated a consensual resolution with the Debtors pursuant to which, among other things, the Creditors' Committee withdrew its objection to the Debtors' then Section 1113/1114 proposal on the grounds that such proposal was not "fair and equitable" to all creditors. Specifically, the Creditors' Committee agreed that, based on the range of assumptions prepared by the financial advisors to the Debtors and the Creditors' Committee, the proposed allocation of equity of the reorganized Debtors being provided to the Patriot Retirees VEBA was fair and equitable with respect to other creditors.

2. **Peabody and Arch Investigations**. Working with the Debtors, the Creditors' Committee participated in the investigations into (i) potential claims against ~~Debtors'~~Peabody, the former parent~~, Peabody~~ of certain of the Debtors, relating to the Spin-Off and (ii) potential claims against Arch and ArcLight pertaining to the Debtors' 2008 acquisition of Magnum. Working with the Debtors, the Creditors' Committee utilized Bankruptcy Rule 2004 discovery of, among others, Peabody, Arch and ArcLight. In connection therewith, the Creditors' Committee received approximately 88,000 pages of discovery from Peabody. The Creditors' Committee supports the Peabody Settlement and the Arch Settlement, both of which contemplate reciprocal releases of claims and the suspension of obligations pursuant to Bankruptcy Rule 2004 discovery, with a tolling of the applicable statutes of limitations until the earlier of March 31, 2014 or the effective date of each such settlement.

3. **Initial and Amended AIP and CERP**. The Creditors' Committee reviewed and commented on the Debtors' proposed initial and amended AIP and CERP. The Creditors' Committee engaged in extensive discussions and negotiations over potential modifications, which led to a substantially revised CERP and AIP. The Creditors' Committee participated in the contested hearing pertaining to the CERP and AIP – which was ultimately granted by the Bankruptcy Court.

4. **DIP Order**. The Creditors' Committee reviewed, commented on and negotiated a consensual resolution to the terms of the DIP Facilities, which included the right of the Creditors' Committee to challenge the validity and enforceability of the liens and claims of the lenders under the Prepetition Credit Agreement.

5. **Review of the Liens and Claims of the Prepetition Credit Agreement Lenders**. During the pendency of the Chapter 11 Cases, the Creditors' Committee, by and through its conflicts counsel, Cole Schotz, undertook an investigation to assess potential grounds to challenge the validity and enforceability of the liens and claims of the Prepetition Credit Agreement ~~Lenders, Bank of America, N.A., as Administrative Agent, L/C Issuer and Swing Line Lender, on behalf of itself and others ("**BofA**")~~Agent, the Prepetition Credit Agreement Lenders, and Fifth Third Bank, as Administrator and as L/C Bank, on behalf of itself and others ("**Fifth Third**"). Additionally, the Creditors' Committee investigated whether there was any basis to pursue claims against, *inter alios*, Citibank, N.A., in connection with its role as one of the joint lead arrangers of the Debtors' unsuccessful prepetition refinancing efforts (as further detailed herein), for its alleged failure to close a proposed prepetition refinancing with the Debtors and against BofA, as Prepetition Credit Agreement Agent, for its alleged refusal to fund a $25 million swing line loan request in the weeks preceding the Petition Date.

The investigation involved a review of numerous loan documents, supplements and amendments, as well as interviews and communications with representatives of the Debtors and counsel for ~~BofA~~the Prepetition Credit Agreement Agent and Fifth Third. The documents included thousands of pages of state and county level UCC financing statements and filings, mortgages and deeds of trust and schedules of the Debtors' fee and leasehold interests in various real property and as extracted coal interests. Applicable state and local law on lien perfection was analyzed. The investigation showed that with ~~certain~~limited exceptions, the liens ~~of the~~and security interests of the Prepetition Credit Agreement Agent and Prepetition Credit Agreement Lenders properly attached to ~~the various categories of assets~~all of the real and personal property of the Debtors and that their liens and security interests were properly perfected under applicable non-bankruptcy law.

With respect to Fifth Third, it was ultimately concluded that there was no basis for a challenge and, on February 8, 2013, a Final Stipulation was entered into between Fifth Third and the Creditors' Committee wherein the Creditors' Committee agreed that, notwithstanding the existence of any potential unencumbered assets relative to Fifth Third, there was no basis to file a complaint based upon the over-collateralized status of Fifth Third's claims as of the Petition Date (ECF No. 2785).

The Creditors' Committee ~~investigation~~ ultimately also concluded that there exist no "Litigation Claims" worthy of pursuit against (i) ~~BofA for its alleged refusal to fund~~the Prepetition Credit Agreement Agent with respect to a $25 million ~~Swing Line~~swing line Loan Request ~~in the weeks preceding~~shortly prior to the Petition Date that was not funded, (ii) Citibank, N.A., for its role in connection with the Debtors' unsuccessful prepetition refinancing efforts, or (iii) ~~any lender on account of~~the Prepetition Credit Agreement Agent or Prepetition Credit Agreement Lenders arising from guaranty obligations extended by the Subsidiary Debtors.

During the course of the Creditors' Committee's investigation, a series of stipulations were entered into with BofA which extended the Creditors' Committee's challenge deadline. The stipulations allowed the deadline to pass with respect to ~~properly perfected liens~~matters the Creditors' Committee agreed not to challenge and extended the deadline to preserve the Creditors' Committee's challenge rights with respect to certain specified issues ~~including whether certain liens were perfected on certain of the Debtors' assets (as more fully set forth in the sixth stipulation filed on September 12, 2013, ECF No. 4629)~~. The latest stipulation (the sixth) was filed on September 12, 2013~~,~~ (ECF No. 4629), and extended the Creditors' Committee's challenge deadline to November 15, 2013 solely with respect to the Creditors' Committee's reservation of the right to challenge the liens of certain specific property described in the stipulation. The Creditors' Committee is ~~currently negotiating~~not seeking a further ~~stipulation which would extend such challenge deadlines until the Effective Date. The Creditors' Committee retains all rights with regards to any and all claims that it may have pertaining to certain delineated issues, as noted within the abovementioned stipulations, until the Effective Date, at which point in time, BofA will be released from such claims.~~extension of the challenge deadline and has determined that it will not challenge those liens.

6. **Environmental Issues**. The Creditors' Committee reviewed and analyzed the environmental liabilities of certain of the Debtors, including matters relating to permitting and compliance with environmental regulations. The Creditors' Committee supported the Debtors in extending the deadlines that were established by the District Court for the Southern District of West Virginia by which certain of the Debtors have to incur millions in estimated construction costs to install water treatment facilities at certain mining complexes to comply with established selenium limits.

7. **Equity Committee Motion**. Working with the Debtors, the Creditors' Committee reviewed and objected to the Equity Committee Motion. The Creditors' Committee engaged in discovery related to the Equity Committee Motion, which involved reviewing numerous documents, analyzing movant's expert reports, attending and participating in depositions and preparing the testimony of the Creditors' Committee's own expert witness. In addition, the Creditors' Committee participated in the hearing on the Equity Committee Motion, which was ultimately denied by the Bankruptcy Court.

8. **Exclusivity Motions**. The Creditors' Committee reviewed and analyzed the Debtors' first, second and third motions for orders extending the Debtors' exclusive periods within which to file a plan of reorganization and solicit votes thereon.

9. **Chapter 11 Trustee Motion**. Working with the Debtors, the Creditors' Committee reviewed and objected to the Trustee Motion. The Creditors' Committee participated in the hearing and argued against the motion, which was denied by the Bankruptcy Court.

10. **Non-Union Retiree Settlement Order**. Working with the Debtors, the Creditors' Committee reviewed, commented on and participated in negotiations regarding the appointment of the Non-Union Retiree Committee and the Non-Union Retiree Settlement Order, which will result in $3.25 million of cash being funded into a separate Non-Union Retiree VEBA for this group of former employees.

11. **Potential Backstop Parties Order**. The Creditors' Committee reviewed, commented on and participated in negotiations regarding the Potential Backstop Parties Order. The Creditors' Committee negotiated with the Debtors and Knighthead and Aurelius regarding the Potential Backstop Parties Order, which resulted in concessions providing for competing bidders to be eligible for fee reimbursements and ensuring a competitive process.

12. **Plan of Reorganization, Disclosure Statement and Rights Offerings**. Finally, the Creditors' Committee has been involved in reviewing the terms of the Plan, this Disclosure Statement and the terms of the Rights Offerings and Backstop Rights Purchase Agreement ~~between the Debtors and Knighthead~~ and providing comments to ensure, among other things, that unsecured ~~creditors~~Creditors are treated fairly and otherwise maximizing the value of the estates for unsecured creditors.

ARTICLE 5
SUMMARY OF THE PLAN OF REORGANIZATION

The Debtors believe that (i) through the Plan, holders of Allowed Claims will obtain a recovery from the Debtors' estates equal to or greater than the recovery that they would receive if the Debtors' assets were liquidated under chapter 7 of the Bankruptcy Code and (ii) consummation of the Plan will afford the Debtors the opportunity and ability to continue in business as a viable going concern, which will maximize the recovery of Creditors and preserve ongoing employment for certain of the Debtors' employees.

The Plan is annexed hereto as Appendix A and forms a part of this Disclosure Statement.

Section 5.1 Overview of the Plan of Reorganization

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying Claims against, and Interests in, a debtor. Confirmation of a plan of reorganization makes the plan binding upon the debtor, any issuer of securities under the plan and any Creditor of, or equity holder in, the debtor, whether or not such Creditor or equity holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, a confirmation order discharges the debtor from any debt that arose prior to the date of

confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan.

A chapter 11 plan may specify that the legal, contractual and equitable rights of the holders of Claims or Interests in certain classes are to remain unaltered by the reorganization effectuated by the plan. Such classes are referred to as "unimpaired" and, because of such favorable treatment, are deemed to accept the plan. Accordingly, a debtor need not solicit votes from the holders of Claims or Interests in such classes. A chapter 11 plan may also specify that certain classes will not receive any distribution of property or retain any Claim against a debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited to vote to accept or reject the plan. Any classes that are receiving a distribution of property under the plan but are not unimpaired will be solicited to vote to accept or reject the plan.

Prior to soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding the plan. To satisfy the requirements of section 1125 of the Bankruptcy Code, the Debtors are submitting this Disclosure Statement to holders of Claims against the Debtors who are entitled to vote to accept or reject the Plan.

THE REMAINDER OF THIS ARTICLE PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, INCLUDING ANY SUPPLEMENTS AND SCHEDULES THERETO AND DEFINITIONS THEREIN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN THE DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENT OF SUCH TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN.

THE PLAN ITSELF CONTROLS THE ACTUAL TREATMENT OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS UNDER THE PLAN AND WILL, UPON THE OCCURRENCE OF THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS, THE DEBTORS' ESTATES, THE REORGANIZED DEBTORS, ALL PARTIES RECEIVING PROPERTY UNDER THE PLAN AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND

THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT SHALL CONTROL.

STATEMENTS AS TO THE RATIONALE UNDERLYING THE TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN ARE NOT INTENDED TO, AND SHALL NOT, WAIVE, COMPROMISE OR LIMIT ANY RIGHTS, CLAIMS OR CAUSES OF ACTION IN THE EVENT THE PLAN IS NOT CONFIRMED.

Section 5.2 Considerations Regarding the Plan

The terms of the Plan are the result of substantial analysis and discussions by the Debtors and the Creditors' Committee and their respective advisors concerning various issues relating to how the distributable value should be allocated amongst the creditors of the various Debtors, including, without limitation, (a) whether the elements necessary to obtain an order of substantive consolidation are satisfied in these Chapter 11 Cases; (b) the value of the Estates on a consolidated and a non-consolidated basis, and the proper method of determining such value; (c) the projected recoveries of Creditors on a consolidated basis with and without implementation of substantive consolidation, in whole or in part; (d) whether and how to attribute the value of the UMWA Settlement to specific Debtors; and (e) the nature and treatment of Intercompany Claims.

With respect to substantive consolidation, the Debtors, in consultation with the Creditors' Committee, undertook a diligence process to ascertain whether substantive consolidation would be an appropriate remedy for some or all of the Debtors in these Chapter 11 Cases. While an argument asserting that the Debtors should be substantively consolidated has merit, substantial effort, time and expense would be required to fully prosecute substantive consolidation. With respect to a full deconsolidation of the Patriot enterprise, there is also substantial effort, time and expense involved in ascribing an accurate value to recoveries that ranged from zero to low single digits, which was the range of recovery at a vast majority of the Debtors. Such low ranges of recovery are susceptible to wide variations based on even the slightest changes in assumptions.

The Debtors, with the support of the Creditors' Committee, instead propose an economic compromise that fairly allocates the Debtors' assets and value to all of the economic stakeholders after taking into account the issues described in the preceding paragraphs. Based upon the Debtors' analyses and discussions with the Creditors' Committee, the Debtors and the Creditors' Committee agreed that:

- Intercompany Claims and ~~Intercompany~~ Interests in Subsidiary Debtors will not receive any distribution under the Plan;

- holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against Group 2 Debtors should be entitled to a recovery enhancement of 2 times the

recoveries of holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 1 Debtors;

- holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 3 Debtors should be entitled to a recovery enhancement of 3 times the recoveries of holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 1 Debtors; and

- holders of Allowed Senior Notes Claims that were receiving Convenience Class Consideration should be entitled to a recovery enhancement of 5 times the recoveries of holders of Allowed General Unsecured Claims and Allowed Convenience Class Claims against the Group 1 Debtors.

Section 5.3 Classification and Treatment of Claims and Interests

The Debtors believe that the Plan provides the best and most prompt possible recovery to holders of Claims and Interests. Under the Plan, Claims against, and Interests in, the Debtors are divided into different Classes. Under the Bankruptcy Code, claims and equity interests are classified beyond mere "creditors" or "shareholders" because such entities may hold claims or equity interests in more than one class. If the Plan is confirmed by the Bankruptcy Court and consummated, on the Effective Date or as soon as reasonably practicable thereafter (but subject to Article 12 of the Plan), the Debtors will make distributions in respect of certain Classes of Claims as provided in the Plan.

The Plan contemplates the reorganization of the Debtors and the resolution of all outstanding Claims against, and Interests in, the Debtors.

a. Summary of DIP Facility Claims, Other Administrative Claims and Priority Tax Claims

1. *Treatment of Administrative Claims*

Administrative Claims are Claims for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code. Such claims include, but are not limited to, DIP Facility Claims, the Backstop Fees, the Backstop Expense Reimbursement, Other Administrative Claims and Professional Fee Claims.

(i) DIP Facility Claims

Pursuant to the DIP Order, all DIP Facility Claims constitute Allowed Claims. Except to the extent that a holder of a DIP Facility Claim agrees in its sole discretion to less favorable treatment, on or before the Effective Date, each DIP Agent, for the ~~ratable~~ benefit of the applicable DIP Lenders, L/C Issuers and itself, will be paid in Cash 100% of the then-outstanding amount, if any, of the DIP Facility Claims relating to the applicable DIP Facility

(or, in the case of any Outstanding L/C, Paid in Full), other than Contingent DIP Obligations. Contemporaneously with all amounts owing in respect of principal included in the DIP Facility Claims (other than Contingent DIP Obligations), interest accrued thereon to the date of payment and fees, expenses and non-contingent indemnification obligations as required by the DIP Facilities and arising prior to the Effective Date being paid in full in Cash (or, in the case of any Outstanding L/C, Paid in Full), (i) the commitments under the DIP Facilities will automatically terminate, (ii) except with respect to Contingent DIP Obligations (which will survive the Effective Date and will continue to be governed by the DIP Facilities as provided below), the DIP Facilities and the "Loan Documents" referred to therein will be deemed canceled, (iii) all Liens on property of the Debtors and the Reorganized Debtors arising out of or related to the DIP Facilities will automatically terminate, and all Collateral subject to such Liens will be automatically released, in each case without further action by the DIP Agents or DIP Lenders and (iv) all guarantees of the Debtors and Reorganized Debtors arising out of or related to the DIP Facility Claims will be automatically discharged and released, in each case without further action by the DIP Agents or the DIP Lenders.

Notwithstanding anything to the contrary in the Plan or the Confirmation Order, (a) the Contingent DIP Obligations will survive the Effective Date on an unsecured basis and will not be discharged or released pursuant to the Plan or the Confirmation Order and (b) the DIP Facilities and the Loan Documents referred to therein will continue in full force and effect with respect to any obligations thereunder governing (i) the Contingent DIP Obligations and (ii) the relationships among the DIP Agents, the L/C Issuers and the DIP Lenders, as applicable, including but not limited to those provisions relating to the rights of the DIP Agents and the L/C Issuers to expense reimbursement, indemnification and other similar amounts (either from the Debtors or the DIP Lenders) and any provisions that may survive termination or maturity of the DIP Facilities in accordance with the terms thereof.

After the Effective Date, the Reorganized Debtors will continue to reimburse the DIP Agents for the reasonable fees and expenses (including reasonable and documented legal fees and expenses) incurred by the DIP Agents in accordance with the DIP Documents and the DIP Order.

The DIP Agents and the DIP Lenders will take all actions to effectuate and confirm such termination, release and discharge as reasonably requested by the Debtors or the Reorganized Debtors.

~~For the avoidance of doubt, the Bankruptcy Court will retain jurisdiction as to any and all matters arising under the DIP Order or the DIP Facilities until all DIP Facility Claims have been satisfied in full in accordance with the terms of the Plan or otherwise.~~

(ii) Other Administrative Claims

Except to the extent that the applicable Creditor agrees to less favorable treatment with the Reorganized Debtors, each holder of an Allowed Other Administrative Claim against any of the Debtors will be paid the full unpaid amount of such Allowed Other Administrative Claim in Cash (i) on or as soon as reasonably practicable after the Effective Date (for Claims

Allowed as of the Effective Date), (ii) on or as soon as practicable after the date such Claims are Allowed (or upon such other terms as may be agreed upon by such holder and the applicable Reorganized Debtor) or (iii) as otherwise ordered by the Bankruptcy Court.

Allowed Other Administrative Claims regarding assumed agreements, liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases and non-ordinary course liabilities approved by the Bankruptcy Court will be paid in full and performed by the Reorganized Debtors in the ordinary course of business (or as otherwise approved by the Bankruptcy Court) in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions.

(iii) Professional Fee Claims

Each holder of a Professional Fee Claim will be paid in full in Cash pursuant to Section 7.1 of the Plan.

2. *Treatment of Priority Tax Claims*

Except to the extent that the applicable Creditor has been paid by the Debtors before the Effective Date, or the applicable Reorganized Debtor and such Creditor agree to less favorable treatment, each holder of an Allowed Priority Tax Claim against any of the Debtors will receive, at the sole option of the Reorganized Debtors, (a) payment in full in Cash made on or as soon as reasonably practicable after the later of the Effective Date and the first Distribution Date occurring at least 20 calendar days after the date such Claim is Allowed, (b) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code or (c) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.

The Reorganized Debtors will have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

Notwithstanding anything to the contrary herein, if the Reorganized Debtors fail to make a regular installment payment when due to a holder of a Priority Tax Claim pursuant to Section 2.3 of the Plan, if applicable, and if the failure to make such payment is not cured within 35 days from the date a holder of a Priority Tax Claim sends notice of the default to the Reorganized Debtors, such holder may exercise all rights and remedies available under nonbankruptcy law to collect such payment without further notice to or action by the Bankruptcy Court.

3. *Backstop Fees; Breakup Fee; Backstop Expense Reimbursement*

The Backstop Fees, the Breakup Fee, if any, and the Backstop Expense Reimbursement will be Allowed Administrative Claims, without reduction or offset, in the full amount due and owing under the Backstop Rights Purchase Agreement. On the Effective Date, if not previously satisfied in full in accordance with the terms of the Backstop Rights Purchase Agreement, any outstanding Backstop Expense Reimbursement will be paid in Cash and any outstanding Backstop Fee will be paid in the form of additional Rights Offering Notes and additional Rights Offering Warrants in accordance with the Backstop Rights Purchase Agreement.

b. Summary of Claims and Interests

The categories of Claims and Interests listed below classify Claims and Interests in or against the Debtors for all purposes, including, without express or implied limitation, voting, confirmation and distribution, pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest will be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class, and will be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that such Claim or Interest is Allowed in that Class and has not been paid or otherwise satisfied prior to the Effective Date. Any Claim or Interest that has been paid or satisfied, or any Claim or Interest that has been amended or superseded, may be adjusted or expunged on the official claims register without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court. Except as otherwise specifically provided for in the Plan, the Confirmation Order or other order of the Bankruptcy Court (including, without limitation, the DIP Order), or required by applicable non-bankruptcy law, in no event will (i) any holder of an Allowed Claim be entitled to receive payments that in the aggregate exceed the Allowed amount of such holder's Claim or (ii) any holder of an Allowed Senior Notes Parent Claim and any Allowed Senior Notes Guarantee Claim be entitled to receive distributions that, in the aggregate, exceed the Allowed amount of such holder's Allowed Senior Notes Parent Claim. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims of the kinds specified in sections 507(a)(2) and 507(a)(8) of the Bankruptcy Code have not been classified, and their treatment is set forth in Article 2 of the Plan.

As summarized in Article 3 of the Plan, the Plan constitutes a separate chapter 11 plan of reorganization for each Debtor. For brevity and convenience, the classification and treatment of Claims and Interests has been arranged in groups.

1. *Treatment of Claims Against and Interests in the Debtors*

(i) Other Priority Claims (Class 1-101A)

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 of the Plan) with the applicable Reorganized Debtor, each holder of an Allowed Other Priority Claim against any of the Debtors will receive, in full satisfaction, settlement, release and discharge of and in exchange for such Claim, Cash in an amount equal to the Allowed amount of such Claim, or treatment in any other manner so that such Claim will otherwise be rendered Unimpaired, on or as soon as reasonably practicable after the latest of (i) the Effective Date, (ii) 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any applicable agreement between the Reorganized Debtors and the holder of such Claim.

(ii) Other Secured Claims (Class 1-101B)

Each holder of an Allowed Other Secured Claim against any of the Debtors will receive, at the sole option of the applicable Reorganized Debtor, and in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Secured Claim, one of the following treatments: (i) payment in Cash in the amount of such Allowed Other Secured Claim, (ii) Reinstatement of the legal, equitable and contractual rights of the holder relating to such Allowed Other Secured Claim, (iii) a distribution of the proceeds of the sale or disposition of the Collateral securing such Allowed Other Secured Claim to the extent of the value of the holder's secured interest in such Collateral, (iv) a distribution of the Collateral securing such Allowed Other Secured Claim without representation or warranty by or recourse against the Debtors or Reorganized Debtors or (v) such other distribution as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. If an Other Secured Claim is satisfied under clause (i), (iii), (iv) or (v) ~~above~~, the Liens securing such Other Secured Claim will be deemed released without further action by any party. Each holder of an Allowed Other Secured Claim will take all actions to effectuate and confirm such termination, release and discharge as reasonably requested by the Debtors or the Reorganized Debtors.

Any distributions made pursuant to Section 3.2 of the Plan will be made on or as soon as reasonably practicable after the latest of (i) the Effective Date, (ii) 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement between the applicable Debtor and the holder of such Claim.

For convenience of identification, the Plan classifies the Allowed Claims in Classes 1B through 101B (Other Secured Claims) as a single Class as to each Debtor. However, these Classes are actually a group of subclasses, depending on the Collateral securing each such Allowed Claim.

(iii) Senior Notes Parent Claims and Senior Notes Guarantee Claims (Class 1C; 2-100C)

Each holder of an Allowed Senior Notes Parent Claim will[15] be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the Senior Notes Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the Senior Notes Stock Allocation; *provided that* a holder may elect to cause its Ratable Share of the Senior Notes Stock Allocation to be issued directly to a Voting Trust in the form of New Class B Common Stock or (ii) if such holder is a not a Certified Eligible Holder, its Ratable Share of the ~~Convenience~~Senior Notes Class Cash Consideration. Notwithstanding the foregoing, if the Debtors determine in their sole discretion that if New Common Stock were distributed to all of the holders of Claims as contemplated by the Plan, Reorganized Patriot Coal would potentially be required to be a reporting company under the Exchange Act or would potentially be required to be registered on any public exchange (assuming, for these purposes, that all of the Rights Offering Warrants were exercised, and including the Debtors' estimate of shares of New Common Stock to be issued in respect of management incentive packages and other issuances), then, with respect to any holder that would otherwise have received less than a threshold number of shares of New Common Stock on account of its claim and in respect of its Rights, as determined by the Debtors in consultation with the Creditors' Committee, such holder(s) will instead receive its Ratable Share of the ~~Convenience Class Consideration; and (z) in each case, a holder may elect to cause its Ratable Share of the Senior Notes Stock Allocation to be issued directly to a Voting Trust in the form of New Class B Common Stock.~~Senior Notes Class Cash Consideration, and the Debtors shall decline to permit the subscription for Rights by such holder.

(iv)Convertible Notes Claims (Class 1D)

Each holder of an Allowed Convertible Notes Claim will be entitled to (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the GUC Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the GUC Stock Allocation or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the Convenience Class Consideration. Notwithstanding the foregoing, if the Debtors determine in their sole discretion that if New Common Stock were distributed to all of the holders of Claims as contemplated by the Plan, Reorganized Patriot Coal would potentially be required to be a reporting company under the Exchange Act or would potentially be required to be registered on any public exchange (assuming, for these purposes, that all of the Rights Offering Warrants were exercised, and including the Debtors' estimate of shares of New Common Stock to be issued in respect of management incentive packages and other issuances), then, with respect to any holder that would otherwise have received less than a threshold number of shares of New ~~Class A~~ Common Stock on account of its claim and in

[15] The amount of the distribution on account of Senior Notes Parent Claims has been determined by giving effect to the guarantees by the Subsidiary Debtors of the Senior Notes.

respect of its Rights, as determined by the Debtors in consultation with the Creditors' Committee, such holder(s) will instead receive its Ratable Share of the Convenience Class Consideration, and the Debtors shall decline to permit the subscription for Rights by such holder.

(v) General Unsecured Claims (Class 1E; 2D-101D)

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), in full satisfaction, release and discharge of and in exchange for each Allowed General Unsecured Claim, each holder of a General Unsecured Claim that is Allowed as of the Effective Date will receive, on or as soon as reasonably practicable after the Effective Date, (i) if such holder is a Certified Eligible Holder, (1) its Pro Rata Share of the GUC Rights as determined pursuant to the Rights Offerings Procedures and (2) its Ratable Share of the GUC Stock Allocation or (ii) if such holder is not a Certified Eligible Holder, its Ratable Share of the Convenience Class Consideration. Notwithstanding the foregoing, if the Debtors determine in their sole discretion that if New Common Stock were distributed to all of the holders of Claims as contemplated by the Plan, Reorganized Patriot Coal would potentially be required to be a reporting company under the Exchange Act or would potentially be required to be registered on any public exchange (assuming, for these purposes, that all of the Rights Offering Warrants were exercised, and including the Debtors' estimate of shares of New Common Stock to be issued in respect of management incentive packages and other issuances), then with respect to any holder that would otherwise have received less than a threshold number of shares of New Common Stock on account of its claim and in respect of its Rights, as determined by the Debtors~~, prior to the Effective Date~~ in consultation with the Creditors' Committee, such holder(s) will instead receive its Ratable Share of the Convenience Class Consideration, and the Debtors shall decline to permit the subscription for Rights by such holder.

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), each holder of a General Unsecured Claim that is Disputed as of the Effective Date and becomes an Allowed General Unsecured Claim after the Effective Date, will receive, on or as soon as reasonably practicable after the Distribution Date that is at least 20 calendar days after such General Unsecured Claim becomes an Allowed General Unsecured Claim, its Ratable Share of the Convenience Class Consideration.

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), on any Interim Distribution Date upon which an Adjustment Distribution of Cash is to be distributed, the Disbursing Agent will effect a distribution, so that each holder of an Allowed Claim that has received Convenience Class Consideration under the Plan will have received, after giving effect to all prior distributions made to such Allowed Claim under the Plan, its Ratable Share of the Convenience Class Consideration allocable to such Claim on or as soon as reasonably practicable after the Interim Distribution Date.

If any Cash remains in the Disputed Claims Reserve after all Disputed General Unsecured Claims have become either Allowed Claims or Disallowed Claims, and all distributions to holders of General Unsecured Claims required pursuant to Section 8.4(c) of the Plan have been made, the Disbursing Agent will effect a final distribution, so that each Holder of an Allowed Claim that has received Convenience Class Consideration under the Plan will have received, after giving effect to all prior distributions made to such Allowed Claim under the Plan, its Ratable Share of the Convenience Class Consideration allocable to such Claim on or as soon as reasonably practicable after the Final Distribution Date.

(vi)Convenience Class Claims (Class 1F; 2E-101E)

Except to the extent that the applicable Creditor agrees to less favorable treatment, each holder of an Allowed Convenience Class Claim will receive, on or as soon as reasonably practicable after the later of (A) the Initial Distribution Date (for Claims Allowed as of the Effective Date) and (B) the Distribution Date that is at least 20 calendar days after such Convenience Class Claim becomes an Allowed Convenience Class Claim, in full satisfaction, release and discharge of and in exchange for such Claim, its Ratable Share of the Convenience Class Consideration.

Except to the extent that the applicable Creditor agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), on any Interim Distribution Date upon which an Adjustment Distribution of Cash is to be distributed, the Disbursing Agent will effect a distribution, so that each holder of an Allowed Claim that has received Convenience Class Consideration under the Plan will have received, after giving effect to all prior distributions made to such Allowed Claim under the Plan, its Ratable Share of the Convenience Class Consideration allocable to such Claim on or as soon as reasonably practicable after such Interim Distribution Date.

If any Cash remains in the Disputed Claims Reserve after all Disputed Convenience Class Claims (and all Disputed General Unsecured Claims that will or are expected to receive (as reasonably determined by the Disbursing Agent) Convenience Class Consideration in accordance with Article III of the Plan, if any) have become either Allowed Claims or Disallowed Claims and all distributions required pursuant to Section 8.4(c) of the Plan have been made, the Disbursing Agent will effect a final distribution, so that each holder of an Allowed Claim that has received Convenience Class Consideration under the Plan will have received, after giving effect to all prior distributions made to such Allowed Claims under the Plan, its Ratable Share of the Convenience Class Consideration allocable to such Claim on or as soon as reasonably practicable after the Final Distribution Date.

(vii) Section 510(b) Claims (Class 1G; 2F-101F)

The holders of Section 510(b) Claims will neither receive any distributions nor retain any property on account thereof pursuant to the Plan. All Section 510(b) Claims will be cancelled and extinguished.

(viii) Interests in Patriot Coal (Class 1H)

The holders of Interests in Patriot Coal will neither receive any distributions nor retain any property on account thereof pursuant to the Plan. All Interests in Patriot Coal will be cancelled and extinguished.

(ix)Interests in Subsidiary Debtors (Classes 2G through 101G)

The Interests in the Subsidiary Debtors will be, in Reorganized Patriot Coal's sole discretion in consultation with the Backstop Parties, Reinstated or canceled on the Effective Date or as soon thereafter as reasonably practicable.

2. *Treatment of Intercompany Claims*

In accordance with and giving effect to the provisions of section 1124(1) of the Bankruptcy Code, Intercompany Claims are Unimpaired by the Plan. However, the Debtors retain the right to, in consultation with the Backstop Parties, eliminate or adjust any Intercompany Claims as of the Effective Date by offset, cancellation, contribution or otherwise. In no event will Intercompany Claims be allowed as General Unsecured Claims or Convenience Class Claims or entitled to any distribution of Cash, New Common Stock or Rights under the Plan.

Section 5.4 Acceptance or Rejection of the Plan

a. Voting of Claims

Each holder of a Claim in an Impaired Class as of the Voting Record Date that is entitled to vote on the Plan pursuant to Article 3 of the Plan will be entitled to vote to accept or reject the Plan as provided in the Approval Order or any other order of the Bankruptcy Court.

b. Presumed Acceptance of Plan

Other Priority Claims (Classes 1A through 101A), Other Secured Claims (Classes 1B through 101B) and Interests in Subsidiary Debtors (Classes 2G through 101G) are Unimpaired by the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, the holders of Claims in such Classes are conclusively presumed to have accepted the Plan and the votes of such holders will not be solicited.

c. Presumed Rejection of Plan

Section 510(b) Claims (Classes 1G and 2F through 101F) and Interests in Patriot Coal (Class 1F) will not receive any distribution under the Plan on account of such Claims or Interests. Pursuant to section 1126(g) of the Bankruptcy Code, the holders of Claims and

Interests in such Classes are conclusively presumed to have rejected the Plan and the votes of such holders will not be solicited.

d. Acceptance by Impaired Classes

Pursuant to section 1126(c) of the Bankruptcy Code, and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims will have accepted the Plan if the holders of at least two-thirds in dollar amount and more than one-half in number of the Claims of such Class entitled to vote that actually vote on the Plan have voted to accept the Plan. Senior Notes Claims (Classes 1C and 2C through 100C), Convertible Notes Claims (Class 1D), General Unsecured Claims (Classes 1E and 2D through 101D) and Convenience Class Claims (Classes 1F and 2E through 101E) are Impaired, and the votes of holders of Claims in such Classes will be solicited. If holders of Claims in a particular Impaired Class of Claims were given the opportunity to vote to accept or reject the Plan, but no holders of Claims in such Impaired Class of Claims voted to accept or reject the Plan, then such Class of Claims will be deemed to have accepted the Plan.

e. Elimination of Vacant Classes

Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court solely for voting purposes as of the date of the Confirmation Hearing will be deemed eliminated from the Plan solely for purposes of (i) voting to accept or reject the Plan and (ii) determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

f. Consensual Confirmation

Notwithstanding the combination of the separate plans of reorganization of all Debtors in this joint plan of reorganization for purposes of, among other things, economy and efficiency, the Plan will be deemed a separate chapter 11 plan for each such Debtor.

g. Confirmation Pursuant to Sections 1129(a) and 1129(b) of the Bankruptcy Code

The Debtors will seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class or Classes of Claims. Subject to Article 13 of the Plan, the Debtors reserve the right to amend the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

h. Severability; Reservation of Rights

Subject to Article 13 of the Plan, the Debtors reserve the right, after consultation with the Creditors' Committee, to modify or withdraw the Plan, in its entirety or in part, for any reason, including, without limitation, if the Plan as it applies to any particular Debtor is not confirmed. In addition, and also subject to Article 13 of the Plan, should the Plan fail to be

accepted by the requisite number and amount of Claims and Interests voting, as required to satisfy section 1129 of the Bankruptcy Code, and notwithstanding any other provision of the Plan to the contrary, the Debtors reserve the right to reclassify Claims or Interests or otherwise amend, modify or withdraw the Plan in its entirety, in part or as to a particular Debtor. Without limiting the foregoing, if the Debtors withdraw the Plan as to any particular Debtor because the Plan as to such Debtor fails to be accepted by the requisite number and amount of Claims voting or due to the Bankruptcy Court, for any reason, denying Plan confirmation as to such Debtor, then at the option of such Debtor, after consultation with the Creditors' Committee, (a) the Chapter 11 Case for such Debtor may be dismissed or (b) such Debtor's assets may be sold to another Debtor, such sale to be effective at or before the Effective Date of the Plan for such other Debtor, and the sale price will be paid to the seller in Cash and will be in an amount equal to the fair value of such assets as proposed by the Debtors and approved by the Bankruptcy Court.

Section 5.5 Implementation of the Plan

a. Continued Corporate Existence

Except as otherwise provided in the Plan and subject to the Restructuring Transactions, each Debtor will, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity, each with all the powers of a corporation under the laws of its respective jurisdiction of organization and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under applicable state law.

b. Section 1145 Exemption

To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable non-bankruptcy law, the offering, issuance and distribution of the New Common Stock will be exempt from, among other things, the registration and prospectus delivery requirements of Section 5 of the Securities Act and any other applicable state and federal law requiring registration and/or delivery of a prospectus prior to the offering, issuance, distribution or sale of securities, subject to the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act. The offering, issuance and distribution of the Rights Offering Notes and the Rights Offering Warrants will be made pursuant to the exemption set forth in Section 4(2) of the Securities Act or another exemption thereunder. In addition, any securities contemplated by the Plan and any and all agreements incorporated therein, including the New Common Stock, the Rights Offering Notes and the Rights Offering Warrants (collectively, the "**New Securities**"), will be subject to (i) compliance with any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such securities or instruments; (ii) the restrictions, if any, on the transferability of such securities and instruments, including those set forth in the New Certificate of Incorporation and the New Stockholders' Agreement; and (iii) applicable regulatory approval, if any. The New Securities will be offered, distributed and sold pursuant to the Plan.

c. Authorization of New Common Stock

On the Effective Date, the New Certificate of Incorporation will have provided for ~~[•]~~sufficient shares of authorized New Common Stock to effectuate the issuances of New Common Stock contemplated by the Plan, and Reorganized Patriot Coal will issue or reserve for issuance a sufficient number of shares of New Common Stock to effectuate ~~the~~such issuances ~~of New Common Stock contemplated by the Plan~~. The shares of New Common Stock issued in connection with the Plan, including in connection with the consummation of the Rights Offerings, the Backstop Rights Purchase Agreement, or upon exercise of the Rights Offering Warrants, will be authorized without the need for further corporate action or without any further action by any Person, and once issued, will be duly authorized, validly issued, fully paid and non-assessable.

Any share of New Common Stock issued to a Creditor of any Subsidiary Debtor will be treated as (a) a contribution of cash by Reorganized Patriot Coal to the applicable Debtor in the amount equal to the fair market value of such New Common Stock, followed by (b) the issuance of New Common Stock by Reorganized Patriot Coal to the applicable Debtor in return for such cash, followed by (c) the transfer of the New Common Stock by the applicable Debtor to the applicable Creditor.

The New Certificate of Incorporation and the New Stockholders' Agreement will contain restrictions on holders' ability to transfer New Class A Common Stock and other New Securities designed to ensure that the number of holders of such securities does not exceed the threshold at which Reorganized Patriot Coal would be required to become a reporting company under the Exchange Act. Among other things, the New Certificate of Incorporation will require notice to Reorganized Patriot Coal of any proposed transfer of New Class A Common Stock or other New Securities and will restrict such transfer if Reorganized Patriot Coal determines that the transfer would, if effected, result in Reorganized Patriot Coal potentially having 2,000 or more holders of record of New Common Stock or 500 or more non-accredited holders of record of New Common Stock (in each case as determined under the Exchange Act).

d. Cancellation of Existing Securities and Related Agreements and the Indentures

On the Effective Date, all rights of any holder of Claims against, or Interests in, the Debtors, including options or warrants to purchase Interests, obligating the Debtors to issue, transfer or sell Interests or any other capital stock of the Debtors will be cancelled.

Each Indenture will terminate as of the Effective Date except as necessary to administer the rights, Claims, and interests of the applicable Indenture Trustee, and except that such Indenture will continue in effect to the extent necessary to allow such Indenture Trustee to receive distributions under the Plan and to redistribute them under such Indenture. Each Indenture Trustee will be relieved of all further duties and responsibilities related to the applicable Indenture, except with respect to the distributions required to be made to such Indenture Trustee under the Plan or with respect to such other rights of such Indenture Trustee

that, pursuant to such Indenture, survive the termination of such Indenture. Termination of the Indentures will not impair the rights of each Indenture Trustee to enforce its Charging Lien against property that would otherwise be distributed to holders of the Existing Notes. Subsequent to the performance by each Indenture Trustee of its obligations pursuant to the Plan, such Indenture Trustee and its agents will be relieved of all further duties and responsibilities related to the applicable Indenture.

e. Settlements

1. *UMWA Settlement*

The Plan implements and incorporates by reference the UMWA Settlement, including, without limitation, the discharge, exculpation and release provisions contained therein, which provisions are integral to and not severable from the Plan. Upon the Effective Date, pursuant to the VFA, the Patriot Retirees VEBA will receive the UMWA Stock Allocation and such other consideration that is contemplated by the VFA to be provided to the Patriot Retirees VEBA on the Effective Date.

2. *Non-Union Retiree Settlement*

The Plan implements and incorporates by reference the Non-Union Retiree Settlement Order, including, without limitation, the discharge, exculpation and release provisions contained therein and approved by the UMWA Settlement Order, which provisions are integral to and not severable from the Plan. Upon the Effective Date, pursuant to the Non-Union Retiree Settlement Order, the Non-Union Retiree VEBA will receive $3.75 million in Cash.

3. *Arch Settlement*

The Arch Settlement will become effective on the Effective Date. The Plan implements and incorporates by reference the Arch Settlement, including, without limitation, the discharge, exculpation and release provisions contained therein and approved by the Arch Settlement Order, which provisions are integral to and not severable from the Plan. Notwithstanding anything to the contrary in the Plan, nothing in the Plan or the Confirmation Order will limit or impair any relief granted to, or rights of, Arch pursuant to the Arch Settlement or the Arch Settlement Order.

4. *Peabody Settlement*

The Peabody Settlement will become effective in accordance with its terms. The Plan implements and incorporates by reference the Peabody Settlement, including, without limitation, the discharge, exculpation and release provisions contained therein and approved by the Peabody ~~Approval~~Settlement Order, which provisions are integral to and not severable from the Plan. Notwithstanding anything to the contrary in the Plan, nothing in the Plan or the Confirmation Order will limit or impair any relief granted to, or rights of, Peabody pursuant to the Peabody Settlement or the Peabody Settlement Order.

f. Financing and Restructuring Transactions

1. *Rights Offerings*

The Debtors will implement the Rights Offerings in accordance with the Backstop Rights Purchase Agreement and the Rights Offerings Procedures. The Rights Offerings shall be open to Certified Eligible Holders as of the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)). The Rights Offerings shall consist of a distribution of the Rights in respect of the Rights Offering Notes and the Rights Offering Warrants in accordance with the Rights ~~Offering~~Offerings Procedures. The Rights Offerings will be conducted in accordance with the Rights Offerings Procedures.

If, after following the procedures for allocation of Unsubscribed Rights set forth in the Rights Offerings Procedures, there remain any Unsubscribed Rights, the Backstop Parties have agreed to purchase, with respect to Knighthead, on a joint and several basis, and, with respect to the other Backstop Parties, on a several but not joint basis, the number of Rights Offering Notes and Right Offering Warrants equal to its Backstop Commitment Percentage multiplied by the number of remaining Rights Offering Notes and Rights Offering Warrants in accordance with the terms and conditions of the Backstop Rights Purchase Agreement up to an aggregate principal amount of $~~250,000,025~~250,025,000; *provided*, *however*, that the Backstop Parties may direct the Reorganized Debtors to issue a portion of the Rights Offering Notes and the Rights Offering Warrants that are not purchased to one or more third parties who are Eligible Holders (or would be Eligible Holders if such third parties were holders of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim) approved by the Backstop Parties. Any Rights Offering Notes to be issued to a Backstop Party shall be issued to such Backstop Party's respective funds designated by them; *provided*, *further*, that each such fund certifies that it is an Eligible Holder (or would be an Eligible Holder if such fund were a holder of an Allowed Claim). Any Rights Offering Warrants to be issued to a Backstop Party shall be issued to one or more Eligible Affiliates of such Backstop Party.

Notwithstanding anything to the contrary in the Plan, in the event the amount of holders of Claims that subscribe to the Rights is such that, if the Rights Offering Warrants were exercised, Reorganized Patriot Coal would potentially be required to be a reporting company under the Exchange Act or would potentially be required to be registered on any public exchange, the Debtors shall ~~be authorized to~~ decline to permit the subscription for Rights by holders of Claims subscribing for the lowest amount of Rights to the extent necessary to avoid Reorganized Patriot Coal being potentially required to be a reporting company under the Exchange Act or being potentially required to be registered on any public exchange (assuming, for these purposes, the exercise of the Rights Offering Warrants, and including the Debtors' estimate of shares of New Common Stock to be issued under the Plan and in respect of management incentive packages and other issuances).

As set forth in the Backstop Rights Purchase Agreement, the Backstop Parties will have consent rights over, among other things, (i) the VFA (ii) the Exit Credit Facilities

Documents, including the material financial terms of and definitive documentation for the Exit Credit Facilities; (iii) the Registration Rights Agreement; (iv) the organizational documents of the Reorganized Debtors, including the New Certificate of Incorporation, New Bylaws, and New Stockholders Agreement; (v) the Plan Documents; and (vi) the Rights Offerings Procedures, in each case, as set forth in the Backstop Rights Purchase Agreement.

The Rights, the Rights Offering Notes and the Rights Offering Warrants, in each case, whether issued pursuant to the Rights Offerings, in connection with the payment of the Backstop Commitment Fee and/or pursuant to the Backstop Rights Purchase Agreement, shall all be issued without registration in reliance upon the exemption set forth in section 4(2) of the Securities Act and will be "restricted securities."

2. *Exit Credit Facilities*

On or before the Effective Date, Reorganized Patriot Coal will enter into the Exit Credit Facilities, and, subject to the repayment of the DIP Facility Claims in accordance with Section 2.1 of the Plan, grant all liens and security interests provided for thereunder. The applicable Reorganized Debtors that are the guarantors under the Exit Credit Facilities will issue the guarantees, Liens, and security interests as provided thereunder. The Exit Credit Facilities will be on terms and conditions substantially as set forth in the Plan Supplement.

3. *Restructuring Transactions*

On or after the Effective Date, including after the cancellation and discharge of all Claims pursuant to the Plan and before the issuance of the New Common Stock, the Reorganized Debtors may engage in or take such actions as may be necessary or appropriate to effect corporate restructurings of their respective businesses, including actions necessary to simplify, reorganize and rationalize the overall reorganized organizational structure of the Reorganized Debtors (together, the "**Restructuring Transactions**"). The Restructuring Transactions may include: (a) dissolving companies or creating new companies (including limited liability companies), (b) merging, dissolving, transferring assets or otherwise consolidating any of the Debtors in furtherance of the Plan, or engaging in any other transaction in furtherance of the Plan, (c) executing and delivering appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution, liquidation, domestication, continuation or reorganization containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law; (d) executing and delivering appropriate instruments of transfer, assignment, assumption or delegation of any property, right, liability, debt or obligation on terms consistent with the terms of the Plan; (e) filing appropriate certificates or articles of merger, consolidation or dissolution or other filings or recordings pursuant to applicable state law; and (f) taking any other action reasonably necessary or appropriate in connection with such organizational restructurings. In each case in which the surviving, resulting or acquiring Entity in any of these transactions is a successor to a Reorganized Debtor, such surviving, resulting or acquiring Entity will perform the obligations of the applicable Reorganized Debtor pursuant to the Plan, including with respect to the DIP Agents and the DIP Lenders, and paying or

otherwise satisfying the Allowed Claims to be paid by such Reorganized Debtor. Implementation of any Restructuring Transactions will not affect any performance obligations, distributions, discharges, exculpations, releases or injunctions set forth in the Plan.

g. Voting Trust(s)

On or before the Effective Date, the Voting Trust Agreement(s) will be executed, and all other necessary steps will be taken to establish the Voting ~~Trust~~Trust(s).

On the Effective Date, (a) the shares of New Class B Common Stock designated to be transferred to a Voting Trust(s) will be transferred (and be deemed transferred) to the Voting Trust(s) without the need for any person or Entity to take any further action or obtain any approval. Such transfers will be exempt from any stamp, real estate transfer, mortgage reporting, sales, use or other similar tax. Upon the foregoing transfers to the Voting Trust, the Debtors and the Reorganized Debtors will have no further liability or obligation relating to the Voting Trust. In no event will the Debtors or the Reorganized Debtors have or be deemed to have any fiduciary or other duty to the Voting Trust, nor any responsibilities for administering the Voting Trust.

The Voting Trustee(s) will govern the Voting Trust(s) in accordance with the Voting Trust Agreement(s) and will be appointed permanently. The duty of the Voting Trustee(s) will be to vote the shares of the New Class B Common Stock held in trust so as to maximize the enterprise value of the Reorganized Debtors.

The Voting Trust Beneficiaries will be one or more parties to be determined; *provided* that Knighthead may not be a direct or indirect beneficiary of a Voting Trust; *provided, further*, that the UMWA will be the beneficiary of the economic value of any shares of New Class B Common Stock issued to the Voting Trust on the Effective Date in respect of any ~~Claims held by~~Senior Notes Stock Allocation otherwise issuable to Knighthead pursuant to the Plan. Additionally, the holders of Allowed Senior Notes Claims and the Backstop Parties may elect to cause the shares of New Common Stock issued to such ~~holders~~parties pursuant to the Plan to be issued to a Voting Trust, which New Common Stock will be Class B Common Stock in lieu of Class A Common Stock otherwise issuable in respect of their Allowed Senior Notes Claims.

Section 5.6 Provisions Governing Distributions

a. Disbursing Agent

The Disbursing Agent will make all distributions required under the Plan, except as to a Creditor whose distribution is to be administered by a Servicer, which distributions will be deposited with the appropriate Servicer for distribution to Creditors in accordance with the provisions of the Plan and the terms of the governing agreement. Distributions on account of such Claims will be deemed complete upon delivery to the appropriate Servicer; *provided, however*, that if any such Servicer is unable to make such distributions, the Disbursing Agent, with such Servicer's cooperation, will make such distributions to the extent reasonably

practicable to do so. The applicable DIP Agent and the applicable Indenture Trustee will be considered Servicers for the DIP Facility Claims, the Senior Notes Claims and the Convertible Notes Claims, as applicable.

Notwithstanding anything to the contrary in the Plan, all distributions related to or on account of the Existing Notes will be made to the applicable Indenture Trustee and further distributions on account of such Claims by such Indenture Trustee will be accomplished in accordance with the applicable Indenture and, if applicable, the policies and procedures of DTC. Each Indenture Trustee will administer such distributions in accordance with the Plan and the applicable Indenture. Neither Indenture Trustee will be required to give any bond, surety, or other security for the performance of its duties with respect to the administration and implementation of distributions. Any and all distributions on account of the Existing Notes will be subject to the terms and conditions of the applicable Indenture, including any Charging Lien.

The Reorganized Debtors will be authorized, without further Bankruptcy Court approval, but not directed to, reimburse any Servicer for its reasonable, documented, actual and customary out-of-pocket expenses incurred in providing postpetition services directly related to distributions pursuant to the Plan. These reimbursements must be made, with respect to First Out DIP Facility Claims, in accordance with Section 12.04 of the First Out DIP Facility, with respect to Second Out DIP Facility Claims, in accordance with Section 10.04 of the Second Out DIP Facility, and otherwise on terms agreed to between the Reorganized Debtors and the applicable Servicer.

b. Timing and Delivery of Distributions

1. *Timing*

Subject to any reserves or holdbacks established pursuant to the Plan, and taking into account the matters discussed in Section 6.3 of the Plan, on the appropriate Distribution Date or as soon as practicable thereafter, holders of Allowed Claims against the Debtors will receive the distributions provided for Allowed Claims in the applicable Classes as of such date.

If and to the extent there are Disputed Claims as of the Effective Date, distributions on account of such Disputed Claims (which will only be made if and when they become Allowed Claims) will be made pursuant to the provisions set forth in the Plan on or as soon as reasonably practicable after the next Distribution Date that is at least 20 calendar days after each such Claim is Allowed; *provided, however*, that distributions on account of the Claims set forth in Article 3 of the Plan will be made as set forth therein and Professional Fee Claims will be made as soon as reasonably practicable after such Claims are Allowed or as provided in any other applicable Order. Because of the size and complexities of the Chapter 11 Cases, the Debtors at the present time cannot accurately predict the timing of the Final Distribution Date.

2. *De Minimis Distributions*

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer nor the Disbursing Agent will have any obligation to make any distributions under the Plan with a value of less than $100, unless a written request therefor is received by the Disbursing Agent from the relevant recipient at the addresses set forth in Section 15.13 of the Plan within 120 days after the later of the (a) Effective Date and (b) the date such Claim becomes an Allowed Claim. *De minimis* distributions for which no such request is timely received will revert to Reorganized Patriot Coal. Upon such reversion, the relevant Allowed Claim (and any Claim on account of missed distributions) will be automatically discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer nor any Disbursing Agent will have any obligation to make a particular distribution to a specific holder of an Allowed Claim if such holder is also the holder of a Disputed Claim.

Notwithstanding any other provision of the Plan, none of the Reorganized Debtors, any Servicer nor any Disbursing Agent will have any obligation to make any distributions on any Interim Distribution Date unless the sum of all distributions authorized to be made to all holders of Allowed Claims on such Interim Distribution Date exceeds $100,000 in value.

3. *Fractional Shares*

Notwithstanding any other provision of the Plan, no fractional shares of New Common Stock will be distributed; *provided, however*, that any fractional shares of New Common Stock will be rounded down to the next whole number or zero, as applicable, and no consideration will be provided in lieu of fractional shares that are rounded down.

4. *Delivery of Distributions – Allowed Claims*

As to all holders of Allowed Claims, distributions will only be made to the record holders of such Allowed Claims as of the Distribution Record Date; *provided*, that, any Eligible Holder who is otherwise entitled to receive Rights in accordance with the terms of the Plan may designate an Eligible Affiliate to receive such Rights and such Eligible Affiliate may exercise such Notes Rights or Warrant Rights in accordance with the Rights Offerings Procedures. On the Distribution Record Date, at the close of business for the relevant register, all registers maintained by the Debtors, Reorganized Debtors, Servicers, the Disbursing Agent, the Indenture Trustees and each of the foregoing's respective agents, successors and assigns will be deemed closed for purposes of determining whether a holder of such a Claim is a record holder entitled to distributions under the Plan. The Debtors, Reorganized Debtors, Servicers, Disbursing Agent, Indenture Trustees and all of their respective agents, successors and assigns will have no obligation to recognize, for purposes of distributions pursuant to or in any way arising from the Plan (or for any other purpose), any Claims that are transferred after the Distribution Record Date. Instead, they will be entitled to recognize only those record holders set forth in the registers as of the Distribution Record Date, irrespective of the

number of distributions made under the Plan or the date of such distributions. Furthermore, if a Claim is transferred 20 or fewer calendar days before the Distribution Record Date, the Disbursing Agent or Indenture Trustee, as applicable, will make distributions to the transferee only if the transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

If any dispute arises as to the identity of a holder of an Allowed Claim that is entitled to receive a distribution pursuant to the Plan, the applicable Disbursing Agent, Servicer or Indenture Trustee may, in lieu of making such distribution to such person, make the distribution into an escrow account until the disposition thereof is determined by Final Order or by written agreement among the interested parties to such dispute.

Subject to Bankruptcy Rule 9010, a distribution to a holder of an Allowed Claim may be made by the applicable Disbursing Agent or Indenture Trustee, in each case, in its sole discretion: (i) to the address set forth on the first page of the Proof of Claim filed by such holder (or at the last known address of such holder if no Proof of Claim is filed or if the Debtors have been notified in writing of a change of address), (ii) to the address set forth in any written notice of an address change delivered to the Disbursing Agent after the date of any related Proof of Claim, (iii) to the address set forth on the Schedules filed with the Bankruptcy Court, if no Proof of Claim has been filed and the Disbursing Agent has not received a written notice of an address change, (iv) in the case of a holder whose Claim is governed by an agreement and administered by a Servicer, to the address contained in the official records of such Servicer or (v) to the address of any counsel that has appeared in the Chapter 11 Cases on such holder's behalf.

5. *Delivery of Distributions – Allowed Claims Relating to Existing Notes; Surrender of Cancelled Instruments or Securities*

Subject to the provisions of Section 5.4 of the Plan, as to holders of Allowed Claims relating to the Existing Notes and as a condition to receive any distribution:

~~(i) As to any holder of an Allowed Claim relating to an Existing Note, other than securities evidenced by electronic book entry in the facilities of DTC or certificated securities in global form held in the name of [•] as nominee for DTC and in the custody of [•], DTC or the Indenture Trustees, such holder will surrender such Existing Note to the applicable Indenture Trustee in accordance with written instructions provided by such Indenture Trustee in a letter of transmittal, and such Existing Note will be cancelled. No distribution of property hereunder will be made to or on behalf of any holder of an Allowed Claim relating to an Existing Note unless and until such Existing Note is received by the Disbursing Agent or the appropriate Servicer. In the event of the loss, theft or destruction of an Existing Note, the unavailability of such Existing Note must be reasonably established to the satisfaction of the Disbursing Agent or the respective Servicer, including by executing and delivering (x) an affidavit of loss setting forth the unavailability of the Existing Note, as applicable, reasonably satisfactory to the Disbursing Agent or the respective Servicer and (y) such additional security or indemnity as may be reasonably required. A distribution to a holder of an Allowed Claim~~

~~relating to an Existing Note may be made by the Disbursing Agent, in its sole discretion: (x) to the address of the holder thereof or (y) to the address indicated in any letter of transmittal submitted to the Servicer by a holder; *provided*, *however*, that any shares of New Class A Common Stock otherwise distributable to Knighthead in respect of its Allowed Senior Notes Claim will be issued directly to one or more Voting Trusts in the form of New Class B Common Stock.~~

~~(ii)~~ As to any holder of an Allowed Claim relating to an Existing Note that is held in the name of, or by a nominee of, DTC, the Debtors and the Reorganized Debtors will seek the cooperation of DTC to provide appropriate instructions to the applicable Indenture Trustee and such distribution will be made through a mandatory and/or voluntary exchange on or as soon as practicable after the Effective Date.

Any holder of an Allowed Claim relating to an Existing Note who fails to surrender such Existing Note in accordance with Section 6.2(e) of the Plan within one year after the Effective Date will be deemed to have forfeited all rights and Claims in respect of such Existing Note and will not participate in any distribution hereunder, and all property relating to such forfeited distribution, including any dividends or interest attributable thereto, will revert to the Reorganized Debtors, notwithstanding any federal or state escheat laws to the contrary.

c. Manner of Payment under Plan

All Cash distributions to be made under the Plan to the DIP Agents on account of the DIP Facility Claims will be made by wire transfer. With respect to any other Cash payment to be made under the Plan, at the Disbursing Agent's option, any such payment may be made by check, wire transfer or any other customary payment method.

The Disbursing Agent will distribute New Common Stock, Rights or Cash as required under the Plan. Where the applicable Reorganized Debtor is a Reorganized Subsidiary Debtor, Reorganized Patriot Coal will be deemed to have made a direct capital contribution to the applicable Reorganized Subsidiary Debtor of an amount of Cash to be distributed to the Creditors of such Reorganized Debtor, but only at such time as, and to the extent that, such amounts are actually distributed to holders of Allowed Claims. Any distributions by the Disbursing Agent of New Common Stock, Rights or Cash that revert to Reorganized Patriot Coal or are otherwise cancelled (such as to the extent any distributions have not been claimed within one year) will revest solely in Reorganized Patriot Coal and no other Reorganized Debtor will have (nor will it be considered to ever have had) any ownership interest in the amounts distributed.

1. *Allocation of Plan Distributions Between Principal and Interest*

To the extent that any unsecured Claim entitled to a distribution under the Plan is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor and accrued but unpaid interest thereon, such distribution will be allocated first to the principal amount of the Claim (as determined for federal income tax

purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

2. *Compliance Matters*

In connection with the Plan, each Debtor, each Reorganized Debtor and the Disbursing Agent will comply with all tax withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions hereunder will be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, each Debtor, each Reorganized Debtor and the Disbursing Agent will be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including, without limitation, liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes or establishing any other mechanisms the Debtors or the Reorganized Debtors, as applicable, believe are reasonable and appropriate. For tax purposes, distributions received with respect to Allowed Claims will be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

The Debtors, the Reorganized Debtors and the Disbursing Agent, as applicable, reserve the right to allocate and distribute all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, Liens and similar encumbrances.

3. *Foreign Currency Exchange Rate*

As of the Effective Date, any Claim asserted in a currency other than U.S. dollars will be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate on the Petition Date, as quoted at 4:00 p.m., mid-range spot rate of exchange for the applicable currency as published in *The Wall Street Journal*, National Edition, on the day after the Petition Date.

d. Undeliverable or Non-Negotiated Distributions

If any distribution is returned as undeliverable, no further distributions to such Creditor will be made unless and until the Disbursing Agent or appropriate Servicer is notified in writing of such holder's then-current address, at which time any undelivered distribution will be made to such holder without interest or dividends. Undeliverable distributions will be returned to Reorganized Patriot Coal until such distributions are claimed. All undeliverable distributions under the Plan that remain unclaimed for one year after attempted distribution will indefeasibly revert to Reorganized Patriot Coal. Upon such reversion, the relevant Allowed Claim (and any Claim on account of missed distributions) will be automatically discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary.

Checks issued on account of Allowed Claims will be null and void if not negotiated within 120 calendar days from and after the date of issuance thereof. Requests for reissuance

of any check must be made directly and in writing to the Disbursing Agent by the holder of the relevant Allowed Claim within the 120-calendar-day period. After such date, the relevant Allowed Claim (and any Claim for reissuance of the original check) will be automatically discharged and forever barred, and such funds will revert to Reorganized Patriot Coal, notwithstanding any federal or state escheat laws to the contrary.

e. Claims Paid or Payable by Third Parties

1. *Claims Paid by Third Parties*

To the extent a Creditor receives a distribution on account of a Claim and also receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such Creditor will, within 30 calendar days of receipt thereof, repay and/or return the distribution to the applicable Reorganized Debtor, to the extent the Creditor's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of the Claim as of the date of any such distribution under the Plan.

A Claim may be adjusted or expunged on the official claims register, without a claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court, to the extent that the Creditor receives payment in full or in part on account of such Claim; *provided, however*, that to the extent the non-Debtor party making the payment is subrogated to the Creditor's Claim, the non-Debtor party will have a 30-calendar-day grace period following payment in full to notify the Claims Agent of such subrogation rights.

2. *Claims Payable by Third Parties*

To the extent that one or more of the Debtors' insurers agrees (or if and to the extent any such insurer is required by a court or other tribunal of competent jurisdiction) to satisfy any Claim, then immediately upon such court or other tribunal determination or insurers' agreement, such Claim may be expunged (to the extent of any agreed-upon or determined satisfaction) on the official claims register without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

Section 5.7 Filing of Administrative Claims

a. Professional Fee Claims

1. *Final Fee Applications*

All final requests for payment of Professional Fee Claims must be filed with the Bankruptcy Court by the date that is 60 calendar days after the Confirmation Date. Such requests will be filed with the Bankruptcy Court and served as required by the Case Management Order; *provided* that if any Professional is unable to file its own request with the Bankruptcy Court, such Professional may deliver an original, executed copy and an electronic copy to the Debtors' attorneys and the Reorganized Debtors at least three Business Days

before the deadline, and the Debtors' attorneys will file such request with the Bankruptcy Court. The objection deadline relating to the final requests will be 4:00 p.m. (prevailing Central Time) on the date that is 15 calendar days after the filing deadline. If no objections are timely filed and properly served in accordance with the Case Management Order as to a given request, or all timely objections are subsequently resolved, such Professional will submit to the Bankruptcy Court for consideration a proposed order approving the Professional Fee Claim as an Allowed Administrative Claim in the amount requested (or otherwise agreed), and the order may be entered without a hearing or further notice to any party. The Allowed amounts of any Professional Fee Claims subject to unresolved timely objections will be determined by the Bankruptcy Court at a hearing to be held no later than 30 calendar days after the objection deadline. Distributions on account of Allowed Professional Fee Claims will be made as soon as reasonably practicable after such Claims become Allowed or in accordance with any other applicable Order.

2. *Payment of Interim Amounts*

Professionals will be paid pursuant to the "Monthly Statement" process set forth in the Interim Compensation Order with respect to all calendar months ending before the Confirmation Date.

3. *Post-Confirmation Date Fees*

Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate, and the Debtors and Reorganized Debtors may employ and pay all Professionals and may pay the reasonable and documented fees and expenses of each of the DIP Agents' professionals in accordance with the DIP Documents and the DIP Order in the ordinary course of business (including for the month in which the Confirmation Date occurred) without any further notice to, action by or order or approval of the Bankruptcy Court or any other party.

b. Other Administrative Claims

A notice setting forth the Other Administrative Claim Bar Date will be (i) filed on the Bankruptcy Court's docket and (ii) posted on the Debtors' Case Information Website. No other notice of the Other Administrative Claim Bar Date will be provided.

All requests for payment of Other Administrative Claims that accrued on or before the Effective Date (other than Professional Fee Claims, which are subject to the provisions of Section 7.1 of the Plan) must be filed with the Claims Agent and served on counsel for the Debtors and Reorganized Debtors by the Other Administrative Claim Bar Date. Any requests for payment of Other Administrative Claims pursuant to Section 7.2 of the Plan that are not properly filed and served by the Other Administrative Claim Bar Date will be disallowed automatically without the need for any objection from the Debtors or the Reorganized Debtors or any action by the Bankruptcy Court.

The Reorganized Debtors, in their sole discretion, will have exclusive authority to settle Other Administrative Claims without further Bankruptcy Court approval.

Unless the Debtors or the Reorganized Debtors object to a timely filed and properly served Other Administrative Claim by the Claims Objection Deadline, such Other Administrative Claim will be deemed allowed in the amount requested. If the Debtors or the Reorganized Debtors object to an Other Administrative Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court will determine whether such Other Administrative Claim should be allowed and, if so, in what amount.

Notwithstanding the foregoing, requests for payment of Other Administrative Claims need not be filed for Other Administrative Claims that (i) are for goods or services provided to the Debtors in the ordinary course of business, (ii) previously have been Allowed by Final Order of the Bankruptcy Court, (iii) are for Cure amounts, (iv) are on account of postpetition taxes (including any related penalties or interest) owed by the Debtors or the Reorganized Debtors to any governmental unit (as defined in section 101(27) of the Bankruptcy Code) or (v) the Debtors or Reorganized Debtors have otherwise agreed in writing do not require such a filing.

Section 5.8 Disputed Claims

a. Objections to Claims

After the Effective Date, the Reorganized Debtors will have the sole authority to object to all Claims; *provided, however*, that the Reorganized Debtors will not be entitled to object to any Claim that has been expressly allowed by Final Order or under the Plan. Any objections to Claims filed by the Reorganized Debtors will be filed on the Bankruptcy Court's docket on or before the Claims Objection Deadline.

Claims objections filed before, on or after the Effective Date will be filed, served and administered in accordance with the Claims Objection Procedures Order, which will remain in full force and effect; *provided, however*, that, on and after the Effective Date, filings and notices related to the Claims Objection Procedures Order need only be served on the relevant claimants and otherwise as required by the Case Management Order.

b. Resolution of Disputed Claims

On and after the Effective Date, the Reorganized Debtors will have the sole authority to litigate, compromise, settle, otherwise resolve or withdraw any objections to all Claims and to compromise and settle any Claims without notice to or approval by the Bankruptcy Court or any other party.

c. Estimation of Claims and Interests

The Debtors or Reorganized Debtors may, in their sole discretion, after consultation with the Creditors' Committee (if prior to the Effective Date) determine, resolve and otherwise

adjudicate all Contingent Claims, Unliquidated Claims and Disputed Claims in the Bankruptcy Court or such other court of the Debtors' or Reorganized Debtors' choice having jurisdiction over the validity, nature or amount thereof. The Debtors or the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any Contingent Claim, Unliquidated Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code for any reason or purpose, regardless of whether any of the Debtors or the Reorganized Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates any Contingent Claim, Unliquidated Claim or Disputed Claim, that estimated amount will constitute the maximum limitation on such Claim and the Debtors or the Reorganized Debtors may pursue supplementary proceedings to object to the ultimate allowance of such Claim; *provided, however*, that such limitation will not apply to Claims requested by the Debtors to be estimated for voting purposes only.

All of the aforementioned objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court. Notwithstanding section 502(j) of the Bankruptcy Code, in no event will any holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such Claim unless the holder of such Claim has filed a motion requesting the right to seek such reconsideration on or before 20 calendar days after the date such Claim is estimated by the Bankruptcy Court.

d. Payments and Distributions for Disputed Claims

1. *No Distributions Pending Allowance*

Notwithstanding any other provision in the Plan, no payments or distributions will be made for a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim.

2. D*isputed Claims Reserve*

On the Initial Distribution Date or as soon thereafter as is reasonably practicable, the Reorganized Debtors will hold in reserve (the "**Disputed Claims Reserve**") the amount of Cash that the Reorganized Debtors determine, in consultation with the Creditors' Committee, would likely have been distributed to the Holders of all Disputed Claims as if such Disputed Claims had been Allowed on the Effective Date, with the amount of such Allowed Claims to be determined, solely for the purposes of establishing reserves and for maximum distribution purposes, to be the lesser of (a) the asserted amount of the Disputed Claim filed with the Bankruptcy Court as set forth in the non-duplicative Proof of Claim, or (if no proof of such Claim was filed) listed by the Debtors in the Schedules, (b) the amount, if any, estimated by

the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code or ordered by other order of the Bankruptcy Court, or (c) the amount otherwise agreed to by the Debtors or the Reorganized Debtors, as applicable, in consultation with the Backstop Parties, and the Holder of such Disputed Claim for distribution purposes. With respect to all Disputed Claims that are General Unsecured Claims or Convenience Class Claims and are unliquidated or contingent and for which no dollar amount is asserted on a Proof of Claim, the Debtors will reserve Cash adjusted from time to time equal to the amount reasonably determined by the Reorganized Debtors.

The Disbursing Agent may, at the direction of the Debtors or the Reorganized Debtors, adjust the Disputed Claims Reserve to reflect all earnings thereon (net of any expenses relating thereto, such expenses including any taxes imposed thereon or otherwise payable by the reserve), to be distributed on the Distribution Dates, as required by the Plan. The Disbursing Agent will hold in the Disputed Claims Reserve all dividends, payments and other distributions made on account of, as well as any obligations arising from, the property held in the Disputed Claims Reserve, to the extent that such property continues to be so held at the time such distributions are made or such obligations arise. The taxes imposed on the Disputed Claims Reserve (if any) will be paid by the Disbursing Agent from the property held in the Disputed Claims Reserve, and the Reorganized Debtors will have no liability for such taxes.

After any reasonable determination by the Reorganized Debtors that the Disputed Claims Reserve should be adjusted downward in accordance with Section 8.4(b)(i) of the Plan, the Disbursing Agent will, at the direction of the Debtors or the Reorganized Debtors, effect a distribution in the amount of such adjustment as required by the Plan (an "**Adjustment Distribution**"), and any date of such distribution will be an Interim Distribution Date.

After all Disputed Claims have become either Allowed Claims or Disallowed Claims and all distributions required pursuant to Section 8.4(c) of the Plan have been made, the Disbursing Agent will, at the direction of the Reorganized Debtors, effect a final distribution of the Cash remaining in the Disputed Claims Reserve.

It is expected that the Disbursing Agent will (i) make an election pursuant to United States Treasury Regulations section 1.468B-9 to treat the Disputed Claims Reserve as a "disputed ownership fund" within the meaning of that section and (ii) allocate taxable income or loss to the Disputed Claims Reserve with respect to any taxable year that would have been allocated to the holders of Disputed Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are Disputed Claims). The affected holders of the Disputed Claims will be bound by such election, if made by the Disbursing Agent. For federal income tax purposes, absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Disbursing Agent will, to the extent permitted by applicable law, report consistently with the foregoing characterization for state and local income tax purposes. All affected holders of Disputed Claims will report, for income tax purposes, consistently with the foregoing.

3. *Distributions after Allowance*

To the extent that a Disputed Claim, other than a Convenience Class Claim, becomes an Allowed Claim after the Effective Date, the Disbursing Agent will, out of the Disputed Claims Reserve, distribute to the holder thereof the distribution, if any, to which such holder is entitled under the Plan in accordance with Section 6.2(a) of the Plan. Subject to Section 8.6 of the Plan, all distributions made under Section 8.4(c)(i) of the Plan on account of Allowed Claims will be made together with any dividends, payments or other distributions made on account of, as well as any obligations arising from, the distributed property, then held in the Disputed Claims Reserve as if such Allowed Claim had been an Allowed Claim on the dates distributions were previously made to Allowed Claim holders included in the applicable class under the Plan.

To the extent that a Convenience Class Claim becomes an Allowed Claim after the Effective Date, the Disbursing Agent will distribute to the holder thereof the distribution, if any, to which such holder is entitled under the Plan in accordance with Section 6.2(a) and Section 8.6 of the Plan.

e. No Amendments to Claims

A Claim may be amended before the Confirmation Date only as agreed upon by the Debtors and the holder of such Claim or as otherwise permitted by the Bankruptcy Court, the Bankruptcy Rules or applicable non-bankruptcy law. On or after the Confirmation Date, the holder of a Claim (other than an Other Administrative Claim or a Professional Fee Claim) must obtain prior authorization from the Bankruptcy Court or Reorganized Debtors to file or amend a Claim. Any new or amended Claim (other than Rejection Claims) filed after the Confirmation Date without such prior authorization will not appear on the official claims register and will be deemed disallowed in full and expunged without any action required of the Debtors or the Reorganized Debtors and without the need for any court order.

f. No Interest

Other than as provided by section 506(b) of the Bankruptcy Code or as specifically provided for in the Plan, the Confirmation Order or with respect to the DIP Facilities, postpetition interest will not accrue or be paid on Claims and no holder of a Claim will be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without limiting the foregoing, interest will not accrue or be paid on any Claim or Disputed Claim for the period from and after the Effective Date; *provided, however*, that nothing in Section 8.6 of the Plan will limit any rights of any governmental unit (as defined in section 101(27) of the Bankruptcy Code) to interest under sections 503, 506(b), 1129(a)(9)(A) or 1129(a)(9)(C) of the Bankruptcy Code or as otherwise provided for under applicable law.

Section 5.9 Executory Contracts and Unexpired Leases

a. Rejection of Executory Contracts and Unexpired Leases

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each executory contract and unexpired lease to which any Debtor is a party will be deemed automatically rejected by the Debtors effective as of the Effective Date, except for any executory contract or unexpired lease that (i) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered before the Effective Date, (ii) is the subject of a motion to assume or reject pending on the Effective Date, including the *Debtors' Motion for Authorization to (i) Assume or (ii) Reject Unexpired Leases of Nonresidential Real Property* filed on Janauary 15, 2013 [ECF No. 1995], (iii) is the subject of an adversary proceeding pending on the Effective Date, including *Eastern Royalty LLC f/k/a Eastern Royalty Corp. v. Boone East Development Co., Performance Coal Co., and New River Energy Corp.*, Adv. Pro. No. 12-04353-659 and *Robin Land Company, LLC v. STB Ventures, Inc.*, Adv. Pro. No. 12-04355-659, (iv) is subject to the *Stipulation and Order Extending Time Under 11 U.S.C. § 365(d)(4) for Leases of Non-Residential Real Property with Alpha Natural Resources, Inc.* dated February 8, 2013 [ECF No. 2781], as thereafter extended from time to time by written agreement of the parties, (v) is assumed, rejected or otherwise treated pursuant to Section 9.3 or Section 9.4 of the Plan, (vi) is listed on Schedule 9.2(a) or 9.2(b) of the Plan or (vii) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline. If an executory contract or unexpired lease either (x) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered before the Effective Date or (y) is the subject of a motion to assume or reject pending on the Confirmation Date, then the listing of any such executory contract or unexpired lease on the aforementioned schedules will be of no effect.

b. Schedules of Executory Contracts and Unexpired Leases

Schedules 9.2(a) and 9.2(b) of the Plan will be filed by the Debtors as specified in Section 15.6 of the Plan and will represent the Debtors' then-current good faith belief regarding the intended treatment of all executory contracts and unexpired leases listed thereon. The Debtors reserve the right, on or before 3:00 p.m. (prevailing Central Time) on the Business Day immediately before the Confirmation Hearing to (i) amend Schedules 9.2(a) and 9.2(b) to add, delete or reclassify any executory contract or unexpired lease or amend a proposed assignment and (ii) amend the Proposed Cure, in each case as to any executory contract or unexpired lease previously listed as to be assumed; *provided, however*, that if the Confirmation Hearing is adjourned, such amendment right will be extended to 3:00 p.m. on the Business Day immediately before the rescheduled or continued Confirmation Hearing, and this proviso will apply in the case of any and all subsequent adjournments of the Confirmation Hearing; *provided further* that (a) for Intercompany Contracts and agreements proposed to be rejected as of the above deadline, the Debtors reserve the right to make amendments at any time before Confirmation and (b) the Debtors may amend Schedules 9.2(a) and 9.2(b) to add, delete or reclassify any executory contracts or unexpired leases or amend proposed assignments after such date to the extent agreed with the relevant counterparties. Pursuant to sections 365 and 1123 of the Bankruptcy Code, and except for executory contracts and

unexpired leases as to which a Treatment Objection is properly filed and served by the Treatment Objection Deadline, (x) each of the executory contracts and unexpired leases listed on Schedule 9.2(a) will be deemed assumed (and, if applicable, assigned) effective as of the Assumption Effective Date specified thereon and the Proposed Cure specified in the notice mailed to each Assumption Party will be the Cure and will be deemed to satisfy fully any obligations the Debtors might have regarding such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code and (y) each of the executory contracts and unexpired leases listed on Schedule 9.2(b) will be deemed rejected effective as of the Rejection Effective Date specified thereon.

The Debtors will file initial versions of Schedules 9.2(a) and 9.2(b) and any amendments thereto with the Bankruptcy Court and will serve all notices thereof only on the DIP Agents, the Creditors' Committee and the relevant Assumption Parties and Rejection Parties. For any executory contract or unexpired lease first listed on Schedule 9.2(b) later than the date that is 10 calendar days before the Voting Deadline, the Debtors will use their best efforts to notify the DIP Agents, the Creditors' Committee and the applicable Rejection Party promptly of such proposed treatment via facsimile, email or telephone at any notice address or number included in the relevant executory contract or unexpired lease or as otherwise timely provided in writing to the Debtors by any such counterparty or its counsel.

For any executory contracts or unexpired leases first listed on Schedule 9.2(b) later than the date that is 10 calendar days before the Voting Deadline, affected Rejection Parties will have five calendar days from the date of such amendment to Schedule 9.2(b) to object to Confirmation of the Plan. For any executory contracts or unexpired leases first listed on Schedule 9.2(b) later than the date that is five calendar days before the Confirmation Hearing, affected Rejection Parties will have until the Confirmation Hearing to object to Confirmation of the Plan.

The listing of any contract or lease on Schedule 9.2(a) or 9.2(b) is not an admission that such contract or lease is an executory contract or unexpired lease or that any Debtor has any liability thereunder. The Debtors reserve the right to assert that any of the agreements listed on Schedule 9.2(a) or 9.2(b) are not executory contracts or unexpired leases.

c. Categories of Executory Contracts and Unexpired Leases to Be Assumed

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each of the executory contracts and unexpired leases within the following categories will be deemed assumed as of the Effective Date (and the Proposed Cure for each will be zero dollars), except for any executory contract or unexpired lease (i) that has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 9.2(a) or 9.2(b), (iv) that is otherwise expressly assumed or rejected pursuant to the terms of the Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline.

1. *Customer Programs, Foreign Agreements, Insurance Plans, Intercompany Contracts, Surety Bonds and Workers' Compensation Plans*

Subject to the terms of the first paragraph of Section 9.3 of the Plan, each Customer Program, Foreign Agreement, Insurance Plan, Intercompany Contract, Surety Bond and Workers' Compensation Plan will be deemed assumed effective as of the Effective Date. Nothing contained in Section 9.3(a) of the Plan will constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any entity, including, without limitation, the insurer under any of the Insurance Plans. Except as provided in the previous sentence, all Proofs of Claim on account of or in respect of any agreement covered by Section 9.3(a) of the Plan will be deemed withdrawn automatically and without any further notice to or action by the Bankruptcy Court.

2. *Directors and Officers Insurance Policies and Agreements*

To the extent that the D&O Liability Insurance Policies issued to, or entered into by, the Debtors prior to the Petition Date constitute executory contracts, notwithstanding anything in the Plan to the contrary, the Reorganized Debtors will be deemed to have assumed all of the Debtors' unexpired D&O Liability Insurance Policies pursuant to section 365(a) of the Bankruptcy Code effective as of the Effective Date. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Reorganized Debtors' foregoing assumption of each of the D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan will not discharge, impair or otherwise modify any advancement, indemnity or other obligations of the D&O Liability Insurance Policies.

In addition, after the Effective Date, none of the Reorganized Debtors will terminate or otherwise reduce the coverage under any of the D&O Liability Insurance Policies with respect to conduct occurring prior thereto, and all directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date will be entitled from the insurers to the full benefits of any such policy for the full term of such policy regardless of whether such directors and officers remain in such positions after the Effective Date.

3. *Certain Indemnification Obligations*

Each Indemnification Obligation to a director, officer, manager or employee who was employed by any of the Debtors in such capacity on the Effective Date or immediately prior thereto will be deemed assumed effective as of the Effective Date; *provided* that any Indemnification Obligation contained in an Employee Agreement that is rejected pursuant to Section 9.4 will also be deemed rejected. Each Indemnification Obligation that is deemed assumed pursuant to the Plan will (i) remain in full force and effect, (ii) not be modified, reduced, discharged, impaired or otherwise affected in any way, (iii) be deemed and treated as an executory contract pursuant to sections 365 and 1123 of the Bankruptcy Code regardless of whether or not Proofs of Claim have been filed with respect to such obligations and (iv) survive Unimpaired and unaffected irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date.

Notwithstanding anything contained in the Plan, the Reorganized Debtors, in their sole discretion, may (but have no obligation to) honor each Indemnification Obligation to a director, officer, manager or employee that was no longer employed by any of the Debtors in such capacity on or immediately prior to the Effective Date, unless such obligation (i) will have been previously rejected by the Debtors by Final Order of the Bankruptcy Court, (ii) is the subject of a motion to reject pending on or before the Confirmation Date, (iii) is listed on Schedule 9.2(b) or (iv) is otherwise expressly rejected pursuant to the terms of the Plan or any Notice of Intent To Assume or Reject; *provided* that, for each such director, officer, manager or employee, the Reorganized Debtors will be permitted to honor Indemnification Obligations only to the extent of available coverage under the applicable D&O Liability Insurance Policy (and payable from the proceeds of such D&O Liability Insurance Policies).

4. *Peabody Contracts*

Subject to the terms of the first paragraph of Section 9.3 of the Plan, each ~~executory~~ contract and agreement entered into by and between the Debtors and Peabody prior to the Petition Date that the Debtors are obligated to assume pursuant to the Peabody Settlement, all of which contracts and agreements are deemed executory pursuant to the terms of the Peabody Settlement, will be deemed assumed effective as of the Effective Date with a Cure of zero dollars.

d. Other Categories of Agreements and Policies

1. *Employee Agreements*

Pursuant to sections 365 and 1123 of the Bankruptcy Code, each Employee Agreement entered into before the Petition Date will be deemed rejected effective as of the Effective Date, except for any Employee Agreement (i) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) that is the subject of a motion to assume or reject pending on the Confirmation Date, (iii) that is listed on Schedule 9.2(a) or 9.2(b) of the Plan, (iv) that is otherwise expressly assumed or rejected pursuant to the terms of the Plan or (v) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline. The assumption by the Debtors or the Reorganized Debtors or the agreement of the Debtors or the Reorganized Debtors to assume any Employee Agreement will not entitle any Person to any contractual right to any benefit or alleged entitlement under any of the Debtors' policies, programs or plans, except as to such individual and as expressly set forth in such Employee Agreement.

2. *Employee Benefits*

As of the Effective Date, except for Employee Agreements, and unless specifically listed on Schedule 9.2(a) or 9.2(b) or rejected or otherwise addressed by an order of the Bankruptcy Court (including, without limitation, by virtue of the Debtors having been granted the authority to terminate any such plan, policy, program or agreement or the Bankruptcy Court determining that the Debtors cannot successfully reorganize absent such termination), the Debtors and the Reorganized Debtors, in their sole discretion, may (but have no obligation

to) honor, in the ordinary course of business, the Debtors' written contracts, agreements, policies, programs and plans for, among other things, compensation, reimbursement, health care benefits, disability benefits, deferred compensation benefits, travel benefits (including retiree travel benefits), vacation and sick leave benefits, savings, severance benefits, retirement benefits, welfare benefits, relocation programs, life insurance and accidental death and dismemberment insurance, including written contracts, agreements, policies, programs and plans for bonuses and other incentives or compensation for the directors, officers and employees of any of the Debtors who served in such capacity at any time. To the extent that the above-listed contracts, agreements, policies, programs and plans are executory contracts, pursuant to sections 365 and 1123 of the Bankruptcy Code, unless a Treatment Objection is timely filed and properly served, each of them will be deemed assumed (as modified or terminated) as of the Effective Date with a Cure of zero dollars. However, notwithstanding anything else in the Plan, the assumed plans will be subject to modification in accordance with the terms thereof at the discretion of the Reorganized Debtors.

e. Assumption and Rejection Procedures and Resolution of Treatment Objections

1. *Proposed Assumptions*

As to any executory contract or unexpired lease to be assumed pursuant to any provision of the Plan or any Notice of Intent to Assume or Reject, unless an Assumption Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease will be deemed assumed and, if applicable, assigned as of the Assumption Effective Date proposed by the Debtors or Reorganized Debtors, without any further notice to or action by the Bankruptcy Court, and any obligation the Debtors or Reorganized Debtors may have to such Assumption Party with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code will be deemed fully satisfied by the Proposed Cure, if any, which will be the Cure.

Any objection to the assumption or assignment of an executory contract or unexpired lease that is not timely filed and properly served will be denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court), and any Claim relating to such assumption or assignment will be forever barred from assertion and will not be enforceable against any Debtor or Reorganized Debtor or their respective Estates or properties without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court, and any obligation the Debtors or the Reorganized Debtors may have under section 365(b) of the Bankruptcy Code (over and above any Proposed Cure) will be deemed fully satisfied, released and discharged, notwithstanding any amount or information included in the Schedules or any Proof of Claim.

2. *Proposed Rejections*

As to any executory contract or unexpired lease to be rejected pursuant to any provision of the Plan or any Notice of Intent to Assume or Reject, unless a Rejection Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease will be deemed rejected as of the Rejection Effective Date proposed by the Debtors or Reorganized Debtors without any further notice to or action by the Bankruptcy Court.

Any objection to the rejection of an executory contract or unexpired lease that is not timely filed and properly served will be deemed denied automatically and with prejudice (without the need for any objection by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval by the Bankruptcy Court).

3. *Resolution of Treatment Objections*

On and after the Effective Date, the Reorganized Debtors may, in their sole discretion, settle Treatment Objections without any further notice to or action by the Bankruptcy Court or any other party (including by paying any agreed Cure amounts).

For each executory contract or unexpired lease as to which a Treatment Objection is timely filed and properly served and that is not otherwise resolved by the parties after a reasonable period of time, the Debtors, in consultation with the Bankruptcy Court, will schedule a hearing on such Treatment Objection and provide at least 21 calendar days' notice of such hearing to the relevant Assumption Party or Rejection Party. Unless the Bankruptcy Court expressly orders or the parties agree otherwise, any assumption or rejection approved by the Bankruptcy Court notwithstanding a Treatment Objection will be effective as of the Assumption Effective Date or Rejection Effective Date originally proposed by the Debtors or specified in the Plan.

Any Cure will be paid as soon as reasonably practicable following the entry of a Final Order resolving an assumption dispute and/or approving an assumption (and, if applicable, assignment), unless the Debtors or Reorganized Debtors file a Notice of Intent to Assume or Reject under Section 9.5(d) of the Plan.

No Cure will be allowed for a penalty rate or default rate of interest, each to the extent not proper under the Bankruptcy Code or applicable law.

4. *Reservation of Rights*

If a Treatment Objection is filed regarding any executory contract or unexpired lease sought to be assumed or rejected by any of the Reorganized Debtors, the Reorganized Debtors reserve the right (i) to seek to assume or reject such agreement at any time before the assumption, rejection or assignment of, or Cure for, such agreement is determined by Final Order and (ii) to the extent a Final Order is entered resolving a dispute as to Cure or the permissibility of assignment (but not approving the assumption of the executory contract or

unexpired lease sought to be assumed), to seek to reject such agreement within 14 calendar days after the date of such Final Order, in each case by filing with the Bankruptcy Court and serving upon the applicable Assumption Party or Rejection Party, as the case may be, a Notice of Intent to Assume or Reject.

f. Rejection Claims

Any Rejection Claim must be filed with the Claims Agent by the Rejection Bar Date. Any Rejection Claim for which a Proof of Claim is not properly filed and served by the Rejection Bar Date will be forever barred and will not be enforceable against the Debtors, the Reorganized Debtors or their respective Estates or properties. The Debtors or the Reorganized Debtors may contest any Rejection Claim in accordance with Section 8.1 of the Plan.

g. Assignment

To the extent provided under the Bankruptcy Code or other applicable law, any executory contract or unexpired lease transferred and assigned pursuant to the Plan will remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions such transfer or assignment. To the extent provided under the Bankruptcy Code or other applicable law, any provision that prohibits, restricts or conditions the assignment or transfer of any such executory contract or unexpired lease or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or unexpired lease to terminate, modify, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon any such transfer and assignment constitutes an unenforceable anti-assignment provision and is void and of no force or effect. Any assignment by the Reorganized Debtors of an executory contract or unexpired lease after the Effective Date will be governed by the terms of the executory contract or unexpired lease and applicable non-bankruptcy law.

h. Approval of Assumption, Rejection, Retention or Assignment of Executory Contracts and Unexpired Leases

Entry of the Confirmation Order by the Bankruptcy Court will, subject to the occurrence of the Effective Date, constitute approval of the rejections, retentions, assumptions and/or assignments contemplated by the Plan pursuant to sections 365 and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease that is assumed (and/or assigned) pursuant to the Plan, will vest in and be fully enforceable by the applicable Reorganized Debtor in accordance with its terms as of the applicable Assumption Effective Date, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing or providing for its assumption (and/or assignment), or applicable federal law.

The provisions (if any) of each executory contract or unexpired lease assumed and/or assigned pursuant to the Plan that are or may be in default will be deemed satisfied in full by the Cure, or by an agreed-upon waiver of the Cure. Upon payment in full of the Cure, any

and all Proofs of Claim based upon an executory contract or unexpired lease that has been assumed in the Chapter 11 Cases or under the terms of the Plan will be deemed disallowed and expunged with no further action required of any party or order of the Bankruptcy Court.

Confirmation of the Plan and consummation of the Restructuring Transactions will not constitute a change of control under any executory contract or unexpired lease assumed by the Debtors on or prior to the Effective Date.

i. Modifications, Amendments, Supplements, Restatements or Other Agreements

Unless otherwise provided by the Plan or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed, whether or not such executory contract or unexpired lease relates to the use, acquisition or occupancy of real property, will include (i) all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements and any other interests in real estate or rights in remedy related to such premises, unless any of the foregoing agreements has been or is rejected pursuant to an order of the Bankruptcy Court or is otherwise rejected as part of the Plan.

Modifications, amendments, supplements and restatements to prepetition executory contracts and unexpired leases that have been executed by the Debtors during the Chapter 11 Cases and actions taken in accordance therewith (i) do not alter in any way the prepetition nature of the executory contracts and unexpired leases, or the validity, priority or amount of any Claims against the Debtors that may arise under the same, (ii) are not and do not create postpetition contracts or leases, (iii) do not elevate to administrative expense priority any Claims of the counterparties to the executory contracts and unexpired leases against any of the Debtors and (iv) do not entitle any entity to a Claim under any section of the Bankruptcy Code on account of the difference between the terms of any prepetition executory contracts or unexpired leases and subsequent modifications, amendments, supplements or restatements.

Section 5.10 Provisions Regarding Corporate Governance of the Reorganized Debtors

a. Corporate Action

On and after the Effective Date, the adoption, filing, approval and ratification, as necessary, of all corporate or related actions contemplated hereby for each of the Reorganized Debtors, including the Restructuring Transactions, will be deemed authorized and approved in all respects. Without limiting the foregoing, such actions may include: (i) the adoption and filing of the New Certificate of Incorporation, (ii) the adoption and filing of the Reorganized Subsidiary Debtors' Certificates of Incorporation, (iii) the approval of the New Bylaws, (iv) the approval of the Reorganized Subsidiary Debtors' Bylaws, (v) the election or appointment, as the case may be, of directors and officers for the Reorganized Debtors, (vi) the issuance of the Rights Offering Notes, the Rights Offering Warrants and the New Common Stock, (vii)

the Restructuring Transactions to be effectuated pursuant to the Plan and (viii) the qualification of any of the Reorganized Debtors as foreign corporations if and wherever the conduct of business by such entities requires such qualification.

All matters provided for in the Plan involving the corporate structure of any Debtor or any Reorganized Debtor, or any corporate action required by any Debtor or any Reorganized Debtor in connection with the Plan, will be deemed to have occurred and will be in effect, without any requirement of further action by the security holders or directors of such Debtor or Reorganized Debtor or by any other stakeholder.

On or after the Effective Date, the appropriate officers of each Reorganized Debtor and members of the board of directors, board of managers or equivalent body of each Reorganized Debtor are authorized and directed to issue, execute, deliver, file and record any and all agreements, documents, securities, deeds, bills of sale, conveyances, releases and instruments contemplated by the Plan in the name of and on behalf of such Reorganized Debtor and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

b. Certificates of Incorporation and Bylaws

The New Certificate of Incorporation and the New Bylaws will be amended or deemed amended as may be required to be consistent with the provisions of the Plan and the Bankruptcy Code. The New Certificate of Incorporation will be amended or deemed amended to, among other purposes, (i) authorize the New Common Stock, (ii) pursuant to section 1123(a)(6) of the Bankruptcy Code, add a provision prohibiting the issuance of non-voting equity securities to the extent required by section 1123(a)(6) of the Bankruptcy Code and (iii) add restrictions on holders' ability to transfer New Common Stock and other New Securities designed to ensure that the number of holders of such securities does not exceed the threshold at which Reorganized Patriot Coal would be required to become a reporting company under the Exchange Act; *provided* that such restrictions will no longer be applicable in the event that the Reorganized Patriot Coal makes a public offering of its securities within the meaning of the Securities Act or the Backstop Parties exercise their demand registration rights under the Registration Rights Agreement. After the Effective Date, the Reorganized Debtors may amend and restate their Certificates of Incorporation, organizational documents or other analogous documents as permitted by applicable law.

Subject to the Restructuring Transactions, the Reorganized Subsidiary Debtors' Bylaws in effect before the Effective Date will remain in effect after the Effective Date. After the Effective Date, any of the Reorganized Debtors may file amended and restated certificates of incorporation (or other formation documents, if applicable) with the Secretary of State in any appropriate jurisdiction.

c. Directors and Officers of the Reorganized Debtors

Subject to the Restructuring Transactions, on the Effective Date, the management, control and operation of each Reorganized Debtor will become the general responsibility of

the board of directors of such Reorganized Debtor or other governing body as provided in the applicable governing documents.

On the Effective Date, the term of the members of the Board will expire and such members will be replaced by the New Board. The classification and composition of the New Board will be consistent with the New Certificate of Incorporation and the New Bylaws. In the Plan Supplement, to the extent known, the Debtors will disclose pursuant to section 1129(a)(5) of the Bankruptcy Code, the identity and affiliations of the Persons proposed to serve on the New Board. The New Board members will serve from and after the Effective Date in accordance with applicable non-bankruptcy law and the terms of the New Certificate of Incorporation and the New Bylaws.

Subject to the Restructuring Transactions and except as specified in the Plan Supplement, the members of the boards of directors of the Subsidiary Debtors before the Effective Date will continue to serve in their current capacities after the Effective Date. The classification and composition of the boards of directors of the Reorganized Subsidiary Debtors will be consistent with the Reorganized Subsidiary Debtors' Certificates of Incorporation and Reorganized Subsidiary Debtors' Bylaws. Each such director will serve from and after the Effective Date in accordance with applicable non-bankruptcy law and the terms of the relevant Reorganized Debtor's constituent documents.

Subject to the Restructuring Transactions and any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code and except as otherwise specified in the Plan Supplement, the principal officers of each Debtor immediately before the Effective Date will be the officers of such Reorganized Debtor as of the Effective Date. Each such officer will serve from and after the Effective Date in accordance with applicable non-bankruptcy law and the terms of such Reorganized Debtor's constituent documents.

Section 5.11 Effect of Confirmation

a. Vesting of Assets

Except as otherwise provided in the Plan or in the Confirmation Order, upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property (including all interests, rights and privileges related thereto) of each of the Debtors will vest in each of the respective Reorganized Debtors free and clear of all Claims, Liens, encumbrances, charges and other interests. All Liens, Claims, encumbrances, charges and other interests will be deemed fully released and discharged as of the Effective Date, except as otherwise provided in the Plan or the Confirmation Order. Except as otherwise provided in the Plan or in the Confirmation Order, as of the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property and settle and compromise Claims and Interests without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code.

b. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates will be fully released, settled, discharged and compromised and all rights, titles, and interests of any holder of such mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates will revert to the Reorganized Debtors and their successors and assigns. The Reorganized Debtors will be authorized to file any necessary or desirable documents to evidence such release in the name of the party secured by such pre-Effective Date mortgages, deeds of trust, Liens, pledges or other security interests.

c. Releases and Discharges

The releases and discharges of Claims and Causes of Action described in the Plan, including releases by the Debtors and by holders of Claims, constitute good faith compromises and settlements of the matters covered thereby and are consensual. Such compromises and settlements are made in exchange for consideration and are in the best interest of holders of Claims, are fair, equitable, reasonable and are integral elements of the resolution of the Chapter 11 Cases in accordance with the Plan. Each of the discharge, release, indemnification and exculpation provisions set forth in the Plan, including, without limitation, those set forth in the UMWA Settlement, the Non-Union Retiree Settlement Order, the Arch Settlement and the Peabody Settlement, each of which are incorporated in the Plan by reference, (a) is within the jurisdiction of the Bankruptcy Court under sections 1334(a), 1334(b) and 1334(e) of title 28 of the United States Code, (b) is an essential means of implementing the Plan, (c) is an integral and non-severable element of the transactions incorporated into the Plan, (d) confers material benefit on, and is in the best interests of, the Debtors, their Estates and their Creditors, (e) is important to the overall objectives of the Plan to finally resolve all Claims among or against the parties-in-interest in the Chapter 11 Cases with respect to the Debtors, (f) is fair, equitable and reasonable and in exchange for good and valuable consideration, and (g) is consistent with sections 105, 1123, 1129 and other applicable provisions of the Bankruptcy Code. Nothing in the Plan will be deemed to impair, extinguish or negatively impact any Charging Lien.

d. Discharge and Injunction

Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, the rights afforded in the Plan and the payments and distributions to be made hereunder will discharge all existing debts and Claims, and will terminate all Interests of any kind, nature or description whatsoever against or in the Debtors or any of their assets or

properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the ~~Arch~~UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, upon the Effective Date, all existing Claims against the Debtors and Interests in the Debtors will be, and will be deemed to be, discharged and terminated, and all holders of Claims and Interests (and all representatives, trustees or agents on behalf of each holder) will be precluded and enjoined from asserting against the Reorganized Debtors, their successors or assignees, or any of their assets or properties, any other or further Claim or Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a Proof of Claim and whether or not the facts or legal bases therefore were known or existed prior to the Effective Date. The Confirmation Order will be a judicial determination of the discharge of all Claims against, liabilities of and Interests in the Debtors, subject to the occurrence of the Effective Date

Upon the Effective Date and in consideration of the distributions to be made hereunder, except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, each holder (as well as any representatives, trustees or agents on behalf of each holder) of a Claim or Interest and any Affiliate of such holder will be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such persons will be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against, or terminated Interest in, the Debtors.

Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, all persons or entities who have held, hold or may hold Claims or Interests and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, representatives and Affiliates, are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim (including, without limitation, a Section 510(b) Claim) or Interest against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, other than to enforce any right to a distribution pursuant to the Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, the Reorganized Debtors or property of any Debtors or Reorganized Debtors, other than to enforce any right to a distribution pursuant to the Plan, (iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or Reorganized Debtors or against the property or interests in property of the

Debtors or Reorganized Debtors other than to enforce any right to a distribution pursuant to the Plan or (iv) asserting any right of set-off, subrogation or recoupment of any kind against any obligation due from the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors, with respect to any such Claim or Interest. Such injunction will extend to any successors or assignees of the Debtors and Reorganized Debtors and their respective properties and interest in properties.

Nothing in the Plan or the Confirmation Order releases, discharges, precludes, or enjoins the enforcement of any liability to a governmental unit (as defined in section 101(27) of the Bankruptcy Code) under (i) applicable Environmental Law to which the Reorganized Debtors are subject as and to the extent that they are the owner or operator of real property after the Effective Date or (ii) the Federal Mine Safety and Health Act of 1977 or any state mine safety law as and to the extent applicable to the Reorganized Debtors.

For the avoidance of doubt, nothing in the Plan or the Confirmation Order, or any documents incorporated by reference ~~herein~~therein, including, without limitation, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, is to be construed as (i) (a) releasing, discharging, precluding, waiving or enjoining the liability of the Reorganized Debtors or any third party to the UMWA 1974 Pension Plan, the UMWA 1992 Benefit Plan or the UMWA Combined Benefit Fund (collectively, the "UMWA Plans"), if any, on account of any claim by or on behalf of the UMWA Plans, if any, (b) releasing, discharging, precluding, waiving or enjoining the liability of any third party to the UMWA 2012 Retiree Bonus Account Trust or the UMWA 1993 Benefit Plan (collectively, the "Other UMWA Plans"), if any, on account of any claim by or on behalf of the Other UMWA Plans, or (c) releasing, discharging, precluding, waiving or enjoining the liability of the Reorganized Debtors to the Other UMWA Plans, if any, on account of any claim by or on behalf of the Other UMWA Plans, solely, in the case of this subclause (c), to the extent arising on or after the Effective Date; or (ii) affecting the rights and defenses of any party with respect to any such Claim. It being understood that this provision shall not apply with respect to any Causes of Action of the Debtors or the Reorganized Debtors against Arch or Peabody that are released under the Arch Settlement Order or the Peabody Settlement Order, as applicable, or the Arch Settlement or the Peabody Settlement, as applicable.

Nothing in the Plan (including, without limitation, Section 11.4) or the Confirmation Order, will (i) release, waive, or discharge the Potential LRPB Claims or (ii) preclude the LRPB Lessors from prosecuting the Potential LRPB Claims against the Reorganized Debtors and/or any other person or entity to the fullest extent permitted by applicable law from and after the Effective Date. Nothing in the Plan or the Confirmation Order or any other order or decree entered into after November 1, 2013 shall be deemed to impair, bar or estop the LRPB Lessors from exercising their rights (i)

available pursuant to applicable law or (ii) set forth in the LRPB Lease, in each case from and after the Effective Date.

e. Term of Injunction or Stays

Unless otherwise provided in the Plan, any injunction or stay arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code or otherwise that is in existence on the Confirmation Date will remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

f. Exculpation

Pursuant to the Plan, and except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, none of the Exculpated Parties will have or incur any liability to any holder of a Claim, Cause of Action or Interest for any act or omission in connection with, related to or arising out of, the Chapter 11 Cases, the negotiation of any settlement or, agreement, contract, instrument, release or document created or entered into in connection with the Plan or in the Chapter 11 Cases (including the Plan Supplement, the Rights Offerings, the Backstop Rights Purchase Agreement, the Rights Offerings Procedures, the DIP Facilities, the UMWA Settlement, the Non-Union Retiree Settlement Order (including the termination of life insurance benefits in accordance with paragraph 10 thereof), the Arch Settlement, the Peabody Settlement, and, in each case, any documents related thereto), the pursuit of confirmation of the Plan, the consummation of the Plan, the preparation and distribution of the Disclosure Statement, the offer, issuance and distribution of any securities issued or to be issued under or in connection with the Plan, including pursuant to the Rights Offerings and the Backstop Rights Purchase Agreement, the Backstop Fees, the Backstop Expense Reimbursement, any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors or the administration of the Plan or the property to be distributed under the Plan, except for any act or omission that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence. Each Exculpated Party will be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan.

g. Release by the Debtors

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan (including Section 11.12 of the Plan), the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, on and after the Effective Date, for good and valuable consideration, including their

cooperation and contributions to these Chapter 11 Cases, the Released Parties will be deemed released and discharged by the Debtors, the Reorganized Debtors and their Estates from any and all Claims, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of the Debtors, their Estates and/or the Reorganized Debtors, whether known or unknown, foreseen or unforeseen, asserted or unasserted, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, fraud, contract, violations of federal or state laws, or otherwise, including those Causes of Action based on avoidance liability under federal or state laws, veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that the Debtors, the Reorganized Debtors, their estates or their affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other entity or that any holder of a Claim or Interest or other entity would have been legally entitled to assert for or on behalf of the Debtors, their estates or the Reorganized Debtors, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party excluding any assumed executory contract or lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, the DIP Facilities, the Loan Documents (as defined in the Prepetition Credit Agreement), the Exit Credit Facilities Documents, the Rights Offerings, the Backstop Rights Purchase Agreement, the Rights Offerings Procedures, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement, the Peabody Settlement Order or, in each case, related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence; *provided, however,* that if any Released Party directly or indirectly brings or asserts any Claim or Cause of Action that has been released or is contemplated to be released pursuant to the Plan in any way arising out of or related to any document or transaction that was in existence prior to the Effective Date against the Debtors, the Reorganized Debtors or any of their respective Affiliates, officers, directors, members, employees, advisors, actuaries, attorneys, financial advisors, investment bankers, professionals or agents, in each case, solely in their capacity as such, then the release set forth in Section 11.7 of the Plan will automatically and retroactively be null and void *ab initio* with respect to such Released Party bringing or asserting such Claim or Cause of Action; *provided further* that the immediately preceding proviso will not apply to (i) any action by a Released Party in the Bankruptcy Court (or any other court determined to have competent jurisdiction), including any appeal therefrom, to prosecute the amount, priority or secured status of any prepetition or ordinary course administrative Claim

against the Debtors, (ii) any release or indemnification provided for in any settlement or granted under any other court order, including, without limitation, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, (iii) any action by a Released Party to enforce such Released Party's rights against the Debtors and/or the Reorganized Debtors under the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, or (iv) any action by the DIP Agents or DIP Lenders to enforce their rights under the DIP Facilities relating to Contingent DIP Obligations or any Approved Second Out DIP L/C Arrangement, in which case of (i) through (iv), however, the Debtors will retain all defenses related to any such action.

h. Voluntary Releases by the Holders of Claims and Interests

Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, on and after the Effective Date, for good and valuable consideration, holders of Claims that (i) are deemed to have accepted the Plan or (ii) (a) vote to accept or reject the Plan and (b) do not elect (as permitted on the Ballots) to opt out of the releases contained in this paragraph will be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged the Released Parties from any and all claims, equity interests, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted on behalf of the Debtors, the Debtors' Estates and/or the Reorganized Debtors, whether known or unknown, foreseen or unforeseen, asserted or unasserted, existing or hereinafter arising, in law, equity or otherwise, whether for tort, fraud, contract, violations of federal or state laws, or otherwise, including those Causes of Action based on avoidance liability under federal or state laws, veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that such entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Reorganized Debtors, the restructuring, the Chapter 11 Cases, the DIP Facilities, the Loan Documents (as defined in the Prepetition Credit Agreement), the UMWA Settlement, the UMWA Settlement Order, the Non-Union Retiree Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement, the Peabody Settlement Order, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party excluding any assumed executory contract or lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, the Rights Offerings, the Exit Credit Facilities Documents, the Backstop Rights Purchase Agreement, the Rights Offerings Procedures, or, in each case, related agreements, instruments or other documents, or upon any other act or omission, transaction,

agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted willful misconduct (including, without limitation, actual fraud) or gross negligence; *provided* that any holder of a Claim that elects to opt out of the releases contained in this paragraph will not receive the benefit of the releases set forth in this paragraph (even if for any reason otherwise entitled).

i. Injunction

Except as otherwise specifically provided in the Plan, the Confirmation Order, the UMWA Settlement, the UMWA Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, all Entities who have held, hold or may hold claims, interests, Causes of Action or liabilities that: (1) are subject to compromise and settlement pursuant to the terms of the Plan; (2) have been released pursuant to Section 11.7 of the Plan; (3) have been released pursuant to Section 11.8 of the Plan; (4) have been released or are contemplated to be released pursuant to the UMWA Settlement, the UMWA Settlement Order, the Non-Union Retiree Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order, (5) are subject to exculpation pursuant to Section 11.6 of the Plan, including exculpated claims (but only to the extent of the exculpation provided in Section 11.6 of the Plan); or (6) are otherwise stayed or terminated pursuant to the terms of the Plan, are permanently enjoined and precluded, from and after the Effective Date, from: (a) commencing or continuing in any manner any action or other proceeding of any kind, whether directly, derivatively or otherwise, including on account of any claims, interests, Causes of Action or liabilities that have been compromised or settled against the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property or estate of any Entity, directly or indirectly, so released or exculpated) on account of or in connection with or with respect to any released, settled, compromised, or exculpated claims, interests, Causes of Action or liabilities; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property of the Debtors or the Estates, the Reorganized Debtors, or any Entity so released or exculpated) on account of or in connection with or with respect to any such released, settled, compromised, or exculpated claims, interests, Causes of Action, or liabilities; (c) creating, perfecting or enforcing any lien, claim, or encumbrance of any kind against the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property of the Debtors or the Estates, the Reorganized Debtors, or any Entity so released or exculpated) on account of or in connection with or with respect to any such released, settled, compromised, or exculpated claims, interests, Causes of Action, or liabilities; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property of the Debtors or the Estates, the Reorganized Debtors, or any Entity so released or exculpated) on account of or in connection with or with respect to any such released,

settled, compromised, or exculpated claims, interests, Causes of Action or liabilities unless such holder has filed a timely proof of claim with the Bankruptcy Court preserving such right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind against the Debtors, the Reorganized Debtors, or any Entity so released or exculpated (or the property of the Debtors or the Estates, the Reorganized Debtors, or any Entity so released or exculpated) on account of or in connection with or with respect to any such released, settled, compromised, or exculpated claims, interests, Causes of Action, or liabilities released, settled or compromised pursuant to the Plan; *provided* that nothing contained in the Plan will preclude an Entity from obtaining benefits directly and expressly provided to such Entity pursuant to the terms of the Plan; *provided further*, that nothing contained in the Plan will be construed to prevent any Entity from defending against claims objections or collection actions whether by asserting a right of setoff or otherwise to the extent permitted by law.

j. Set-off and Recoupment

The Debtors and the Reorganized Debtors may, but will not be required to, set off or recoup against any Claim and any distribution to be made on account of such Claim, any and all claims, rights and Causes of Action of any nature that the Debtors may have against the holder of such Claim pursuant to the Bankruptcy Code or applicable non-bankruptcy law; *provided, however*, that neither the failure to effect such a set-off or recoupment nor the allowance of any Claim hereunder will constitute a waiver, abandonment or release by the Debtors or the Reorganized Debtors of any such claims, rights and Causes of Action that the Debtors or the Reorganized Debtors may have against the holder of such Claim.

k. Avoidance Actions

On the Effective Date, the Reorganized Debtors will be deemed to waive and release all Avoidance Actions other than any Avoidance Action listed on Schedule 11.12 to the Plan; *provided* that the Reorganized Debtors will retain the right to assert any Avoidance Actions as defenses or counterclaims in any Cause of Action brought by any Creditor. The Reorganized Debtors will retain the right, after the Effective Date, to prosecute any of the Avoidance Actions listed on Schedule 11.12 to the Plan.

l. Preservation of Causes of Action

Except as expressly provided in Article 11 of the Plan, nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors, the Reorganized Debtors or the Estates may have or that the Reorganized Debtors may choose to assert on behalf of their respective Estates under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (i) any and all Causes of Action or Claims against any person or entity, to the extent such person or entity asserts a crossclaim, counterclaim and/or claim for set-off that seeks affirmative relief against the Debtors, the Reorganized Debtors, their officers, directors

or representatives or (ii) the turnover of any property of the Estates. A non-exclusive list of retained Causes of Action is attached to the Plan as Schedule 11.12.

Except as set forth in Article 11 of the Plan, nothing contained in the Plan or the Confirmation Order will be deemed to be a waiver or relinquishment of any rights or Causes of Action that the Debtors had immediately prior to the Petition Date or the Effective Date against or regarding any Claim left Unimpaired by the Plan. The Reorganized Debtors will have, retain, reserve and be entitled to assert all such rights and Causes of Action as fully as if the Chapter 11 Cases had not been commenced, and all of the Reorganized Debtors' legal and equitable rights respecting any Claim left Unimpaired by the Plan may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

Except as set forth in Article 11 of the Plan, nothing contained in the Plan or the Confirmation Order will be deemed to release any post-Effective Date obligations of any party under the Plan, or any document, instrument or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

m. Compromise and Settlement of Claims and Controversies

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan will constitute a good faith compromise of all Claims, Causes of Action and controversies relating to the contractual, legal and subordination rights that a holder of a Claim may have relating to any Allowed Claim, or any distribution to be made on account of such an Allowed Claim. Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the benefits provided under the Plan and as a mechanism to effect a fair distribution of value to the Debtors' constituencies, except as set forth in the Plan, the provisions of the Plan will also constitute a good faith compromise of all Claims, Causes of Action and controversies by any Debtor against any other Debtor. In each case, the entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, their Estates and the holders of such Claims and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice or action, order or approval of the Bankruptcy Court, the Debtors may compromise and settle Claims against them and Causes of Action against other Entities, in their sole discretion, and after the Effective Date, such right will pass to the Reorganized Debtors.

Section 5.12 Conditions Precedent to Confirmation and Effectiveness of the Plan

a. Conditions to Confirmation

Confirmation of the Plan will not occur unless each of the following conditions has been satisfied or waived in accordance with Section 12.3 of the Plan:

1. The Confirmation Order shall be entered;

2. The Debtors shall have received a binding commitment for the Exit Credit Facilities; and

3. The Backstop Rights Purchase Agreement shall have been executed and the Backstop Approval Order shall have been entered.

b. Conditions to Effectiveness

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied ~~as of~~on or prior to the Effective Date~~ or substantially contemporaneously therewith~~, or waived in accordance with Section 12.3 of the Plan:

1. The Confirmation Order shall have been entered, and there shall not be a stay or injunction in effect with respect thereto;

2. The Backstop Rights Purchase Agreement shall be in full force and effect and the transactions contemplated thereunder shall have been consummated and there shall not be a stay or injunction in effect with respect thereto;

3. The Exit Credit Facilities Documents shall have been duly executed and delivered by the Reorganized Debtors parties thereto, and all conditions precedent to the consummation of the Exit Credit Facilities shall have been waived or satisfied in accordance with the terms thereof and the closing of the Exit Credit Facilities shall have occurred;

4. The Voting Trust(s) shall have been formed;

5. Each of the New CBAs, the MOU and the VFA shall be effective in accordance with the terms thereof;

6. The Arch Settlement Order shall have been entered by the Bankruptcy Court;

7. The Peabody Settlement Order shall have been entered by the Bankruptcy Court;

8. All actions, documents and agreements necessary to implement the Plan shall have been effected or executed;

9. The Debtors shall have received any authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are necessary to implement the Plan and that are required by law, regulation or order;

10. Each of the New Certificate of Incorporation, the New Bylaws, the Reorganized Subsidiary Debtors' Certificates of Incorporation and the Reorganized Subsidiary Debtors' Bylaws, each in form and substance reasonably acceptable to the Backstop Parties, will be in full force and effect as of the Effective Date; and

11. The Plan Documents shall have been executed and delivered by all of the parties thereto.

c. Satisfaction and Waiver of Conditions to Effectiveness

~~Any actions required to be taken on the Effective Date will take place and will be deemed to have occurred simultaneously, and no such action will be deemed to have occurred prior to the taking of any other such action.~~ The Debtors may waive, at any time, (i) any of the conditions set forth in Section 12.2(a) through (c) of the Plan in consultation with the Creditors' Committee and with the consent of the DIP Agents and the Backstop Parties, (ii) the condition set forth in Section 12.2(d) of the Plan with the consent of the Backstop Parties and in consultation with the Creditors' Committee, (iii) any of the conditions set forth in Section 12.2 (e) through (g) of the Plan with the consent of the Backstop Parties and in consultation with the DIP Agents and the Creditors' Committee and (iv) any of the conditions set forth in Section 12.2 (h) through (k) of the Plan in consultation with the DIP Agents, the Creditors' Committee and the Backstop Parties, in each case, without any notice to other parties-in-interest or the Bankruptcy Court and without any formal action other than proceeding to confirm and/or consummate the Plan. The failure to satisfy any condition before the Confirmation Date or the Effective Date may be asserted by the Debtors as a reason not to seek Confirmation or declare an Effective Date, regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors, in their sole discretion). The failure of the Debtors, in their sole discretion, to exercise any of the foregoing rights will not be deemed a waiver of any other rights and each such right will be deemed an ongoing right, which may be asserted at any time.

Section 5.13 Modification, Revocation or Withdrawal of the Plan

a. Plan Modifications

Subject to certain restrictions and requirements set forth in section 1127(a) of the Bankruptcy Code and Bankruptcy Rule 3019, and those restrictions on modifications set forth in the Plan, the Debtors may alter, amend or modify the Plan, including the Plan Supplement, without additional disclosure pursuant to section 1125 of the Bankruptcy Code prior to the Confirmation Date; *provided*, *however*, that the Debtors will consult with (i) the DIP Agents,

the Creditors' Committee and the Backstop Parties with respect to any proposed alteration, amendment or modification of the Plan, (ii) Peabody with respect to any proposed alteration, amendment or modification that relates to the Peabody Settlement or the Peabody Settlement Order, which may require Peabody's consent in accordance with the terms thereof and (iii) Arch with respect to any proposed alteration, amendment or modification that relates to the Arch Settlement or the Arch Settlement Order, which may require Arch's consent in accordance with the terms thereof. After the Confirmation Date and before substantial consummation of the Plan, the Debtors may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan, including the Plan Supplement, the Disclosure Statement or the Confirmation Order relating to such matters as may be necessary to carry out the purposes and effects of the Plan.

Before the Effective Date, the Debtors may make appropriate adjustments and modifications to the Plan, including the Plan Supplement, without further order or approval of the Bankruptcy Court; *provided* that such adjustments and modifications do not materially and adversely affect the treatment of holders of Claims or Interests.

b. Revocation or Withdrawal of the Plan and Effects of Non-Occurrence of Confirmation or Effective Date

The Debtors reserve the right to, after consulting with the Creditors' Committee, revoke, withdraw or delay consideration of the Plan before the Confirmation Date, either entirely or as to any one or more of the Debtors, and to file subsequent amended plans of reorganization. If the Plan is revoked, withdrawn or delayed as to fewer than all of the Debtors, such revocation, withdrawal or delay will not affect the enforceability of the Plan as it relates to the Debtors for which the Plan is not revoked, withdrawn or delayed. If the Debtors revoke or withdraw the Plan in its entirety or if the Confirmation Date or the Effective Date does not occur, then, absent further order of the Bankruptcy Court, (a) the Plan will be null and void in all respects, (b) any settlement or compromise not previously approved by Final Order of the Bankruptcy Court embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases effected by the Plan and any document or agreement executed pursuant hereto, will be deemed null and void and (c) nothing contained in the Plan will (1) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person, (2) prejudice in any manner the rights of such Debtors or any other Person or (3) constitute an admission of any sort by the Debtors or any other Person.

If the Effective Date does not occur, the Bankruptcy Court will retain jurisdiction over any request to extend the deadline for assuming or rejecting executory contracts or unexpired leases.

For the avoidance of doubt, nothing in the Plan or the Confirmation Order will alter the rights and remedies of the DIP Agents or the DIP Lenders under the DIP Documents and

the DIP Order, inclusive of, without limitation, the DIP Agents' rights to exercise remedies should an event of default occur at any time (including between Confirmation and the Effective Date).

Section 5.14 Retention of Jurisdiction by the Bankruptcy Court

On and after the Effective Date, the Bankruptcy Court will retain exclusive jurisdiction, to the fullest extent permissible under law, over all matters arising out of and related to the Chapter 11 Cases for, among other things, the following purposes:

1. To hear and determine all matters relating to the assumption or rejection of executory contracts or unexpired leases and the allowance of Cure amounts and Claims resulting therefrom;

2. To hear and determine any motion, adversary proceeding, application, contested matter or other litigated matter pending on or commenced after the Confirmation Date;

3. To hear and determine all matters relating to the allowance, disallowance, liquidation, classification, priority or estimation of any Claim;

4. To hear and determine all matters relating to the DIP Facilities and the DIP Order;

5. To ensure that distributions to holders of Allowed Claims are accomplished as provided in the Plan;

6. To hear and determine all applications for compensation and reimbursement of Professional Fee Claims;

7. To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

8. To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated hereby or any agreement, instrument or other document governing or relating to any of the foregoing;

9. To issue injunctions, enter and implement other orders and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court;

10. To issue such orders as may be necessary to construe, enforce, implement, execute and consummate the Plan;

11. To enter, implement or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;

12. To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of tax under section 505(b) of the Bankruptcy Code);

13. To hear and determine any other matters related to the Plan and not inconsistent with the Bankruptcy Code;

14. To determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Approval Order, the Confirmation Order, any of the Plan Documents or any other contract, instrument, release or other agreement or document related to the Plan, the Disclosure Statement or the Plan Supplement;

15. To recover all assets of the Debtors and property of the Debtors' Estates, which will be for the benefit of the Reorganized Debtors, wherever located;

16. To hear and determine all disputes involving the existence, nature or scope of the Debtors' discharge;

17. To hear and determine any rights, Claims or Causes of Action held by or accruing to the Debtors or the Reorganized Debtors pursuant to the Bankruptcy Code or pursuant to any federal or state statute or legal theory;

18. To enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases with respect to any Person;

19. To hear and resolve any disputes relating to the Rights Offerings (and the conduct thereof) and the issuances of Rights;

20. To hear and resolve any disputes relating to the Backstop Rights Purchase Agreement;

21. To hear and resolve any disputes relating to the UMWA Settlement, the UMWA Settlement Order, the Non-Union Retiree Settlement Order, the Arch Settlement, the Arch Settlement Order, the Peabody Settlement or the Peabody Settlement Order; *provided, however*, that nothing in the Plan or the Confirmation Order will alter the alternative dispute resolution provisions of the New CBAs or the MOU;

22. To hear any other matter not inconsistent with the Bankruptcy Code; and

23. To enter a final decree closing the Chapter 11 Cases.

Unless otherwise specifically provided in the Plan or in a prior order of the Bankruptcy Court, the Bankruptcy Court will have exclusive jurisdiction to hear and determine disputes concerning Claims.

Section 5.15 Miscellaneous

a. Exemption from Transfer Taxes and Recording Fees

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, Transfer or exchange of notes or equity securities under the Plan, the creation, the filing or recording of any mortgage, deed of trust or other security interest, the making, assignment, filing or recording of any lease or sublease, the transfer of title to or ownership of any of the Debtors' interests in any property, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, the Plan Documents, the New Common Stock, and any agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee or other similar tax or governmental assessment in the United States. The Confirmation Order will direct the appropriate federal, state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

b. Expedited Tax Determination

The Reorganized Debtors may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for or on behalf of such Debtors or Reorganized Debtors for all taxable periods ending on or before the Effective Date.

c. Payment of Fees and Expenses of the Indenture Trustees

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors will pay in full in Cash all reasonable and documented fees and expenses of (i) the Convertible Notes Trustee and its counsel through the Effective Date; *provided, however*, that in no event will such fees and expenses exceed $1.35 million and (ii) the Senior Notes Trustee and its counsel through the Effective Date, *provided, however*, that in no event will such fees and expenses exceed $1.65 million.

d. Payment of Statutory Fees

All fees payable pursuant to section 1930(a) of title 28 of the United States Code and/or section 3717 of title 31 of the United States Code, as determined by the Bankruptcy Court, will be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed or closed, whichever occurs first.

e. Dissolution of the Creditors' Committee and the Non-Union Retiree Committee

After the entry of the Effective Date, the Creditors' Committee's and the Non-Union Retiree Committee's functions will be restricted to and will not be heard on any issue except applications filed pursuant to sections 330 and 331 of the Bankruptcy Code. Upon the resolution of all applications filed by the Creditors' Committee and the Non-Union Retiree Committee pursuant to sections 330 and 331 of the Bankruptcy Code, the Creditors' Committee or Retiree Committee, as applicable, will dissolve, and the members thereof, in their capacities as such, will be released and discharged from all rights, duties, responsibilities and liabilities arising from, or related to, the Chapter 11 Cases and under the Bankruptcy Code; *provided* that the Creditors' Committee will have the right to be heard solely in connection with all Professional Fee Claims and will be deemed to remain in existence solely with respect thereto.

f. Plan Supplement

Draft forms of certain Plan Documents and certain other documents, agreements, instruments, schedules and exhibits specified in the Plan will, where expressly so provided for in the Plan, be contained in Plan Supplement filed from time to time. Unless otherwise expressly provided in the Plan, the Debtors may file any Plan Supplement until five (5) days prior to the Voting Deadline and may alter, modify or amend any Plan Supplement in accordance with Section 13.1 of the Plan. Holders of Claims or Interests may obtain a copy of the Plan Supplement on the Debtors' Case Information Website or the Bankruptcy Court's Website.

g. Claims Against Other Debtors

Nothing in the Plan or the Disclosure Statement or any document or pleading filed in connection therewith will constitute or be deemed to constitute an admission that any of the Debtors are subject to or liable for any Claim against any other Debtor.

h. Substantial Consummation

On the Effective Date, the Plan will be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

i. Section 1125 of the Bankruptcy Code

As of and subject to the occurrence of the Confirmation Date: (a) the Debtors will be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including, without limitation, sections 1125(a) and 1125(e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation and (b) the Debtors and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys will be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under the Plan and, therefore, are not, and on account of such offer, issuance and solicitation will not be, liable at any time for any violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of any securities under the Plan.

j. Severability

If any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms. Notwithstanding the foregoing, each of the Peabody Settlement and the Arch Settlement, each of which is incorporated in the Plan by reference, including, without limitation, the respective release and injunction provisions contained therein, are integral to and not severable from the Plan and may not be altered or interpreted without the consent of the respective parties thereto.

k. Governing Law

Except to the extent that the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent the Plan, an exhibit or a schedule hereto ~~or~~, a Plan Document or any settlement incorporated herein provide otherwise, the rights, duties and obligations arising under the Plan will be governed by, and construed and enforced in accordance with, the laws of the State of Missouri, without giving effect to the principles of conflict of laws thereof.

l. Binding Effect

The Plan will be binding upon and inure to the benefit of the Debtors, the Reorganized Debtors, all present and former holders of Claims or Interests and their respective heirs, executors, administrators, successors and assigns.

m. Notices

To be effective, any notice, request or demand to or upon, as applicable, the Debtors, the Creditors' Committee or the United States Trustee must be in writing and, unless otherwise expressly provided in the Plan, will be deemed to have been duly given or made when actually received and confirmed by the relevant party as follows:

If to the Debtors:

Patriot Coal Corporation
12312 Olive Boulevard
St. Louis, Missouri 63141
Attn: Joseph W. Bean
Jacquelyn A. Jones
Facsimile: (314) 275-3660
with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attn: Marshall S. Huebner
Brian M. Resnick
Telephone: (212) 450-4000
Facsimile: (212) 607-7983

If to the Creditors' Committee:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Attn: Thomas Moers Mayer
Adam C. Rogoff
P. Bradley O'Neill
Gregory G. Plotko
Telephone: (212) 715-9100
Facsimile: (212) 715-8000

If to the Backstop Parties:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attn: Stephen E. Hessler
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

If to the United States Trustee:

Office of the United States Trustee
111 S. 10th St., Suite 6.353
St. Louis, Missouri 63102-1125
Attn: Leonora S. Long
Telephone: (314) 539-2976

If to the Reorganized Debtors:

Patriot Coal Corporation
12312 Olive Boulevard
St. Louis, Missouri 63141
Attn: Joseph W. Bean
Jacquelyn A. Jones
Facsimile: (314) 275-3660

with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attn: Marshall S. Huebner
Brian M. Resnick
Telephone: (212) 450-4000
Facsimile: (212) 607-7983

n. Reservation of Rights

Except as expressly set forth in the Plan, the Plan will have no force or effect unless the Bankruptcy Court will enter the Confirmation Order. Before the Effective Date, none of the filing of the Plan, any statement or provision contained in the Plan or the taking of any action by the Debtors related to the Plan will be or will be deemed to be an admission or waiver of any rights of the Debtors of any kind, including as to the holders of Claims or Interests or as to any treatment or classification of any contract or lease.

o. Further Assurances

The Debtors, the Reorganized Debtors and all holders of Claims receiving distributions hereunder and all other parties in interest may and will, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

p. Case Management Order

Except as otherwise provided in the Plan, the Case Management Order will remain in full force and effect, and all Court Papers (as defined in the Case Management Order) will be filed and served in accordance with the procedures set forth in the Case Management Order; *provided* that on and after the Effective Date, Court Papers (as defined in the Case Management Order) need only be served on (i) the chambers of the Honorable Kathy Surratt-States, United States Bankruptcy Court for the Eastern District of Missouri, Thomas F. Eagleton U.S. Courthouse, 110 S. 10th Street, 4th Floor, St. Louis, Missouri 63102 (by a hard copy, with all exhibits, unless the Bankruptcy Court otherwise directs), (ii) the attorneys for the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Brian M. Resnick and (iii) Kramer, Levin, Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10035, Attn: Thomas Moers Mayer, Adam C. Rogoff and Gregory G. Plotko, counsel to the Creditors' Committee; *provided further*, that final requests for payment of Professional Fee Claims filed pursuant to Section 7.1(a) of the Plan (and all Court Papers related thereto) shall also be served on the Office of the United States Trustee for the Eastern District of Missouri, 111 S. 10th Street, Suite 6.353, St. Louis, Missouri 63102-1125, Attn: Leonora S. Long.

ARTICLE 6
STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

The following is a brief summary of the Plan Confirmation process. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and/or consult their own attorneys.

Section 6.1 The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a Confirmation hearing. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

THE BANKRUPTCY COURT HAS SCHEDULED THE CONFIRMATION HEARING FOR DECEMBER [17], 2013 AT [9:00] A.M. (PREVAILING CENTRAL TIME) BEFORE THE HONORABLE CHIEF JUDGE KATHY SURRATT-STATES, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF MISSOURI, LOCATED

AT 111 S. 10TH STREET, COURTROOM 7 NORTH, ST. LOUIS, MISSOURI 63102. THE CONFIRMATION HEARING MAY BE ADJOURNED FROM TIME TO TIME BY THE BANKRUPTCY COURT (i) PRIOR TO THE CONFIRMATION HEARING BY POSTING NOTICE OF SAME ON THE DOCKET FOR THE CHAPTER 11 CASES AND (ii) AT THE CONFIRMATION HEARING WITHOUT FURTHER NOTICE EXCEPT FOR AN ANNOUNCEMENT OF THE ADJOURNED DATE MADE AT THE CONFIRMATION HEARING OR ANY ADJOURNMENT THEREOF.

OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE FILED AND SERVED ON OR BEFORE DECEMBER [10], 2013 AT [4:00~~]:00~~ P.M.[] **(PREVAILING CENTRAL TIME) IN ACCORDANCE WITH THE CONFIRMATION HEARING NOTICE. UNLESS OBJECTIONS TO CONFIRMATION ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE APPROVAL ORDER, THE CONFIRMATION HEARING NOTICE AND THE VOTING PROCEDURES, THEY WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

Section 6.2 Confirmation Standards

To confirm the Plan, the Bankruptcy Court must find that the requirements of section 1129 of the Bankruptcy Code have been satisfied. The Debtors believe that section 1129 has been satisfied because, among other things:

1. The Plan complies with the applicable provisions of the Bankruptcy Code;

2. The Debtors, as Plan proponents, have complied with the applicable provisions of the Bankruptcy Code;

3. The Plan has been proposed in good faith and not by any means forbidden by law;

4. Any payment made or promised under the Plan for services or for costs and expenses of or in connection with the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable;

5. The Debtors will disclose the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer or voting trustee of the Debtors, an affiliate of the Debtors participating in the Plan with the Debtor or a successor to the Debtors under the Plan. The appointment to, or continuance in, such office of such individuals will be consistent with the interests of Claim and Interest holders and with public policy, and the Debtors will have disclosed the identity of any "insider" (as defined under section 101(31) of the Bankruptcy Code) that the Reorganized Debtors will employ or retain and the nature of any compensation for such insider;

6. With respect to each Class of Impaired Claims or Interests, either each holder of a Claim or Interest in such Class has accepted the Plan or will receive or retain under

the Plan on account of such Claim or Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code (*see* Section 6.3 below);

7. Each Class of Claims or Interests has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such Class pursuant to section 1129(b) of the Bankruptcy Code;

8. Except to the extent that the holder of a particular Claim has agreed or will agree to a different treatment of such Claim, the Plan provides that Allowed Administrative Claims will be paid in full in Cash on the Effective Date;

9. Except to the extent that a holder of an Allowed Other Priority Claim has agreed to a different treatment of such Claim, each such holder shall receive Cash in an amount equal to the Allowed amount of such Claim, or treatment in any other manner so that such Claim shall otherwise be rendered Unimpaired, on or as soon as reasonably practicable after the first Distribution Date occurring after the latest of (i) the Effective Date, (ii) the date at least 20 calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement or understanding between the applicable Debtor and the holder of such Claim;

10. Except to the extent that the applicable Creditor has been paid by the Debtors prior to the Effective Date or the applicable Debtor and such Creditor agree to less favorable treatment, each holder of an Allowed Priority Tax Claim against any of the Debtors shall receive, at the sole option of the Reorganized Debtors, (i) payment in full in Cash made on or as soon as reasonably practicable after the later of the Effective Date or 20 calendar days after the date such Claim is Allowed, (ii) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code or (iii) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim;

11. At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class;

12. Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan (*see* Section 6.4 below); and

13. All fees payable under section 1930 of title 28 of the United States Code will be paid as of the Effective Date.

Section 6.3 Best Interests Test

a. Explanation of the Best Interests Test

Pursuant to section 1129(a)(7) of the Bankruptcy Code, Confirmation requires that, with respect to each Class of Impaired Claims or Interests, each holder of a Claim or Interest in such Class either (i) accept the Plan or (ii) receive or retain under the Plan, on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on such date under chapter 7 of the Bankruptcy Code (this latter clause is often called the "**Best Interests Test**").

To determine the probable distribution to holders of Claims and Interests in each Impaired Class if the Debtors were liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtors' assets and properties in the context of a chapter 7 liquidation.

The Debtors' liquidation value would consist primarily of the unencumbered and unrestricted Cash held by the Debtors at the time of the conversion to a chapter 7 liquidation and the proceeds resulting from the sale of the Debtors' remaining unencumbered assets and properties by a chapter 7 trustee. The gross Cash available for distribution would be reduced by satisfaction of the DIP Facility Claims, the costs and expenses of the chapter 7 liquidation and any additional Administrative Claims that might arise as a result of the chapter 7 cases. Costs and expenses incurred as a result of the chapter 7 liquidation would further include, among other things, the fees payable to a trustee in bankruptcy and the fees payable to attorneys and other professionals engaged by such trustee. Additional Administrative Claims could arise by reason of the breach or rejection of obligations incurred and leases and executory contracts assumed or entered into by the Debtors during the pendency of the Chapter 11 Cases. Such Administrative Claims and Other Administrative Claims that might arise in a liquidation case or result from the pending Chapter 11 Cases, such as compensation for attorneys, financial advisors and accountants, would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition claims.

To determine if the Plan is in the best interests of each Impaired Class, the present value of the distributions from the proceeds of a liquidation of the Debtors' unencumbered assets and properties, after subtracting the amounts attributable to the costs, expenses and Administrative Claims associated with a chapter 7 liquidation, must be compared with the value offered to such Impaired Classes under the Plan. If the hypothetical liquidation distribution to holders of Claims or Interests in any Impaired Class is greater than the distributions to be received by such parties under the Plan, then the Plan is not in the best interests of the holders of Claims or Interests in such Impaired Class.

b. Liquidation Analysis of the Reorganized Debtors

Amounts that a holder of Claims and Interests in Impaired Classes would receive in a hypothetical chapter 7 liquidation are discussed in the liquidation analysis of the Debtors prepared by the Debtors' management with the assistance of its advisors (the "**Liquidation Analysis**"), which is attached hereto as Appendix B.

As described in Appendix B, the Debtors developed the Liquidation Analysis for the Debtors based on the unaudited book values as of December 31, 2012, unless otherwise noted in the Liquidation Analysis. The recoveries may change based on further refinements of Allowed Claims, as the Debtors' claim objection and reconciliation process continues.

As described in the Liquidation Analysis, underlying the analysis are a number of estimates and assumptions that, although developed and considered reasonable by the Debtors' management and advisors, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. The Liquidation Analysis is based on assumptions with regard to liquidation decisions that are subject to change. Accordingly, the values reflected in the Liquidation Analysis might not be realized if the Debtors were, in fact, to undergo a liquidation.

This Liquidation Analysis is solely for the purposes of (i) providing "adequate information" under section 1125 of the Bankruptcy Code to enable the holders of Claims and Interests entitled to vote under the Plan to make an informed judgment about the Plan and (ii) providing the Bankruptcy Court with appropriate support for the satisfaction of the "Best Interests Test" pursuant to section 1129(a)(7) of the Bankruptcy Code, and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors or any of their Affiliates.

Events and circumstances occurring subsequent to the date on which the Liquidation Analysis was prepared may be different from those assumed, or, alternatively, may have been unanticipated, and thus the occurrence of these events may affect financial results in a materially adverse or materially beneficial manner. The Debtors and Reorganized Debtors do not intend to and do not undertake any obligation to update or otherwise revise the Liquidation Analysis to reflect events or circumstances existing or arising after the date the Liquidation Analysis is initially filed or to reflect the occurrence of unanticipated events. Therefore, the Liquidation Analysis may not be relied upon as a guarantee or other assurance of the actual results that will occur.

In deciding whether to vote to accept or reject the Plan, holders of Claims must make their own determinations as to the reasonableness of any assumptions underlying the Liquidation Analysis and the reliability of the Liquidation Analysis.

c. Application of the Best Interests Test

The Debtors believe that the continued operation of the Debtors as a going concern satisfies the Best Interests Test for the Impaired Classes. Notwithstanding the difficulties in

quantifying recoveries to holders of Claims and Interests with precision, the Debtors believe that, based on the Liquidation Analysis, the Plan meets the Best Interests Test. As the Plan and Appendix B indicate, Confirmation of the Plan will provide each holder of an Allowed Claim in an Impaired Class with a greater recovery than the value of any distributions if the Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code.

The Plan and the Rights Offerings represent the culmination of several months of negotiations concerning investments in the Debtors. Throughout the process, the Debtors and their advisors have actively sought investors and responded to all inbound investment inquiries. Pursuant to the Plan, the Backstop Parties are providing $250 million of capital.

The Debtors and Blackstone believe the Rights Offerings and post-reorganization capital structure contemplated by the Plan is currently the best measure of the Debtors' value in light of, among other things, (a) the Debtors' and their advisors' belief that a substantial capital infusion is necessary for the Debtors to reorganize and the Rights Offerings contemplated by the Plan will provide, in part, for that necessary capital, (b) the robust and comprehensive negotiations that culminated in the Rights Offerings Term Sheet, (c) the Rights Offerings being subject to Bankruptcy Court approval and the plan confirmation and disclosure statement requirements in the Bankruptcy Code, and (d) the absence of viable alternative proposals received by the Debtors, which, given the high profile of the Chapter 11 Cases, and the fact that the Debtors filed for bankruptcy protection over a year ago, makes it unlikely that additional parties with serious interest in providing the Debtors with the needed level of capital will emerge. In particular, the Debtors and the Creditors' Committee may, subject to certain conditions, accept a bona fide alternative offer that provides a higher and better economic recovery to the Estates than that proposed in the Rights Offerings Term Sheet.

Blackstone's views as to the value of the Reorganized Debtors based on the capital to be provided pursuant to the Rights Offerings and the post-reorganization capital structure do not constitute a recommendation to any holder of Claims against the Debtors as to how to vote on the Plan and do not constitute an opinion as to the fairness from a financial point of view of the consideration to be received under the Plan or of the terms and provisions of the Plan.

Section 6.4 Financial Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires, as a condition to Confirmation, that the Bankruptcy Court find that Confirmation is not likely to be followed by the liquidation of the Debtors or the need for further financial reorganization, unless such liquidation is contemplated by the Plan. For purposes of demonstrating that the Plan meets this "feasibility" standard, the Debtors, with the assistance of Blackstone, have analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan and to retain sufficient liquidity and capital resources to conduct their businesses. As part of this analysis, the Debtors have prepared the financial projections, as set forth in Appendix C (the "**Financial Projections**").

As noted in Appendix C, the Financial Projections present information with respect to all the Reorganized Debtors. These Financial Projections do not reflect the full impact of "fresh start reporting" in accordance with American Institute of Certified Public Accountants Statement of Position 90-7 "Financial Reporting by Entities in Reorganization under the Bankruptcy Code." Fresh start reporting may have a material impact on the analysis.

The Debtors have prepared the Financial Projections solely for the purpose of providing "adequate information" under section 1125 of the Bankruptcy Code to enable the holders of Claims and Interests entitled to vote under the Plan to make an informed judgment about the Plan and should not be used or relied upon for any other purpose, including the purchase or sale of securities of, or Claims or Interests in, the Debtors.

In addition to the cautionary notes contained elsewhere in this Disclosure Statement and in the Financial Projections, it is underscored that the Debtors make no representation as to the accuracy of the Financial Projections or their ability to achieve the projected results. Many of the assumptions on which the Financial Projections are based are subject to significant uncertainties. Inevitably, some assumptions will not materialize and unanticipated events and circumstances may affect the financial results. Therefore, the actual results achieved throughout the Projection Period (as defined in the Financial Projections) may vary from the Financial Projections and the variations may be material. Also as noted above, the Financial Projections currently do not reflect the full impact of any "fresh start reporting," and its impact on the Reorganized Debtors' "Consolidated Balance Sheets" and prospective "Results of Operations" may be material. All holders of Claims in the Impaired Classes are urged to examine carefully all of the assumptions on which the Financial Projections are based in connection with their evaluation of, and voting on, the Plan.

Based upon the Financial Projections, the Debtors believe that they will be able to make all distributions and payments under the Plan and that Confirmation of the Plan is not likely to be followed by liquidation of the Debtors or the need for further restructuring.

Section 6.5 Acceptance by Impaired Classes

Except as described in Section 6.6 below, the Bankruptcy Code also requires, as a condition to Confirmation, that each Impaired Class accept the Plan. A Class of Claims or Interests that is Unimpaired under the Plan is deemed to have accepted the Plan and, therefore, solicitation of acceptances with respect to such Class is not required. A Class is Impaired unless the Plan (i) leaves unaltered the legal, equitable and contractual rights to which the Claim or Interest entitles the holder of such Claim or Interest or (ii) cures any default, Reinstates the original terms of the obligation and does not otherwise alter the legal, equitable or contractual rights to which the Claim or Interest entitles the holder of such Claim or Interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of the Plan by an Impaired Class as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of Claims in that Class; only those holders that are eligible to vote and that actually

vote to accept or reject the Plan are counted for purposes of determining whether these dollar and number thresholds are met. Thus, a Class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number that actually vote cast their ballots in favor of acceptance. Under section 1126(d) of the Bankruptcy Code, a Class of Interests has accepted the Plan if holders of such Interests holding at least two-thirds in amount that actually vote have voted to accept the Plan. Holders of Claims or Interests who fail to vote are not counted as either accepting or rejecting the Plan.

Section 6.6 Confirmation without Acceptance by All Impaired Classes

To obtain nonconsensual confirmation of the Plan, it must be demonstrated to the Bankruptcy Court that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each impaired, nonaccepting class. The Bankruptcy Code provides a non-exclusive definition of the phrase "fair and equitable." In order to determine whether the Plan is "fair and equitable," the Bankruptcy Code establishes "cram down" tests for secured creditors, unsecured creditors and equity holders, as follows:

- Secured Creditors. Either (i) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred Cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the "indubitable equivalent" of its allowed secured claim or (iii) the property securing the claim is sold free and clear of liens with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (i) or (ii) above.

- Unsecured Creditors. Either (i) each impaired unsecured creditor receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

- Equity Interests. Either (i) each holder of an equity interest will receive or retain under the plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled or the value of the interest or (ii) the holder of an interest that is junior to the nonaccepting class will not receive or retain any property under the plan.

A plan of reorganization does not "discriminate unfairly" with respect to a nonaccepting class if the value of the Cash and/or securities to be distributed to the nonaccepting class is equal to, or otherwise fair when compared to, the value of the distributions to other classes whose legal rights are the same as those of the nonaccepting class.

The Debtors believe and will demonstrate in connection with Confirmation that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each impaired, nonaccepting Class.

Section 6.7 Classification

The Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan divide the different claims (excluding administrative Claims) against, and equity interests in, a debtor into separate classes based upon their legal nature. Pursuant to section 1122 of the Bankruptcy Code, a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Debtors believe that the Plan classifies all Claims and Interests in compliance with the provisions of the Bankruptcy Code because valid business, factual and legal reasons exist for separately classifying the various Classes of Claims and Interests created under the Plan. Accordingly, the classification of Claims and Interests in the Plan complies with section 1122 of the Bankruptcy Code.

However, a holder of a Claim or Interest could challenge the Debtors' classification and the Bankruptcy Court could determine that different bankruptcy classification is required. For example, the Bankruptcy Court could determine that Senior Notes Parent Claims (Class 1C) should be treated in Class 1E (General Unsecured Claims). If the Bankruptcy Court were to make such determination, Senior Notes Parent Claims could substantially dilute recoveries to General Unsecured Claims.

ARTICLE 7
VOTING PROCEDURES

The Bankruptcy Court can confirm the Plan only if it determines that the Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code. One of these technical requirements is that the Bankruptcy Court find, among other things, that the Plan has been accepted by the requisite votes of all Classes of Impaired Claims and Interests unless approval will be sought under section 1129(b) of the Bankruptcy Code in spite of the nonacceptance by one or more such Classes. On November [•], 2013, the Bankruptcy Court entered its Approval Order that, among other things, approved this Disclosure Statement, approved procedures for soliciting votes on the Plan, approved the form of the solicitation documents and various other notices, set the Voting Record Date, the Voting Deadline and the date of the Confirmation Hearing, and established the relevant objection deadlines and procedures associated with Confirmation of the Plan.

A copy of the Approval Order is hereby incorporated by reference as though fully set forth herein. THE APPROVAL ORDER SHOULD BE READ IN CONJUNCTION WITH THIS ARTICLE 7 OF THE DISCLOSURE STATEMENT.

If you have any questions about (i) the procedures for voting your Claim or Interest or with respect to the packet of materials that you have received or (ii) the amount of your Claim

or Interest, please contact the Debtors' Solicitation Agent at (877) 600-6531 or, for international callers, (336) 542-5677. If you wish to obtain (at no charge) an additional copy of the Plan, this Disclosure Statement or other solicitation documents, you can obtain them from the Debtors' Case Information Website at http://www.PatriotCaseInfo.com or by requesting a copy from the Debtors' Solicitation Agent, which can be reached at (877) 600-6531 or, for international callers, (336) 542-5677.

Section 7.1 Who Is Entitled to Vote on the Plan?

In general, a holder of a Claim or Interest may vote to accept or reject a plan of reorganization if (i) no party in interest has objected to such Claim or Interest (or the Claim or Interest has been Allowed subsequent to any objection or estimated for voting purposes), (ii) the Claim or Interest is Impaired by the plan and (iii) the holder of such Claim or Interest will receive or retain property under the plan on account of such Claim or Interest. The holders of Claims in the following Classes are entitled to vote on the Plan:

- Class 1C (Senior Notes Parent Claims)
- Class 1D (Convertible Notes Claims)
- Class 1E (General Unsecured Claims)
- Class 1F (Convenience Class Claims)
- Classes 2C-100C (Senior Notes Guarantee Claims)
- Classes 2D-101D (General Unsecured Claims)
- Classes 2E-101E (Convenience Class Claims)

In general, if a Claim or Interest is Unimpaired under a plan, section 1126(f) of the Bankruptcy Code deems the holder of such Claim or Interest to have accepted the plan and thus the holders of Claims in such Unimpaired Classes are not entitled to vote on the plan. Because the following Classes are Unimpaired under the Plan, the holders of Claims in these Classes are not entitled to vote:

- Class 1A (Other Priority Claims)
- Class 1B (Other Secured Claims)
- Classes 2A-101A (Other Priority Claims)
- Classes 2B-101B (Other Secured Claims)

In general, if the holder of an Impaired Claim or Impaired Interest will not receive any distribution under a plan in respect of such Claim or Interest, section 1126(g) of the Bankruptcy Code deems the holder of such Claim or Interest to have rejected the plan, and

thus the holders of Claims in such Classes are not entitled to vote on the Plan. The holders of Claims and Interests in the following Classes are conclusively presumed to have rejected the Plan and are therefore not entitled to vote:

- Class 1G (Section 510(b) Claims)
- Class 1H (Interests in Patriot Coal)
- Classes 2F-101F (Section 510(b) Claims)
- Classes 2G-101G (Interests in Subsidiary Debtors)

For a more detailed discussion of the procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, please review the Approval Order.

Section 7.2 Solicitation Packages for Voting Classes

The following materials shall constitute the "**Solicitation Packages**":

(a) a cover letter describing the contents of the Solicitation Package, the contents of the enclosed CD-ROM and instructions for obtaining printed copies of any materials provided on the CD-ROM at no charge;

(b) a CD-ROM containing the following:

(i) the Disclosure Statement (with the Plan annexed thereto and other exhibits); and

(ii) the Approval Order (without exhibits);

(c) the Confirmation Hearing Notice (as defined in the Approval Order);

(d) a Ballot or Beneficial Ballot, as appropriate, together with a pre-addressed postage-paid envelope; and

(e) such other materials as the Bankruptcy Court may direct.

Section 7.3 Solicitation and Solicitation Packages for Non-Voting Classes

a. Unimpaired Classes of Claims and Interests Not Eligible to Vote

Under section 1126(f) of the Bankruptcy Code, classes that are not impaired under a plan of reorganization are deemed to accept the plan. The following Classes are Unimpaired under the Plan and deemed under section 1126(f) of the Bankruptcy Code to accept the Plan: Class 1A, Class 1B, Classes 2A-101A and Classes 2B-101B. Their votes to accept or reject the Plan will not be solicited. Pursuant to the Approval Order, the Solicitation Packages

distributed to these parties shall not contain a Ballot but shall instead contain a "Notice of Non-Voting Status with Respect to Unimpaired Classes Deemed to Accept the Plan."

b. Impaired Class of Interests Not Eligible to Vote

Under section 1126(g) of the Bankruptcy Code, classes that are not entitled to receive or retain any property under a plan of reorganization are deemed to reject the plan. Class 1G and Classes 2F-101F receive no property under the Plan and are deemed under section 1126(g) of the Bankruptcy Code to reject the Plan. The votes of holders of Interests in Class 1H and Classes 2G-101G will not be solicited. Pursuant to the Approval Order, the Solicitation Packages distributed to these parties shall not contain a cover letter, CD-ROM or Ballot but shall instead contain a "Notice of Non-Voting Status with Respect to Impaired Classes Deemed to Reject the Plan."

Section 7.4 Voting Procedures

IN THE CASE OF ALL VOTERS OTHER THAN BENEFICIAL HOLDERS, BALLOTS MUST BE RECEIVED BY THE SOLICITATION AGENT BY THE VOTING DEADLINE AT THE FOLLOWING ADDRESSES:

If by U.S. mail:	**If by courier/hand delivery:**
Patriot Coal Claims Processing Center c/o GCG, Inc. P.O. Box 9898 Dublin, OH 43017-5798	Patriot Coal Claims Processing Center c/o GCG, Inc. 5151 Blazer Parkway, Suite A Dublin, OH 43017

IF YOU HAVE ANY QUESTIONS REGARDING VOTING PROCEDURES, PLEASE CALL THE SOLICITATION AGENT AT (877) 600-6531 OR, FOR INTERNATIONAL CALLERS, (336) 542-5677.

IN THE CASE OF BENEFICIAL HOLDERS, IF YOU RECEIVED A RETURN ENVELOPE ADDRESSED TO YOUR NOMINEE, PLEASE RETURN YOUR BENEFICIAL BALLOT TO YOUR NOMINEE SO THAT IT WILL BE RECEIVED BY THE NOMINEE IN SUFFICIENT TIME SO AS TO ENABLE THE NOMINEE TO PROCESS THE BENEFICIAL BALLOT, INCORPORATE THE RESULTS IN A MASTER BALLOT AND RETURN SAME TO GCG, INC. BY THE VOTING DEADLINE.

Ballots received after the Voting Deadline will not be counted by the Debtors in connection with the Debtors' request for Confirmation of the Plan. The method of delivery of Ballots to be sent to the Solicitation Agent is at the election and risk of each holder of a Claim or Interest. Except as otherwise provided in the Plan, such delivery will be deemed made only when the original executed Ballot is actually received by the Solicitation Agent. In all cases, sufficient time should be allowed to assure timely delivery. Original executed

Ballots are required. Delivery of a Ballot to the Solicitation Agent by facsimile, email or any other electronic means will not be accepted. No Ballot should be sent to the Debtors, their agents (other than the Solicitation Agent), any indenture trustee (unless specifically instructed to do so) or the Debtors' financial or legal advisors, or the Creditors' Committee or their financial or legal advisors, and if so sent will not be counted. If no holders of Claims in a particular Class that is entitled to vote on the Plan vote to accept or reject the Plan, then such Class shall be deemed to accept the Plan.

Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, and those restrictions on modifications set forth in the Plan, the Debtors may alter, amend or modify the Plan, without additional disclosure pursuant to section 1125 of the Bankruptcy Code; *provided*, *however*, that the Debtors shall consult with the DIP Agents and the Creditors' Committee with respect to any proposed alteration, amendment or modification of the Plan. If the Debtors make material changes in the terms of the Plan or if the Debtors waive a material condition, the Debtors will disseminate additional solicitation materials and will extend the solicitation, in each case to the extent directed by the Bankruptcy Court. After the Confirmation Date and prior to substantial consummation of the Plan, the Debtors may institute proceedings in the Bankruptcy Court pursuant to section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes of the Plan.

Section 7.5 Releases under the Plan

Each Ballot advises Creditors in bold and capitalized print that Creditors who (a) vote to accept or reject the Plan and (b) do not elect to opt out of the release provisions contained in Section 11.8 of the Plan shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever released and discharged the Released Parties from any and all Causes of Action. Creditors who do not grant the releases contained in Section 11.8 of the Plan will not receive the benefit of the releases set forth in Section 11.8 of the Plan.

ARTICLE 8
RIGHTS OFFERINGS AND RIGHTS OFFERINGS PROCEDURES[16]

Section 8.1 Overview of the Rights Offerings

Rights to purchase the Rights Offering Notes and the Rights Offering Warrants, at the applicable Subscription Price, will be distributed to the Rights ~~Offering~~Offerings Participants. The Rights Offerings, in conjunction with the Backstop Rights Purchase Agreement, are designed to raise approximately $250 million of capital for the Debtors. In addition to the Debtors' cash on hand and proceeds that will be made available under the Exit Credit Facilities, the proceeds from the Rights Offerings will be used to consummate the Plan.

The Debtors have designated GCG, Inc. as the "**Subscription Agent**" for the Rights Offerings.

Section 8.2 The Rights Offerings Procedures

~~On October 18, 2013, the Debtors filed a motion seeking, among other things, approval of the Debtors' proposed procedures for implementation of~~The Bankruptcy Court approved the Rights Offerings Procedures on November [ ], 2013. The Rights Offerings Procedures are attached hereto as Appendix H and summarized below.[17]

- Rights ~~Offering~~Offerings Participants
    - A "**Rights Offerings Participant**" means (i) a Certified Eligible Holder, (ii) a Backstop Party or (iii) an Eligible Affiliate to whom the Rights of such Certified Eligible Holder or Backstop Party were transferred.
    - **A Holder of an Allowed Senior Notes Claim, Convertible Notes Claim and/or General Unsecured Claim that does not duly complete, execute and timely deliver an Eligibility Certificate certifying that it is an Eligible Holder to the Subscription Agent by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)) cannot participate in the Rights Offerings.**

[16] The following is only intended to provide a summary of the Right Offerings Procedures and is qualified in its entirety by the actual terms and conditions of the Rights Offerings Procedures. To the extent of any inconsistency between this summary and the Rights Offerings Procedures, the Rights Offerings Procedures shall govern. Capitalized terms in this Article 8 not otherwise defined in this Disclosure Statement or the Plan shall have the meanings ascribed to them in the Rights Offerings Procedures.

[17] ~~To the extent of any inconsistency between this summary and the Rights Offerings Procedures, the Rights Offerings Procedures shall govern.~~

- Initial Allocation

  - Each Certified Eligible Holder (including a Transferee Eligible Holder) will be offered its Pro Rata Share of the Senior Notes Rights or the GUC Rights, as applicable, and each Backstop Party will be offered its Backstop Commitment Percentage of the Backstop Rights Allocation and the Other Senior Notes Rights.

- Subscription

  - In order to exercise Rights, a Rights Offerings Participant must timely deliver a duly completed and executed Subscription Form and the other documents referenced therein and the Subscription Purchase Price (as calculated pursuant to the Subscription Form) by wire transfer or bank or cashier's check, as set forth in the Subscription Form, in accordance with the Rights Offerings Procedures; *provided*, *however*, that (i) any Backstop Party's Subscription Purchase Price and (ii) any amount in respect of a Backstop Party's Backstop Allocation must each be received on or before the Effective Date.

  - The Subscription Form will indicate each Rights Offerings Participant's Initial Allocation of Rights Offering Notes and Rights Offering Warrants.

  - Any participant in the Notes Rights Offering must also participate in the Warrants Rights Offering (and vice versa) by subscribing for and purchasing a proportionate share of the aggregate Notes Rights or Warrant Rights, as applicable, offered pursuant to the Rights Offerings.

  - Once a ~~Certified Eligible Holder~~Rights Offerings Participant has exercised its Rights in accordance with the Rights Offerings Procedures, such exercise will be irrevocable unless the Rights Offerings are not consummated by the Effective Date.

  - To the extent that any portion of the Subscription Purchase Price paid to the Subscription Agent is not used to purchase Rights Offering Notes and Rights Offering Warrants, the Subscription Agent will return such portion, and any interest accrued thereon from the Subscription Deadline through the date such portion is mailed to the applicable Rights Offerings Participant, to the applicable Rights Offerings Participant within ten (10) Business Days of a determination that such funds will not be used. If the Rights Offerings have not been consummated by the Effective Date, the Subscription Agent will return any payments made pursuant to the Rights Offerings, and any interest accrued thereon from the Subscription Deadline through the date such portion is mailed to the applicable Rights Offerings Participant, to the applicable Rights Offerings Participant within ten (10) Business Days thereafter.

- **Unexercised Rights will be relinquished on the Subscription Deadline.** A Certified Eligible Holder shall be deemed to have relinquished and waived all rights to participate in the Rights Offerings to the extent the Subscription Agent for any reason does not receive from such Certified Eligible Holder, on or before the Subscription Deadline, a duly completed and executed Subscription Form and the other documents referenced therein and the Subscription Purchase Price (as calculated pursuant to the Subscription Form) by wire transfer or bank or cashier's check, as set forth in the Subscription Form, with respect to such Certified Eligible Holder's Rights.

- All questions concerning the timeliness, viability, form and eligibility of any exercise of Rights will be determined by the Debtors or Reorganized Debtors, as applicable, whose good faith determinations absent manifest error will be final and binding.

- Oversubscription Procedures

  - The Unsubscribed Rights, if any, shall be allocated according to the following process, which shall be repeated until all Oversubscriptions are fulfilled or no Rights remain unsubscribed: 60% of the Unsubscribed Rights, if any, shall be allocated to ~~the Certified Eligible Holders~~Rights Offerings Participants that have submitted an Oversubscription, of which (i) 92.3% shall be allocated among oversubscribing ~~Certified Eligible Holders~~Rights Offerings Participants who are holders of Allowed Senior Notes Claims or who have subscribed for Other Senior Notes Rights in proportion to their Initial Rights Allocations and (ii) 7.7% shall be allocated among oversubscribing Certified Eligible Holders of Allowed General Unsecured Claims and Allowed Convertible Notes Claims in proportion to their Initial Rights Allocations. The remaining 40% of the Unsubscribed Rights, if any, shall be allocated to the Backstop Parties in accordance with their respective Backstop Commitment Percentage.

  - If, after applying the procedures set forth the preceding paragraph there remain any Unsubscribed Rights, such Unsubscribed Rights shall be automatically, and without further action by any party, deemed transferred to the Backstop Parties in accordance with their Backstop Commitment Percentages, and each of the Backstop Parties shall purchase, at the applicable Subscription Purchase Price, the number of Rights Offering Notes and Rights Offering Warrants equal to its Backstop Commitment Percentage multiplied by the number of remaining Rights Offering Notes and Rights Offering Warrants in accordance with the terms and conditions of the Backstop Rights Purchase Agreement.

- Transfer Procedures and Restrictions

  - In order for a Transferee Eligible Holder to receive Rights with respect to a Claim transferred to it during the Certification Period, (i) such transfer and all preceding transfers, if any, beginning with the transfer by the Holder holding such Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim as of the Rights Offerings Record Date, must be evidenced by a Certification Period Transfer Notice delivered to the Subscription Agent by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)) and (ii) such Transferee Eligible Holder must submit an Eligibility Certificate by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)).

  - A Rights Offerings Participant's Rights shall not be transferable, other than to an Eligible Affiliate, or as provided in the Backstop Purchase Agreement, or in connection with the transfer by a Certified Eligible Holder of the underlying Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim to another Certified Eligible Holder, as evidenced by a Post-Certification Period Transfer Notice delivered to the Subscription Agent by the Subscription Deadline; *provided*, *however*, that the Rights Offering Notes issued to any Backstop Party shall be issued to funds designated by them, provided that each such fund certifies that it is an Eligible Holder (or would be an Eligible Holder if such fund were a holder of an Allowed Claim), and the Rights Offering Warrants issued to any Backstop Party shall be issued to one or more Eligible Affiliates of such Backstop Party.

  - **IF ANY PORTION OF A SENIOR NOTES CLAIM, CONVERTIBLE NOTES CLAIM OR GENERAL UNSECURED CLAIM OR ANY RIGHTS HAVE BEEN TRANSFERRED NOT IN ACCORDANCE WITH THE RIGHTS ~~OFFERING~~OFFERINGS PROCEDURES, SUCH CORRESPONDING RIGHTS WILL BE CANCELLED, AND NEITHER THE TRANSFEROR NOR THE TRANSFEREE OF SUCH CLAIM OR SUCH RIGHTS WILL RECEIVE RIGHTS OFFERING NOTES OR RIGHTS OFFERING WARRANTS IN CONNECTION WITH SUCH CLAIM OR RIGHTS.**

- Duration of the Rights Offerings

  - The Rights Offerings will commence on the day upon which the Subscription Agent completes the distribution of Subscription Forms to Certified Eligible Holders and the Backstop Parties, which the Debtors estimate to be no later than December 3 , 2013.

- The Rights Offerings will expire on the Subscription Deadline (December 10, 2013 at 5:00 p.m. (prevailing Central Time)), or such later time as determined by the Debtors in their sole discretion.

- Exemption from Securities Act Registration

  - Each Right is being distributed and issued by the Debtors without registration under the Securities Act, in reliance upon federal, state and foreign exemptions from registration requirements for transactions not involving any public offering.

  - Each Rights Offering Note and Rights Offering Warrant is being distributed and issued by the Debtors without registration under the Securities Act, in reliance upon federal, state and foreign exemptions from registration requirements for transactions not involving any public offering.

Please refer to Section 9.1(q) below and Article 10 of the Plan for a more detailed discussion of securities law considerations related to the securities to be issued pursuant to the Rights Offerings.

ARTICLE 9
CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING

HOLDERS OF CLAIMS AND INTERESTS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH, REFERRED TO OR INCORPORATED BY REFERENCE HEREIN, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

Section 9.1 Certain Bankruptcy Considerations

a. Plan Confirmation

The Debtors can make no assurances that the conditions to Confirmation will be satisfied or waived or that they will receive the requisite acceptances to confirm the Plan. Further, if the requisite acceptances are not received, the Debtors may seek to accomplish an alternative restructuring and obtain acceptances to an alternative plan of reorganization for the Debtors, or otherwise, that may not have the support of the Creditors and/or may be required to liquidate these Estates under chapter 7 or 11 of the Bankruptcy Code. There can be no assurance that the terms of any such alternative restructuring arrangement or plan would be similar to or as favorable to Creditors as those proposed in the Plan.

Even if the Debtors receive the requisite acceptances, there is no assurance that the Bankruptcy Court will confirm the Plan. Even if the Bankruptcy Court determined that the Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met. Moreover, there can be no assurance that modifications to the Plan will not be required for Confirmation or that such modifications would not necessitate the resolicitation of votes. If the Plan is not confirmed, it is unclear what distributions holders of Claims or Interests ultimately would receive with respect to their Claims or Interests in a subsequent plan of reorganization.

b. Objections to Classification of Claims

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a class or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code, but it is possible that a holder of a Claim or Interest may challenge the classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, the Debtors intend, to the extent permitted by the Bankruptcy Court and the Plan, to make such reasonable modifications of the classifications under the Plan to permit Confirmation and to use the Plan acceptances received in this solicitation for the purpose of obtaining the approval of the reconstituted Class or Classes of which the accepting holder is ultimately deemed to be a member. Any such reclassification could adversely affect the Class in which such holder was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

c. Failure to Consummate the Plan

As of the date of this Disclosure Statement, there can be no assurance that the conditions to consummation of the Plan will be satisfied or waived. Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the restructuring completed.

d. Undue Delay in Confirmation May Disrupt Operations of the Debtors

Although the Plan is designed to minimize the length of the Chapter 11 Cases, it is impossible to predict with certainty the amount of time that the Debtors may spend in bankruptcy or to assure parties-in-interest that the Plan will be confirmed.

The continuation of the Chapter 11 Cases, particularly if the Plan is not confirmed in the time frame currently contemplated, could adversely affect operations and relationships with the Debtors' customers, vendors, employees, regulators and partners. If Confirmation and consummation of the Plan do not occur expeditiously, the Chapter 11 Cases could result in, among other things, increased costs for professional fees and similar expenses. In addition, prolonged Chapter 11 Cases may make it more difficult to retain and attract management and

other key personnel and would require senior management to spend a significant amount of time and effort dealing with the Debtors' financial reorganization instead of focusing on the operation of the Debtors' businesses.

e. Allowance of Claims May Substantially Dilute the Recovery to Holders of Claims under the Plan

There can be no assurance that the estimated Claim amounts set forth in this Disclosure Statement are correct, and the actual allowed amounts of Claims may differ from the estimates. The estimated amounts are based on certain assumptions with respect to a variety of factors, including with respect to the Disputed, Contingent and Unliquidated Claims. Should these underlying assumptions prove incorrect, the actual allowed amounts of Claims may vary from those estimated herein. Because distributions to holders of Unsecured Claims under the Plan are linked to the amount and value of Allowed Unsecured Claims, any material increase in the amount of Allowed Unsecured Claims over the amounts estimated by the Debtors would materially reduce the recovery to holders of Unsecured Claims under the Plan.

f. Plan Releases May Not Be Approved

There can be no assurance that the Plan releases, as provided in Article 11 of the Plan, will be granted. Failure of the Bankruptcy Court to grant such relief may result in a plan of reorganization that differs from the Plan.

g. Access to Exit Financing

The volatility of the financial markets may prevent the Debtors from obtaining the financing necessary to complete the reorganization as contemplated in the Plan. In order to reorganize, the Debtors will require access to the financial markets. Financial markets remain fragile and are heavily influenced by changing government policies and interventions, which may ultimately limit the terms, availability and affordability of financing necessary for the Debtors to reorganize.

There can be no assurance that the Rights Offerings contemplated by the Plan will be consummated~~. While, pursuant to the Rights Offerings Term Sheet, the Debtors have obtained a commitment from Knighthead to backstop the Rights Offerings, the parties have not executed the Backstop Rights Purchase Agreement, nor has the Backstop Rights Purchase Agreement been approved by the Bankruptcy Court~~. In addition, there can be no assurance that the Exit Credit Facilities contemplated by the Plan will be consummated. The Debtors have not secured a commitment from any party ~~regarding~~to provide the financing contemplated by the Exit Credit Facilities and, therefore, cannot determine whether they will have access to the funds necessary to emerge from bankruptcy. Failure ~~to execute the Backstop Rights Purchase Agreement or to obtain Bankruptcy Court approval of the Backstop Rights Purchase Agreement or~~ to finance the Exit Credit Facilities may result in the inability of the Debtors to consummate the Plan and non-occurrence of the Effective Date. Further, the Backstop Rights Purchase Agreement contains, and the Exit Credit Facilities Documents may contain, certain conditions and there can be no assurance that the Debtors will be able to meet

such conditions, which may result in the inability of the Debtors to obtain the financing necessary to emerge from bankruptcy prior to maturity of the DIP Facilities.

h. The Exit Credit Facilities May Include Financial and Other Covenants that Impose Substantial Restrictions on the Debtors' Finances and Business Operations.

The Exit Credit Facilities may include restrictive covenants that could limit the Reorganized Debtors' ability to react to market conditions, satisfy any extraordinary capital needs, or otherwise restrict the Reorganized Debtors' financing and operations. There can be no assurance that the Reorganized Debtors will be able to comply with these potential covenants. If the Reorganized Debtors fail to comply with such covenants and terms, the Reorganized Debtors would be required to obtain waivers from the lenders under the Exit Credit Facilities and, if such waivers are not obtained, there could be a material adverse effect on the Reorganized Debtors' financial condition and future performance.

i. Compliance with the DIP Facilities

The DIP Facilities are scheduled to mature on December 31, 2013 (the "**DIP Maturity Date**"). There can be no assurance that the Plan will be confirmed and consummated by the DIP Maturity Date, and there can be no assurance that the DIP Lenders would extend the DIP Maturity Date or forbear from exercising their rights and remedies under the DIP Facilities, which may result in the inability of the Debtors to consummate the Plan.

Beneficiaries of L/Cs may have the right to draw on such L/Cs within specified time periods prior to the DIP Maturity Date, and no assurance can be given that such beneficiaries will not draw. If beneficiaries of L/Cs draw on such L/Cs, the Debtors may not be able to achieve confirmation and consummation of the Plan and may not be able to secure the financing necessary to emerge from bankruptcy.

In addition, the DIP Facilities contain financial and other covenants regarding, among other things, the Debtors' liquidity and earnings~~, and require the Debtors to obtain committed financing for a plan of reorganization by October 31, 2013~~. There can be no assurance that the Debtors will be able to comply with these covenants. If the Debtors fail to comply with such covenants and terms, the Debtors would be required to obtain waivers or forbearance from the lenders under the DIP Facilities and, if such waivers or forbearance are not obtained, there could be a material adverse effect on the Debtors' financial condition and the Debtors may not be able to consummate the Plan.

j. Failure to Satisfy the Terms and Conditions in the Backstop Rights Purchase Agreement May Prevent the Debtors' Successful Reorganization.

On October 9, 2013, the Debtors and the Backstop Parties entered into the Rights Offerings Term Sheet, which provides an outline of the Rights Offerings backstopped by the Backstop Parties. On November 4, 2013, the Debtors and the Backstop Parties entered into the Backstop Rights Purchase Agreement. The Backstop Rights Purchase Agreement ~~will be~~is subject to certain conditions described in more detail in Section Section 4.2(q) above.

Consummation of the transactions contemplated under the Backstop Rights Purchase Agreement is a condition precedent to effectiveness of the Plan. If the Backstop Rights Purchase Agreement is terminated prior to the Effective Date, the Debtors may not have sufficient funds to satisfy the Claims of holders of Claims, which may delay or prevent the successful restructuring of the Debtors as a going concern.

k. Failure to Satisfy the Terms and Conditions in the Arch Settlement and/or the Peabody Settlement May Prevent the Debtors' Successful Reorganization.

On October 23, 2013 and October 24, 2013, the Debtors entered into the Arch Settlement and the Peabody Settlement, respectively. These settlements are subject to terms and conditions described in more detail in Sections 4.2(n)(2) and (o)(2) above. The effectiveness of the settlements on or prior to the Effective Date is a condition precedent to consummation of the transactions contemplated under the Backstop Rights Purchase Agreement. There can be no assurance that these settlements will be effective on or prior to the Effective Date. If one or both of these settlements do not become effective on or prior to the Effective Date, the Debtors may not have sufficient funds to satisfy the Claims of holders of Claims, which may delay or prevent the successful restructuring of the Debtors as a going concern.

l. The Reorganized Debtors May Not Be Able to Achieve Their Projected Financial Results.

Actual financial results may differ materially from the Financial Projections. If the Reorganized Debtors do not achieve projected revenue or cash flow levels, the Reorganized Debtors may lack sufficient liquidity to continue operating their businesses consistent with the Financial Projections after the Effective Date. The Financial Projections represent management's view based on currently known facts and hypothetical assumptions about their future operations; they do not guarantee the Reorganized Debtors' future financial performance.

m. The Debtors' Financial Projections Are Subject to Inherent Uncertainty Due to the Numerous Assumptions Upon Which They Are Based.

The Financial Projections are based on numerous assumptions including, without limitation, the timing, Confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of the Reorganized Debtors, coal industry performance, general business and economic conditions, and other matters, many of which are beyond the control of the Reorganized Debtors and some or all of which may not materialize, particularly given the current difficult economic environment. In addition, unanticipated events and circumstances occurring subsequent to the approval of this Disclosure Statement by the Bankruptcy Court, including, without limitation, any natural disasters, terrorism or health epidemics, may affect the actual financial results of the Reorganized Debtors' operations. Because the actual results achieved throughout the periods covered by the Financial

Projections may vary from the projected results, the Financial Projections should not be relied upon as an assurance of the actual results that will occur.

Except with respect to the Financial Projections and except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that might occur subsequent to the date hereof. Such events could have a material impact on the information contained in this Disclosure Statement. Neither the Debtors nor the Reorganized Debtors intend to update the Financial Projections. The Financial Projections, therefore, will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Financial Projections.

n. Liquid Trading Markets for the New Securities May Not Develop.

It is anticipated that the Reorganized Debtors will not be a reporting company under the Exchange Act or other applicable law or be registered on any public exchange as of Effective Date, and that there will be no active trading market for the New Securities. The New Certificate of Incorporation and the New Stockholders' Agreement will contain restrictions on holders' ability to transfer New Common Stock and other New Securities designed to ensure that the number of holders of such securities does not exceed the threshold at which Reorganized Patriot Coal would be required to become a reporting company under the Exchange Act. Among other things, the New Certificate of Incorporation will require notice to Reorganized Patriot Coal of any proposed transfer of New Common Stock or other New Securities and will restrict such transfer if Reorganized Patriot Coal determines that the transfer would, if effected, result in Reorganized Patriot Coal potentially having 2000 or more holders of record of New Common Stock or 500 or more non-accredited holders of record of New Common Stock (in each case as determined under the Exchange Act). Although the Debtors may under certain circumstances be required to register the sale of New Securities under the Securities Act pursuant to the provisions of the New Stockholders' Agreement, they have no present intention to voluntarily register the sale of any of the New Securities or to list any of the New Securities on a securities exchange or trading system. As a result, there can be no assurance that any liquid trading market for the New Securities will exist in the future. The liquidity of any market for the New Securities will depend on, among other things, the number of holders of such securities, the Reorganized Debtors' financial performance, whether such securities become listed on a securities exchange or trading system, and the market for similar securities, none of which can be determined or predicted. The Debtors therefore cannot make assurances regarding the development of an active trading market or, if a market develops, the liquidity or pricing characteristics of that market.

o. As a Result of the Chapter 11 Cases, the Debtors' Historical Financial Information May not be Indicative of its Future Financial Performance.

The Debtors' capital structure will likely be significantly altered under any plan of reorganization ultimately confirmed by the Bankruptcy Court. Under fresh start reporting rules that may apply to the Debtors upon the effective date of a plan of reorganization, the Debtors' assets and liabilities would be adjusted to fair values and its accumulated deficit would be

restated to zero. Accordingly, if fresh start reporting rules apply, the Debtors' financial condition and results of operations following its emergence from chapter 11 would not be comparable to the financial condition and results of operations reflected in its historical financial statements. In connection with the Chapter 11 Cases and the development of a plan of reorganization, it is also possible that additional restructuring and related charges may be identified and recorded in future periods. Such charges could be material to the Debtors' consolidated financial position and results of operations in any given period.

p. Due to Fresh Start Reporting Rules, the Reorganized Debtors' Financial Statements Will Not Be Comparable to the Debtors' Historical Financial Statements.

Due to fresh start reporting rules, the Debtors' consolidated financial statements will not be comparable to their consolidated historical financial statements.

As a result of the consummation of the Plan and the transactions contemplated thereby, the Reorganized Debtors will be subject to the fresh start reporting rules required by the Financial Accounting Standards Board Accounting Standards Codification Topic 852, Reorganizations. Accordingly, the Reorganized Debtors' consolidated financial condition and results of operations from and after the Effective Date will not be comparable to the financial condition or results of operations reflected in Patriot Coal's or the Debtors' consolidated historical financial statements.

In addition, the Financial Projections do not currently reflect the full impact of fresh start reporting, which may have a material impact on the Financial Projections.

q. Applicable Securities Laws May Restrict Transfers or Sales of the New Securities.

The Plan provides that, to the maximum extent allowable, the New Securities will be issued pursuant to the exemption from registration set forth in section 1145(a) of the Bankruptcy Code and will therefore be exempt from, among other things, the registration and prospectus delivery requirements of Section 5 of the Securities Act and any other applicable state and federal law requiring registration and/or delivery of a prospectus prior to the offering, issuance, distribution or sale of securities. However, the Rights, the Rights Offering Notes, the Rights Offering Warrants and the securities issuable upon exercise of the Rights Offering Warrants will be issued and distributed in reliance on other exemptions from registration under the Securities Act.

New Securities that are not issued pursuant to section 1145(a) of the Bankruptcy Code will be deemed "restricted securities" and may not be sold, exchanged, assigned or otherwise transferred unless they are registered, or an exemption from registration applies, under the Securities Act. Except as provided in the New Stockholders' Agreement, holders of such New Securities will not be entitled to have their New Securities registered and will be required to agree not to resell them except in accordance with the exemption from registration provided by Rule 144 under the Securities Act, when available. Rule 144 permits the public resale of restricted securities if certain conditions are met, and these conditions vary depending on

whether the holder of the restricted securities is an "affiliate" of the issuer, as defined in Rule 144. A non-affiliate who has not been an affiliate of the issuer during the preceding three months may resell restricted securities after a six-month holding period unless certain current public information regarding the issuer is not available at the time of sale, in which case the non-affiliate may resell after a one-year holding period. An affiliate may resell restricted securities after a six-month holding period but only if certain current public information regarding the issuer is available at the time of the sale and only if the affiliate also complies with the volume, manner of sale and notice requirements of Rule 144. However, Reorganized Patriot Coal has no current plans to make the information required by Rule 144 publicly available for the foreseeable future. This will eliminate the ability of a holder of New Securities that are restricted securities who is an "affiliate" of Reorganized Patriot Coal to avail themselves of Rule 144.

To the extent that the New Securities are issued under the Plan and are covered by section 1145(a)(1) of the Bankruptcy Code, they may be resold by a holder thereof without registration unless, as more fully described below, the holder is an "underwriter" with respect to such securities. Generally, section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who:

(i) purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if such purchase is with a view to distributing any security received in exchange for such a claim or interest;

(ii) offers to sell securities offered under a plan for the holders of such securities;

(iii) offers to buy such securities from the holders of such securities, if the offer to buy is:

(A) with a view to distributing such securities; and

(B) under an agreement made in connection with the plan, the consummation of the plan, or with the offer or sale of securities under the plan; or

(iv) is an "issuer" with respect to the securities, as the term "issuer" is defined in section 2(11) of the Securities Act.

Under section 2(11) of the Securities Act, an "issuer" includes any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control of the issuer.

To the extent that any Persons who receive New Securities pursuant to the Plan are deemed to be "underwriters" as defined in section 1145(b) of the Bankruptcy Code, resales of New Securities by such Persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such Persons would

be permitted to sell New Securities or other securities without registration if they comply with the provisions of Rule 144 under the Securities Act. These rules permit the public sale of securities received by such Person if current information regarding the issuer is publicly available and if volume limitations and certain other conditions are met. However, Reorganized Patriot Coal has no current plans to make the information required by Rule 144 publicly available for the foreseeable future. This will eliminate the ability of a holder of New Securities issued pursuant to section 1145(a) of the Bankruptcy Code who is an "underwriter" pursuant to section 1145(b) of the Bankruptcy Code to avail themselves of Rule 144.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the New Securities or other securities to be issued pursuant to the Plan would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any particular Person receiving New Securities or other securities under the Plan would be an "underwriter" with respect to such New Securities or other securities.

Pursuant to the New Stockholders' Agreement, Reorganized Patriot Coal will, under certain circumstances, be obligated to use its commercially reasonable efforts to register at a later date, post-bankruptcy, the resale of certain New Securities held by the Backstop Parties under the Securities Act or under equivalent state securities laws such that the holders of such New Securities would be able to resell such securities pursuant to an effective registration statement.

Reorganized Patriot Coal will, under certain circumstances, be obligated to use its commercially reasonable efforts to register at a later date, post-bankruptcy, the resale of any of New Securities under the Securities Act or under equivalent state securities laws such that certain of the recipients of the New Securities would be able to resell such securities pursuant to an effective registration statement.

See Article 10, "Securities Law Matters," for additional information regarding restrictions on resale of the New Securities.

r. Allowance of Claims May Substantially Dilute the Recovery to Holders of Claims under the Plan.

There can be no assurance that the estimated Claim amounts set forth in this Disclosure Statement are correct, and the actual Allowed amounts of Claims may differ from these estimates. These estimated amounts are based on certain assumptions with respect to a variety of factors. Should these underlying assumptions prove incorrect, the actual Allowed amounts of Claims may vary from those estimated herein. Because certain distributions under the Plan are linked to the amount and value of Allowed Claims, any material increase in the amount of Allowed Claims over the amounts estimated by the Debtors would materially reduce the recovery to certain holders of Allowed Claims under the Plan.

s. If the Rights Offering Warrants to purchase shares of the New Class A Common Stock are exercised, then interests of holders of New Common Stock would be substantially diluted.

The exercise of the Rights Offering Warrants and the sale of shares underlying such Rights Offering Warrants could have an adverse effect on the market for the New Common Stock, including the price that an investor could obtain for their shares. The issuance of shares of New Class A Common Stock upon exercise of the Rights Offering Warrants would result in material dilution to the interests of other holders of New Common Stock.

Section 9.2 Factors Affecting the Debtors' Business, Operations and Financial Condition

a. Any Change in Coal Consumption Patterns Could Result in a Decrease in the Demand for the Debtors' Coal by Customers, which Could Result in Lower Prices for the Debtors' Coal, and a Reduction in the Debtors' Revenues and the Value of the Debtors' Coal Reserves, as well as an Adverse Impact on the Debtors' Results of Operations.

Metallurgical coal accounted for approximately 25%, 24% and 22% of Patriot's coal sales volume during the years ended December 31, 2012, 2011 and 2010, respectively. Metallurgical coal is sold to domestic and international steel producers and to steel producers in the global export markets. Industry-wide global export markets are primarily driven by steel production in growing countries such as China and India, as well as Europe, Brazil and the U.S., and are impacted by the availability of metallurgical coal from coal producing countries such as Australia. The majority of the Debtors' metallurgical coal production is priced annually, and as a result, a decrease in near term metallurgical coal prices could reduce the Debtors' profitability.

The steel industry also relies on electric arc furnaces or pulverized coal processes to make steel. These processes do not use furnace coke, an intermediate product produced from metallurgical coal. Therefore, growth in future steel production may not be directly correlated to increased demand for metallurgical coal. If the demand or pricing for metallurgical coal decreases in the future, the amount of metallurgical coal the Debtors sell and prices that the Debtors receive for it could decrease, thereby reducing the Debtors' revenues and adversely impacting the Debtors' earnings and the value of the Debtors' coal reserves.

Thermal coal accounted for approximately 75%, 76% and 78% of Patriot's coal sales volume during the years ended December 31, 2012, 2011 and 2010, respectively. The majority of Patriot's sales of thermal coal were to U.S. electric power generators with an increasing percentage sold into the global export market. The amount of coal consumed for U.S. electric power generation is affected primarily by the overall demand for electricity; the location, availability, quality and price of competing fuels for power such as natural gas, nuclear, fuel oil and alternative energy sources such as wind and hydroelectric power; technological developments; limitations on financings for coal-fueled power plants; and governmental regulations, including greater difficulties in obtaining permits for coal-fueled

power plants and more burdensome restrictions in the permits received for such facilities. The increasingly stringent requirements of the Clean Air Act and other laws and regulations, including tax credits that have been or may be provided for alternative energy sources and renewable energy mandates that have been or may be imposed on utilities, may result in more electric power generators shifting away from coal-fueled generation, the closure of existing coal-fueled plants and the building of more non-coal fueled electrical generating sources in the future. Recent developments in natural gas production processes have lowered the cost and increased the supply, resulting in greater use of natural gas for electricity generation. All of the foregoing could reduce demand for the Debtors' coal, which could reduce the Debtors' revenues, earnings and the value of the Debtors' coal reserves.

During 2012, coal demand was negatively impacted by low natural gas prices, mild weather and weak international and domestic economies. The demand for metallurgical coal is dependent on the strength of the global economy and, in particular, on steel production in countries such as China and India as well as Europe, Brazil and the U.S. In response to the global economic downturn, the demand for steel declined, and as a result, the demand and price for metallurgical coal also declined.

Weather patterns can greatly affect electricity generation. Extreme temperatures, both hot and cold, cause increased power usage and, therefore, increased generating requirements from all sources. Mild temperatures, on the other hand, result in lower electricity demand. Accordingly, significant changes in weather patterns impact the demand for the Debtors' coal.

Overall economic activity and the associated demands for power by industrial users can also have significant effects on overall electricity demand. Deterioration in U.S. electric power demand reduces the demand for the Debtors' thermal coal.

Any decrease in coal demand and/or prices, whether due to increased use of alternative energy sources, changes in weather patterns, decreases in overall demand or otherwise, would reduce the Debtors' revenues and likely adversely impact the Debtors' earnings and the value of the Debtors' coal reserves. Additionally, if global recessions or general economic downturns result in sustained decreases in the global demand for electricity and steel production, the Debtors' financial condition, results of operations and cash flows may be materially and adversely affected.

b. Prolonged Global Recessionary Conditions Could Impact the Debtors' Customers' Ability to Perform under the Debtors' Contracts with them and Adversely Affect the Debtors' Financial Condition and Results of Operations.

Because the Debtors sell substantially all of their coal to electricity generators and steel producers, the Debtors' business and results of operations are closely linked to global demand for electricity and steel production. Historically, global demand for basic inputs, including demand for electricity and steel production, has decreased during periods of economic downturn. Prolonged decreases in global demand for electricity and steel production could adversely affect the Debtors' financial condition and results of operations. A worsening of

global and U.S. economic and financial market conditions and additional tightening of global credit markets, as experienced in Greece and certain other European countries, would cause demand for electricity and steel production to suffer.

The slowing global economic growth and distressed European financial markets experienced in late 2011 and early 2012 created economic uncertainty, and steel producers and electricity generators responded by decreasing coal purchases. As the demand for coal declines, certain of the Debtors' customers may request delays in shipments or request deferrals pursuant to existing long-term coal supply agreements. During the first half of 2012, the Debtors were approached by certain customers seeking to cancel or delay shipments of coal contracted for delivery under coal supply agreements. In addition, two of the Debtors' customers defaulted on their contractual obligations to purchase the Debtors' coal. The Debtors filed legal actions for damages resulting from these breached contracts. Customer deferrals could affect the amount of revenue the Debtors recognize in a certain period and could adversely affect the Debtors' results of operations and liquidity if the Debtors do not receive equivalent value from such customers and are unable to sell committed coal at the contracted prices under existing coal supply agreements. To the extent the Debtors or a customer do not fully perform under contracts, the Debtors' results of operations and operating profit in the reporting period during which such non-performance occurs would be materially and adversely affected.

c. Increased Competition Both Within the Coal Industry and Outside of It, such as Competition from Alternative Fuel Providers, May Adversely Affect the Debtors' Ability to Sell Coal, and any Excess Production Capacity in the Industry Could Put Downward Pressure on Coal Prices.

The coal industry is intensely competitive both within the industry and with respect to alternative fuel sources. The most important factors with which the Debtors compete are price, coal quality and characteristics, transportation costs from the mine to the customer and reliability of supply. The Debtors' principal competitors include Alliance Resource Partners, L.P., Alpha Natural Resources, Inc., Arch, CONSOL Energy, Inc., James River Coal Company, Peabody Energy Corporation and Walter Energy, Inc. The Debtors also compete directly with all other Central Appalachian coal producers, as well as producers from other basins including Northern and Southern Appalachia, the Illinois Basin, and the Western U.S., and foreign countries, including Australia, Colombia, Venezuela and Indonesia.

Depending on the strength of the U.S. dollar relative to currencies of other coal-producing countries, coal from other countries could enjoy cost advantages that the Debtors do not have. Several domestic coal-producing regions have lower-cost production than Central Appalachia, including the Illinois Basin and the Powder River Basin. Coal with lower delivered costs shipped east from these regions and from offshore sources can result in increased competition for coal sales in regions historically sourced from Appalachian producers.

The Debtors could experience decreased profitability if future coal production is consistently greater than coal demand. Lower demand for coal in recent years has resulted in the idling of coal production capacity, much of which, however, could be put back into production should demand increase. Any resulting overcapacity from existing or new competitors could reduce coal prices and, therefore, the Debtors' revenue and profitability.

The Debtors also face competition from renewable energy providers, like biomass, wind and solar, and other alternative fuel sources, like natural gas and nuclear energy. Should renewable energy sources become more competitively priced, which may be more likely to occur given the federal tax incentives for alternative fuel sources that are already in place and that may be expanded in the future, or sought after as an energy substitute for fossil fuels, increased demand for such fuels may adversely impact the demand for coal. Existing fuel sources also compete directly with coal. For example, weak natural gas prices have caused certain utilities to increase electricity generation from their natural gas-fueled plants instead of generation from their coal-fueled plants.

d. New Developments in the Regulation of Greenhouse Gas and Other Air Emissions, Coal Ash and Other Environmental Matters Could Materially Adversely Affect the Debtors' Customers' Demand for Coal and the Debtors' Financial Condition, Results of Operations and Cash Flows.

One by-product of burning coal is carbon dioxide, which has been reported in certain studies to be a contributor to climate change. Legislators have considered the passage of significant new laws to address climate change, including, among others, those that would impose a nationwide cap on carbon dioxide and other greenhouse gas emissions and require large sources, including coal-fueled power plants, to obtain "emission allowances" to meet that cap, with the ultimate goal of reducing greenhouse gas emissions. The EPA and other regulators are using existing laws, including the federal Clean Air Act, to impose obligations, including emission limits and technology-based requirements, on carbon dioxide and other greenhouse gas emissions. For example, in September 2013, the EPA proposed new source performance standards for emissions of carbon dioxide from certain new power plants. The proposal anticipates that affected new-build, coal-fueled plants generally would need to rely upon partial implementation of carbon capture and storage technology, which currently is not economically feasible, or other expensive control technology to meet the proposed standard. In addition, in June 2013, President Obama announced additional initiatives intended to reduce greenhouse gas emissions globally, including curtailing U.S. government support for public financing of new coal-fired power plants overseas and promoting fuel switching from coal to natural gas or renewable energy sources. Although it is not yet possible to predict the effect of existing greenhouse gas reporting and permitting requirements or the proposed or any future greenhouse gas performance standards or emission guidelines, such initiatives may cause a reduction in the amount of coal that the Debtors' customers purchase from the Debtors, which could adversely affect the Debtors' results of operations.

In addition, more than half of the states in the U.S. have implemented renewable portfolio standards, which generally mandate that a specified percentage of electricity sales in

the state be attributable to renewable energy sources, and Congress has considered legislation that would impose a similar federal mandate. Further, governmental agencies have been providing grants and other financial incentives to entities developing or selling alternative energy sources with lower levels of greenhouse gas emissions, which may lead to more competition from those subsidized entities. Global treaties are also being considered that place restrictions on carbon dioxide and other greenhouse gas emissions.

In addition, several regulations under the Clean Air Act were recently finalized or are expected to be finalized in 2013 that regulate emissions of sulfur dioxide, nitrogen oxide, mercury and other air pollutants from power plants and industrial boilers. The regulations include "CAIR," which established a cap and trade system for emissions of sulfur dioxide and nitrogen oxide from power plants in 27 eastern states, the Mercury and Air Toxics Standards, which regulate emissions of mercury and other heavy metals from power plants, and National Emission Standards for Hazardous Air Pollutants, which regulate emissions of mercury and other metals and organic air toxics from industrial, commercial and institutional boilers. The EPA is also expected to issue a new rule to replace CAIR in regulating the interstate transport of sulfur dioxide and nitrogen oxide emissions. Any such replacement rule could impose significant obligations on the Debtors' customers, which could reduce the demand for coal.

A well-publicized failure in December 2008 of a coal ash slurry impoundment maintained by the Tennessee Valley Authority prompted the EPA to propose regulations governing coal combustion residuals. These regulations, if finalized, may impose significant obligations on the Debtors and their customers, which could reduce demand for coal.

These current and potential future international, federal, state, regional or local laws, regulations or court orders addressing greenhouse gas emissions and/or coal ash, or emissions of sulfur dioxide, nitrogen oxides, mercury and other hazardous air pollutants and/or particulate matter, will likely require additional controls on coal-fueled power plants and industrial boilers and may cause some users of coal to close existing facilities, reduce construction of new facilities or switch from coal to alternative fuels. These ongoing and future developments may have a material adverse impact on the global supply and demand for coal, and as a result could materially adversely affect the Debtors' financial condition, results of operations and cash flows. Even in the absence of future regulatory developments, increased awareness of, and any adverse publicity regarding, greenhouse gas and other air emissions and coal ash disposal associated with coal and coal-fueled power plants, could adversely affect the Debtors and the Debtors' customers' reputations and reduce demand for coal.

e. Like Many of the Debtors' Competitors, the Debtors Have Difficulty Complying with Permit Restrictions Relating to the Discharge of Selenium into Surface Water, which Has Led to Court Challenges and Related Orders and Settlements, the Debtors' Payment of Fines and Penalties and the Imposition of Requirements that May in the Future Require the Debtors to Incur Material Additional Costs and May be Difficult to Resolve or Satisfy on a Timely Basis Given Current Technology.

Selenium is a naturally occurring element that is encountered in earthmoving operations. The extent of selenium occurrence varies depending upon site specific geologic conditions. Selenium is encountered globally in coal mining, phosphate mining and agricultural operations. In coal mining applications, selenium can be discharged to surface water when mine tailings are exposed to rain and other natural elements. Selenium effluent limits are included in permits issued to certain of the Debtors and other coal mining companies.

The Debtors have established a liability for the treatment of outfalls with known selenium exceedances. The liability reflects the estimated total costs of implementing and maintaining selected or planned selenium treatment systems for these outfalls. Selenium treatment technologies are developing rapidly and the liability is based upon treatment installation and operating assumptions that may change.

For example, the Fluidized Bed Reactor ("**FBR**") water treatment facility for three Apogee outfalls is the first such facility constructed for selenium removal on a commercial scale. The FBR technology had not been proven effective on a full-scale commercial basis at coal mining operations prior to its installation at Apogee, and there can be no assurance that this technology will be successful under all variable conditions experienced at certain Debtors' mining operations.

If the selected or planned treatment systems are not ultimately successful in treating the effluent selenium exceedances at the covered outfalls, certain Debtors may be required to install alternative treatment solutions and may be subject to penalties or further litigation. Alternative technology solutions that the Debtors may ultimately select are still in the early phases of development and their related costs cannot be reasonably estimated at this time. The cost of other water treatment solutions could be materially different than the costs reflected in the Debtors' liability. Furthermore, costs associated with potential modifications to currently selected or planned systems or the scale of certain Debtors' currently selected or planned treatment systems could also cause the costs to be materially different than the costs reflected in the Debtors' liability. The Debtors cannot provide an estimate of the possible additional range of costs associated with alternate treatment solutions at this time. Potential installations of selenium treatment alternatives are further complicated by the variable geological, topographical and water flow considerations of each individual outfall.

While the Debtors are actively continuing to explore treatment options, there can be no assurance as to if or when a definitive solution will be identified and implemented for outfalls covered by legal actions against certain Debtors. As a result, actual costs may differ from the

Debtors' current estimates. The Debtors will make additional adjustments to their liability when it becomes probable that they will utilize a different technology or modify the current technology, whether due to developments in ongoing research, technology changes, modifications pursuant to the comprehensive consent decree or other legal obligations to do so. Additionally, there can be no assurance that certain Debtors will meet the timetable stipulated in the various court orders, consent decrees and permits to which certain Debtors are subject.

With respect to all outfalls with known exceedances for selenium or any other parameter, including the specific sites discussed above, any failure to meet the deadlines set forth in the consent decrees or established by the federal government, the U.S. District Court for the Southern District of West Virginia or the State of West Virginia or to otherwise comply with permits could result in further litigation, an inability to obtain new permits or to maintain existing permits, which could impact certain Debtors' ability to mine their coal reserves, and the imposition of significant and material fines and penalties or other costs and could otherwise materially adversely affect certain Debtors' financial condition, results of operations and cash flows.

In addition to the uncertainties related to technology discussed above, future changes to legislation, compliance with judicial rulings, consent decrees and regulatory requirements, discovery of additional selenium exceedances, findings from current research initiatives and the pace of future technological progress could result in costs that differ from the Debtors' current estimates. Any of the foregoing could have a material adverse effect on certain Debtors' financial condition, results of operations and cash flows.

Certain Debtors may incur additional costs relating to the selenium litigation, including potential fines and penalties relating to selenium matters. Additionally, as a result of these ongoing litigation matters and federal regulatory initiatives related to water quality standards that affect valley fills, impoundments and other mining practices, including the selenium discharge matters described above, the process of applying for new permits has become more time-consuming and complex, the review and approval process is taking longer, and in certain cases, permits may not be issued.

f. The Environmental, Health and Safety Regulations Applicable to the Debtors' Mining Operations Impose Significant Costs, and Future Regulations or Changes in the Interpretation or Application or Enforcement of Existing Regulations Could Increase those Costs and Limit the Debtors' Ability to Produce Coal.

Federal and state authorities regulate the coal mining industry with respect to matters such as employee health and safety, permitting and licensing requirements, the protection of the environment, plants and wildlife, reclamation and restoration of mining properties after mining is completed, surface subsidence from underground mining and the effects that mining has on groundwater quality and availability. Federal and state authorities inspect the Debtors' operations, and in the aftermath of the April 5, 2010 accident at a competitor's underground mine in Central Appalachia, the Debtors and other mining companies have experienced, and

may in the future continue to experience, a significant increase in the frequency and scope of these inspections. Numerous governmental permits and approvals are required for mining operations. The Debtors are required to prepare and present to federal, state and/or local authorities data pertaining to the effect or impact that any proposed exploration for or production of coal may have upon the environment. In addition, significant legislation mandating specified benefits for retired coal miners affects the coal industry. The Debtors have in the past, and will in the future, be required to incur significant costs to comply with these laws and regulations.

Future legislation and regulations may become increasingly restrictive, and there may be more rigorous enforcement of existing and future laws and regulations. For example, Congress is currently considering legislation to enhance mine safety laws, which could result in additional or enhanced mine safety equipment and procedure requirements, more frequent mine inspections, stricter enforcement practices, enhanced reporting and miner training requirements, higher penalties for certain violations of safety rules and increased authority for the Mine Safety and Health Administration ("**MSHA**"). West Virginia regulatory authorities are also considering enhanced mine safety laws, which could potentially result in more stringent equipment and procedure requirements.

The costs, liabilities and requirements associated with addressing the outcome of inspections and complying with these environmental, health and safety requirements are often significant and time-consuming and may delay commencement or continuation of exploration or production. New or revised legislation or administrative regulations (or a change in judicial or administrative interpretation, application or enforcement of existing laws and regulations), including proposals related to the protection of the environment or employee health and safety, that would further regulate and tax the coal industry and/or users of coal, may also require the Debtors or their customers to change operations significantly or incur increased costs, which may materially adversely affect the Debtors' mining operations and their cost structure. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal fines or penalties, the acceleration of cleanup and site restoration costs, the issuance of injunctions to limit or cease operations and the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from the Debtors' operations. Additionally, MSHA may order the temporary closure of mines in the event of a perceived imminent danger to miners' safety or health or for certain violations of safety rules. The Debtors' customers may challenge the Debtors' issuance of force majeure notices in connection with such closures. If these challenges are successful, the Debtors could be obligated to make up lost shipments, to reimburse customers for the additional costs to purchase replacement coal, or, in some cases, to terminate certain sales contracts. Existing and future environmental, health and safety regulations, and the enforcement thereof, could have a material adverse effect on the Debtors' financial condition, results of operations and cash flows.

On October 24, 2013, MSHA notified the Debtors that a Pattern of Violations ("**POV**") exists at the Brody No. 1 mine, located in Boone County, West Virginia, and owned by Debtor Brody Mining, LLC ("**Brody**"). MSHA issues POV notifications upon its

determination that a particular mine demonstrated repeated violations of health or safety standards at the mine that could significantly and substantially contribute to the cause and effect of safety or health hazards pursuant to §104(e) of the Federal Mine Safety Mine and Health Act (an "**S&S Violation**"). Once a POV has been issued for a mine, any additional S&S Violation may result in MSHA issuing an order requiring the affected part of the mine to withdraw, effectively ceasing operations, pending a determination that such violation has been abated.

Brody was acquired by Debtor Black Stallion Coal Company, LLC, effective December 31, 2012. Many of the violations and the severity measure cited in the POV finding took place during the period of time that Brody was owned and operated by its prior owner, an independent company. Immediately following the Debtors' purchase of Brody, on January 3, 2013, the Debtors submitted a Compliance Improvement Plan to MSHA. Since that time, the Brody mine compliance performance (as measured by violations per inspector day) has improved by 40 percent. Additionally, all former officers and key mine-level managers at Brody were replaced shortly after the purchase was concluded. More recently, on September 6, 2013, the Debtors submitted a Corrective Action Plan to MSHA to further improve safety and compliance at the Brody mine. Subsequently, on September 17, 2013, MSHA approved the submitted Corrective Action Plan.

While the Debtors intend to vigorously contest the POV finding, there can be no assurance as to if or when the Debtors will be successful in these efforts. At this time, the Debtors cannot provide an estimate of the possible additional range of costs associated with contesting the POV finding, complying with the POV-related inspections and the risk of partial or complete mine closure at the Brody mine, which risks could otherwise materially adversely affect certain Debtors' financial condition, results of operations and cash flows, including those of Brody.

g. Increased Focus by Regulatory Authorities and Non-Governmental Organizations on the Effects of Surface Mining on the Environment and Recent Regulatory Developments Related to Surface Mining Operations Could Make it More Difficult or Increase the Debtors' Costs to Receive New Permits or to Comply with Existing Permits to Mine Coal in Appalachia or Otherwise Adversely Affect the Debtors.

Regulatory agencies are increasingly focused on the effects of surface mining on the environment, particularly as it relates to water quality, which has resulted in more rigorous permitting requirements and enforcement efforts.

As is the case with other coal mining companies operating in Appalachia, the Debtors' construction and mining activities, including certain of surface mining operations, frequently require permits under the Clean Water Act. The issuance of permits to construct valley fills and refuse impoundments under the Clean Water Act has been the subject of many court cases and increased regulatory oversight, resulting in additional permitting requirements that are expected to delay or even prevent the opening of new mines.

For example, in July 2011, the EPA issued final comprehensive guidance establishing threshold conductivity levels to be used as a basis for evaluating compliance with narrative water quality standards. As a result of this guidance and the EPA's increased focus on narrative water quality standards, new permit requirements have been added to new or reissued water discharge permits. Though a federal district court set aside this guidance in July 2012, the new permit requirements continue to be incorporated in water discharge permits. Further, the EPA has appealed this decision. If the guidance is reinstated, the Debtors and other mining companies could be subject to more stringent permit requirements. There can be no guarantee that the Debtors would be able to meet these permit requirements or any other standards imposed by the Debtors' permits.

Additionally, in January 2011, the EPA rescinded a Clean Water Act permit held by another coal mining company for a surface mine in Appalachia citing associated environmental damage and degradation. The permit holder challenged the EPA's actions and prevailed in front of a federal district court; however, a federal appeals court reversed the lower court and upheld the EPA's action. While the Debtors' operations were not directly impacted, this could be an indication that other surface mining water permits could be subject to more substantial review in the future. In addition, the federal Office of Surface Mining and Reclamation is considering rewriting the Stream Protection Rule. As rewritten, this rule could require the Debtors to comply with more stringent mining and reclamation obligations near water sources, or refrain from mining certain of the Debtors' reserves.

The November 2012 Settlement between the Debtors and environmental non-governmental organizations also demonstrates the increased focus on the effects of surface mining and the regulatory impediments to large-scale surface mining operations by both these types of groups and regulatory authorities. In addition, certain environmental non-governmental organizations have recently filed suits against landowners at reclaimed mine sites alleging that these sites have unpermitted discharges of selenium. Although it is too early to determine if the environmental non-governmental organizations' efforts will be successful or if these suits will impact the Debtors, it further illustrates the potential difficulties in operating and reclaiming surface mines.

It is unknown what future changes will be implemented to the permitting review and issuance process or to other aspects of surface mining operations, but increased regulatory focus, future laws and judicial decisions and any other future changes could materially and adversely affect all coal mining companies operating in Appalachia, including the Debtors. In particular, the Debtors will incur additional permitting and operating costs, could be unable to obtain new permits or maintain existing permits and could incur fines, penalties and other costs, any of which could materially adversely affect the Debtors' businesses. If surface coal mining methods are limited or prohibited further, it could significantly increase the Debtors' operational costs and make it more difficult to economically recover coal reserves. In the event that the Debtors cannot increase the price they charge for coal to cover the higher production costs without reducing customer demand for coal, there could be a material adverse effect on the Debtors' financial condition and results of operations. In addition, increased

public focus on the environmental, health and aesthetic impacts of surface coal mining could harm the Debtors' reputation and reduce demand for coal.

h. The Debtors' Operations May Impact the Environment or Cause Exposure to Hazardous Substances, and the Debtors' Properties May Have Environmental Contamination, which Could Result in Material Liabilities.

Certain of the Debtors' current and historical coal mining operations have used or involved hazardous materials and, to the extent that such materials are not recycled, they could become hazardous waste. The Debtors may be subject to claims under federal and state statutes and/or common law doctrines for toxic torts and other damages, as well as for natural resource damages and for the investigation and remediation of soil, surface water, groundwater, and other media under environmental laws. Such claims may arise, for example, out of current or former conditions at sites that the Debtors own, lease or operate currently, as well as at sites that the Debtors and companies the Debtors acquired, owned, leased or operated in the past, and at contaminated sites that have always been owned or operated by third parties with whom the Debtors do business. Liability may be without regard to fault and may be strict, joint and several, so that the Debtors may be held responsible for more than their share of the contamination or related damages, or even for the entire share.

The Debtors maintain coal slurry impoundments at a number of their mines. Such impoundments are subject to extensive regulation. Structural failure of an impoundment can result in extensive damage to the environment and natural resources, such as streams or bodies of water and wildlife, as well as related personal injuries and property damage, which in turn can give rise to extensive liability. Some of the Debtors' impoundments overlie areas where some mining has occurred, which can pose a heightened risk of failure and of damages arising out of failure. If one of the Debtors' impoundments were to fail, the Debtors could be subject to substantial claims for the resulting environmental contamination and associated liability, as well as for fines and penalties.

These and other similar unforeseen impacts that the Debtors' operations may have on the environment, as well as exposures to hazardous substances or wastes associated with the Debtors' operations, could result in costs and liabilities that could adversely affect the Debtors.

i. As the Debtors' Coal Supply Agreements Expire, the Debtors' Revenues and Operating Profits Could Be Negatively Impacted if the Debtors Are Unable to Extend Existing Agreements or Enter New Long-Term Supply Agreements Due to Competition, Changing Coal Purchasing Patterns or Other Variables.

As the Debtors' coal supply agreements expire, the Debtors will compete with other coal suppliers to renew these agreements or to obtain new sales. If the Debtors cannot renew these coal supply agreements or find alternate customers willing to purchase the Debtors' coal, the Debtors' revenue and operating profits could suffer.

The Debtors' customers may decide not to extend existing agreements or enter into new long-term contracts or, in the absence of long-term contracts, may decide to purchase

fewer tons of coal than in the past or on different terms, including different pricing. Due to the public perception of the Debtors' financial condition and results of operations, in particular with regard to uncertainties surrounding the Debtors' bankruptcy process and reorganization, some customers could be reluctant to enter into long-term agreements. In recent years, a global recession resulted in decreased demand worldwide for steel and electricity. Decreases in demand may cause the Debtors' customers to delay negotiations for new contracts and/or request lower pricing. Furthermore, uncertainty caused by laws and regulations affecting electricity generators could deter the Debtors' customers from entering into long-term coal supply agreements. Some long-term contracts contain provisions for termination due to environmental changes if these changes prohibit utilities from burning the contracted coal. To the degree that the Debtors operate outside of long-term contracts, the Debtors' revenues are subject to pricing in the spot market that can be significantly more volatile than the pricing structure negotiated through a long-term coal supply agreement. This volatility could adversely affect the profitability of the Debtors' operations if spot market pricing for coal is unfavorable.

Many of the Debtors' long-term thermal coal supply agreements contain price re-opener provisions, under which the parties negotiate contract pricing for future periods. If the Debtors are unable to reach agreement with customers under these provisions, either party may have the right to terminate the contract or submit the dispute to arbitration.

Many of the Debtors' long-term thermal coal supply agreements contain provisions that permit the parties to adjust the contract price for specific events, including inflation and changes in the laws regulating the production, sale or use of coal. Additionally, the majority of the Debtors' long-term coal supply agreements contain provisions that allow a purchaser to terminate the contract if legislation is passed that either restricts the use or type of coal permissible at the purchaser's plant or results in specified increases in the cost of coal or its use.

The Debtors' coal supply agreements also typically contain force majeure provisions that allow the temporary suspension of performance by the affected party during the duration of specified events beyond the affected party's control.

In addition, most of the Debtors' coal supply agreements contain provisions that require the Debtors to deliver coal within certain ranges for specific coal characteristics such as heat content (Btu), sulfur and ash content, moisture, grindability and ash fusion temperature. Failure to meet these specifications could result in economic penalties, including price adjustments, the rejection of deliveries, purchasing replacement coal in a higher priced open market or termination of the contract.

To the extent the Debtors' customers exercise their rights under any of the foregoing provisions, the Debtors' results of operations and operating profit could be adversely affected.

j. The Debtors' Operations Are Subject to Geologic, Equipment and Operational Risks, Including Events Beyond the Debtors' Control, which Could Result in Higher Operating Expenses and/or Decreased Production and Sales and Adversely Affect the Debtors' Results of Operations.

The Debtors' coal mining operations are conducted in underground and surface mines. The level of production at these mines is subject to operating conditions and events beyond the Debtors' control that could disrupt operations, affect production and the cost of mining at particular mines for varying lengths of time and have a significant impact on the Debtors' operating results. Adverse operating conditions and events that coal producers have experienced in the past include changes or variations in geologic conditions, such as the thickness of the coal deposits and the amount of rock embedded in or overlying the coal deposit; mining and processing equipment failures and unexpected maintenance problems; adverse weather and natural disasters, such as snowstorms, ice storms, heavy rains and flooding; accidental mine water inflows; and unexpected suspension of mining operations to prevent, or due to, a safety accident, including fires and explosions from methane and other sources.

If any of these conditions or events occur in the future at any of the Debtors' mines or affect deliveries of the Debtors' coal to customers, they may increase the Debtors' cost of mining, delay or halt production at particular mines, or negatively impact sales to customers either permanently or for varying lengths of time, which could adversely affect the Debtors' financial condition, results of operations and cash flows. The Debtors cannot provide assurance that these risks would be covered by the Debtors' insurance policies.

In addition, the geological characteristics of underground coal reserves in Appalachia and the Illinois Basin, such as thinning coal seam thickness, rock partings within a coal seam, weak roof or floor rock, sandstone channel intrusions, groundwater and increased stresses within the surrounding rock mass due to over mining, under mining and overburden changes, make these coal reserves complex and costly to mine. As mines become depleted, replacement reserves may not be mineable at costs comparable to those characteristic of the depleting mines. These factors could materially and adversely affect the mining operations and the cost structures of the Debtors' mining complexes and customers' willingness to purchase the Debtors' coal.

k. Employee Strikes and Other Labor-Related Disruptions May Adversely Affect the Debtors' Operations, and the UMWA Settlement is Subject to Certain Conditions.

The Debtors' operations are labor intensive, utilizing large numbers of union-represented employees. As of September 30, 2013, 42% of the Debtors' workforce is unionized. Strikes or labor disputes with the Debtors' unionized employees may adversely affect their mining activity and results of operations. In addition, notwithstanding the Bankruptcy Court's approval of the UMWA Settlement, the UMWA may terminate the UMWA Settlement under certain circumstances, including the failure to agree on an amendment to the VFA, and certain aspects of the UMWA Settlement will not be effective

until the Effective Date or, possibly, after the Effective Date. In the event the UMWA Settlement is properly terminated, the UMWA and the Debtors shall each have the right to exercise all rights under applicable law.

l. The Debtors' Obligations to the 1974 Pension Plan and Statutory Retiree Healthcare Plans May Increase in the Future.

Certain of the Debtors participate in the 1974 Pension Plan, a multi-employer pension fund, that was established as a result of collective bargaining with the UMWA. The plan provides pension and disability pension benefits to qualifying represented employees upon retirement. The funding is based on an hourly rate for active UMWA workers. The 2011 NBCWA requires funding at $5.50 per hour for certain UMWA workers. As of May 25, 2012, the 1974 Pension Plan adopted a funding improvement plan under which the contribution rate is scheduled to increase in stages, possibly materially beginning in 2017. Certain other Debtors have entered into other labor agreements with the UMWA that contain terms that differ from the terms of the 2011 NBCWA and that do not provide for participation in or contribution to the 1974 Pension Plan.

The Surface Mining Control and Reclamation Act Amendments of 2006 (the "**2006 Act**") authorized $490 million in general fund revenues to pay for certain benefits, including the healthcare costs under the UMWA Combined Fund and the 1992 Benefit Plan for former employees of defunct entities (orphans) who are retirees and their dependents. Under the 2006 Act, these orphan benefits will be the responsibility of the federal government on a phased-in basis through 2012. If Congress were to amend or repeal the 2006 Act or if the $490 million authorization were insufficient to pay for these healthcare costs, certain of our subsidiaries, along with other contributing employers and their affiliates, would be responsible for the excess costs.

m. If the Debtors' Actual Benefit Plan Costs Vary from their Estimates, then Expenditures for these Benefits Could be Materially Higher than Estimated and Could Adversely Affect the Debtors' Financial Condition and Results of Operations.

The Debtors provide various health and welfare benefits to eligible active employees. The Debtors make assumptions in order to calculate their obligations for future spending related to these employee benefit plans, including costs related to the Patient Protection and Affordable Care Act, and a companion bill, the Health Care and Education Reconciliation Act of 2010 (collectively, the "**2010 Healthcare Legislation**"). The 2010 Healthcare Legislation impacts the Debtors' costs to provide healthcare benefits to their eligible active employees and to provide workers' compensation benefits related to occupational disease resulting from black lung disease. Beginning in 2018, the 2010 Healthcare Legislation will impose a 40% excise tax on employers to the extent that the value of their healthcare plan coverage exceeds certain dollar thresholds. It is anticipated that certain government agencies will provide additional regulations or interpretations concerning the application of this excise tax. Until these regulations or interpretations are published, it is impractical to reasonably estimate the ultimate impact of the excise tax on our future healthcare costs.

Additional regulations or interpretations concerning the 2010 Healthcare Legislation could have a material adverse impact on the Debtors' healthcare costs. Additionally, if the Debtors' actual experience does not match their assumptions, it could have a material adverse impact on the Debtors' financial condition, results of operations and cash flows and the Debtors' cash expenditures and costs incurred for employee benefit plans could be materially higher.

n. The Debtors Could be Liable for Certain Retiree Healthcare Obligations Assumed by a Peabody Subsidiary in Connection with the Spin-Off.

In connection with the Spin-Off, a Peabody subsidiary assumed and agreed to pay certain retiree healthcare obligations of Patriot and its subsidiaries having a present value of $637.6 million as of December 31, 2012. These obligations arise under the Coal Act, the 2007 NBCWA and predecessor and successor agreements and ~~the~~a Patriot subsidiary's salaried retiree healthcare plan.

Although the Peabody subsidiary is obligated to pay such obligations, certain Patriot subsidiaries also remain jointly and severally liable for the Coal Act obligations. As a consequence, the Debtors' recorded retiree healthcare obligations and related cash costs could increase substantially if the Peabody subsidiary were to fail to perform its Coal Act obligations. These additional liabilities and costs, if incurred, could have a material adverse effect on our financial condition, results of operations and cash flows.

Additionally, as discussed above, Peabody and one of its subsidiaries and Patriot Coal and Heritage are engaged in litigation regarding the scope of the Peabody subsidiary's obligations with respect to certain of the retiree healthcare liabilities discussed above. The Panel issued a decision holding that the Peabody subsidiary's obligations with respect to such liabilities would not be affected by the 1113/1114 Decision. Peabody has appealed this decision to the United States Court of Appeals for the Eighth Circuit and is seeking its own declaratory judgment through counterclaims filed in the Bankruptcy Court action, pursuant to which Peabody seeks a ruling that its obligations to the Attachment A Retirees have been affected by the New CBAs. As discussed above, the Peabody Settlement, which would resolve ~~this~~the appeal and the underlying action in the Bankruptcy Court, is subject to certain conditions, including Bankruptcy Court approval.

o. A Prolonged Shortage of Skilled Labor and Qualified Managers in the Debtors' Operating Regions Could Pose a Risk to Labor Productivity and Competitive Costs and Could Adversely Affect the Debtors' Profitability.

Efficient coal mining using modern techniques and equipment requires skilled laborers with mining experience and proficiency as well as qualified managers and supervisors. The Debtors are subject to the risk that they will not be able to effectively replace the knowledge and expertise of an aging workforce as those workers retire and that there are not sufficient numbers of younger workers with the requisite skills and knowledge to replace them. Further,

due to uncertainties surrounding the Chapter 11 Cases, it may be more difficult for the Debtors to hire new skilled laborers and managers. A prolonged shortage of experienced labor could have an adverse impact on the Debtors' productivity, costs and ability to expand production in the event there is an increase in the demand for the Debtors' coal, all of which could adversely affect the Debtors' profitability.

p. A Decrease in the Availability or Increase in the Costs of Key Supplies, Capital Equipment or Commodities Used in the Debtors' Mining Operations Could Decrease the Debtors' Profitability.

The Debtors' purchases of certain underground mining equipment and steel roof bolts are concentrated with one principal supplier. Further, the Debtors' coal mining operations use significant amounts of steel, diesel fuel, explosives and tires. Steel is used for roof bolts that are required for the room-and-pillar method of mining. If the cost of any of these inputs increases significantly, or if a source for such mining equipment or supplies becomes unavailable to meet replacement demands, the Debtors' profitability could be reduced.

q. Fluctuations in Transportation Costs, the Availability or Reliability of Transportation Facilities and the Debtors' Dependence on a Single Rail Carrier for Transport from Certain of the Debtors' Mining Complexes Could Affect the Demand for the Debtors' Coal or Temporarily Impair the Debtors' Ability to Supply Coal to Customers.

Coal producers depend upon rail, trucks, overland conveyors, barges, river docks, ocean-going vessels and port facilities to deliver coal to customers. While the Debtors' coal customers typically arrange and pay for transportation of coal from the mine or port to the point of use, disruption of these transportation services because of weather-related problems, infrastructure damage, strikes, lock-outs, lack of fuel or maintenance items, transportation delays, lack of rail or port capacity or other events could temporarily impair the Debtors' ability to supply coal to customers and thus could adversely affect the Debtors' financial condition, results of operations and cash flows.

Transportation costs represent a significant portion of the total cost of coal for the Debtors' customers, and the cost of transportation is an important factor in a customer's purchasing decision. Increases in transportation costs, including increases resulting from emission control requirements and fluctuations in the price of diesel fuel and demurrage, could make coal a less competitive source of energy when compared to alternative fuels such as natural gas, or could make Appalachian and/or Illinois Basin coal production less competitive than coal produced in other regions of the U.S. or abroad.

Significant decreases in transportation costs could result in increased competition from coal producers in other parts of the country and from abroad. Coordination of the many eastern loading facilities, the large number of small shipments, terrain and labor issues all combine to make shipments originating in the eastern U.S. inherently more expensive on a per ton-mile basis than shipments originating in the western U.S. Historically, high coal

transportation rates from the western coal producing areas into Central Appalachian markets limited the use of western coal in those markets. However, a decrease in rail rates from the western coal producing areas to markets served by eastern U.S. producers could create major competitive challenges for eastern producers. Increased competition due to changing transportation costs could have an adverse effect on the Debtors' business, financial condition and results of operations.

Coal produced at certain of the Debtors' mining complexes is transported to customers by a single rail carrier. If there are significant disruptions in the rail services provided by that carrier or if the rail rates rise significantly, costs of transportation for the Debtors' coal could increase substantially. Additionally, if there are disruptions of the transportation services provided by the railroad and the Debtors are unable to find alternative transportation providers to ship the coal, the Debtors' business and profitability could be adversely affected.

r. The Debtors' Future Success Depends Upon Their Ability to Develop Existing Coal Reserves and to Acquire Additional Reserves that Are Economically Recoverable.

The Debtors' recoverable reserves decline as they produce coal. The Debtors have not yet applied for many of the permits required or developed the mines necessary to use all of their proven and probable coal reserves that are economically recoverable. Furthermore, the Debtors may not be able to mine all of their proven and probable coal reserves as profitably as they do at current operations. The Debtors' future success depends upon their conducting successful exploration and development activities and acquiring properties containing economically recoverable proven and probable coal reserves. The Debtors' current strategy includes using their existing properties and increasing their proven and probable coal reserves through acquisitions of leases and producing properties.

The Debtors' planned mine development projects and acquisition activities may not result in significant additional proven and probable coal reserves and the Debtors may not have continuing success developing additional mines. A substantial portion of the Debtors' proven and probable coal reserves is not located adjacent to current operations and will require significant capital expenditures to develop. In order to develop the Debtors' proven and probable coal reserves, the Debtors must receive various governmental permits. The Debtors make no assurances that they will be able to obtain the governmental permits that are needed to continue developing their proven and probable coal reserves.

The Debtors' mining operations are conducted on properties they own or lease. The Debtors may not be able to negotiate new leases from private parties or obtain mining contracts for properties containing additional proven and probable coal reserves or maintain their leasehold interest in properties on which mining operations are not commenced during the term of the lease.

s. Inaccuracies in the Debtors' Estimates of Economically Recoverable Coal Reserves Could Result in Lower than Expected Revenues, Higher than Expected Costs or Decreased Profitability.

The Debtors base their proven and probable coal reserve information on engineering, economic and geologic data assembled and analyzed by the Debtors' staff, which includes various engineers, geologists and outside consultants. The reserve estimates as to both quantity and quality are annually updated to reflect production of coal from the reserves and new drilling or other data received. There are numerous uncertainties inherent in estimating quantities and qualities of coal reserves and the costs to mine recoverable reserves, including many factors beyond the Debtors' control. Estimates of economically recoverable coal reserves and net cash flows necessarily depend upon a number of variable factors and assumptions relating to geologic and mining conditions, relevant historical production statistics, the assumed effects of regulation and taxes, future coal prices, operating costs, mining technology improvements, development costs and reclamation costs.

For these reasons, estimates of the economically recoverable quantities and qualities attributable to any particular group of properties, classifications of coal reserves based on risk of recovery and estimates of net cash flows expected from particular reserves prepared by different engineers or by the same engineers at different times may vary substantially. Actual coal tonnage recovered from identified reserve areas or properties, revenues and expenditures with respect to the Debtors' proven and probable coal reserves may vary materially from estimates. These estimates, thus, may not accurately reflect the Debtors' actual coal reserves. Any inaccuracy in the Debtors' estimates related to their proven and probable coal reserves could result in lower than expected revenues, higher than expected costs and decreased profitability.

t. Any Defects in Title of Leasehold Interests in the Debtors' Properties Could Limit Their Ability to Mine These Properties or Could Result in Significant Unanticipated Costs.

The Debtors conduct a significant part of their mining operations on leased properties. These leases were entered into over a period of many years by certain of the Debtors' predecessors and title to the leased properties and mineral rights may not be thoroughly verified until a permit to mine the property is obtained. The Debtors' right to mine some of their proven and probable coal reserves may be materially adversely affected if there were defects in title or boundaries. In order to obtain leases or mining contracts to conduct the Debtors' mining operations on property where these defects exist, the Debtors may in the future have to incur unanticipated costs, which could adversely affect the Debtors' profitability.

u. The Debtors Are Involved in Legal Proceedings, and May Become Subject to Other Legal Proceedings in the Future that, if Determined Adversely to the Debtors, Could Significantly Impact the Debtors' Financial Condition, Results of Operations and Cash Flows.

The Debtors are involved in various legal proceedings that arise in the ordinary course of business and may become subject to other legal proceedings in the future. Some of the lawsuits seek fines or penalties and damages in very large amounts, or seek to restrict the Debtors' business activities. It is currently unknown what the ultimate resolution of these proceedings will be, but the costs of resolving these proceedings could be material, and could result in an obligation to change the Debtors' operations in a manner that could have an adverse effect.

v. The Debtors Have Significant Reclamation and Mine Closure Obligations. If the Debtors' Actual Costs Vary from Estimates, the Debtors Could Be Required to Expend Greater Amounts than Expected.

SMCRA establishes operational, reclamation and closure standards for all aspects of surface mining, as well as most aspects of deep mining. The Debtors calculate the total estimated reclamation and mine-closing liabilities in accordance with accounting principles generally accepted in the U.S. Estimates of the Debtors' total reclamation and mine-closing liabilities are based upon permit requirements and the Debtors' engineering expertise related to these requirements. As of December 31, 2012, the Debtors had accrued reserves of $124.6 million for reclamation liabilities and an additional $164.0 million for mine closure costs, including medical benefits for employees and water treatment due to mine closure. The estimate of ultimate reclamation liability is reviewed annually by the Debtors' management and engineers. The estimated liability could change significantly if actual costs or timing vary from assumptions, if the underlying facts change or if governmental requirements change significantly.

w. Failure to Obtain or Renew Surety Bonds in a Timely Manner and on Acceptable Terms Could Affect the Debtors' Ability to Secure Reclamation and Employee-Related Obligations, which Could Adversely Affect the Debtors' Ability to Mine Coal.

U.S. federal and state laws require the Debtors to secure certain of their obligations relating to reclaiming land used for mining, paying federal and state workers' compensation, and satisfying other miscellaneous obligations. The primary method for the Debtors to meet those obligations is to provide a third-party surety bond or letter of credit. As of December 31, 2012, the Debtors had outstanding surety bonds and letters of credit aggregating $564.9 million, of which $354.5 million was for post-mining reclamation, $132.6 million related to workers' compensation obligations, $54.4 million was for retiree health obligations and $23.5 million was for other obligations (including collateral for surety companies and bank guarantees, road maintenance and performance guarantees). Some of these bonds are renewable on an annual basis and the letters of credit are available through the DIP Facilities.

As of December 31, 2012, Arch posted surety bonds of $34.3 million related to properties acquired by Patriot in the Magnum acquisition, of which $33.1 million related to reclamation. Magnum posted a letter of credit in Arch's favor, as required, for a portion of the outstanding reclamation bonds. As part of the Chapter 11 Cases, the Debtors' prior surety agreement with Arch was terminated and replaced with a new surety agreement.

Economic recession, volatility and disruption in the credit markets could result in surety bond issuers deciding not to continue to renew the bonds or to demand additional collateral upon those renewals. The Debtors' failure to maintain, or inability to acquire, surety bonds or to provide a suitable alternative would have a material adverse effect on the Debtors' businesses. That failure could result from a variety of factors including lack of availability, higher expense or unfavorable market terms of new surety bonds, restrictions on the availability of collateral for current and future third-party surety bond issuers under the terms of the DIP Facilities and the Exit Credit Facilities and the exercise by third-party surety bond issuers of their right to refuse to renew the surety.

x. The Debtors Could Be Adversely Affected by a Decline in the Creditworthiness or Financial Condition of the Debtors' Customers.

The Debtors' ability to receive payment for coal sold and delivered depends on the continued creditworthiness of the Debtors' customers. The Debtors' customer base has changed with deregulation as some utilities have sold their power plants to non-regulated affiliates or third parties. These new customers may have credit ratings that are below investment grade. If the creditworthiness of the Debtors' customers declines significantly and customers fail to make their payments, the Debtors' businesses could be adversely affected.

During and subsequent to economic recessions, many companies struggle to maintain their businesses and are subject to an increased risk of bankruptcy. If the Debtors' customers seek protection under the federal bankruptcy laws, they could terminate all or a portion of their business with the Debtors and/or originate new business with the Debtors' competitors. If the Debtors' customers are significantly and negatively impacted by the challenging economic conditions, or by other business factors, or if any of the Debtors' significant customers seek bankruptcy protection, the Debtors' financial condition and results of operations could be materially adversely affected.

y. Terrorist Attacks and Threats, Escalation of Military Activity in Response to Such Attacks or Acts of War May Negatively Affect the Debtors' Business, Financial Condition and Results of Operations.

Terrorist attacks against U.S. targets, rumors or threats of war, actual conflicts involving the U.S. or its allies, or military or trade disruptions affecting the Debtors' customers or the economy as a whole may materially adversely affect the Debtors' operations or those of the Debtors' customers. As a result, there could be delays or losses in transportation and deliveries of coal to the Debtors' customers, decreased sales of the Debtors' coal and extension of time for payment of accounts receivable from the Debtors' customers.

Strategic targets such as energy-related assets may be at greater risk of future terrorist attacks than other targets in the U.S. In addition, disruption or significant increases in energy prices could result in government-imposed price controls. Any of these occurrences, or a combination of them, could have a material adverse effect on the Debtors' business, financial condition and results of operations.

STATEMENTS IN THIS DISCLOSURE STATEMENT THAT ARE NOT HISTORICAL FACTS, INCLUDING STATEMENTS ABOUT THE DEBTORS' ESTIMATES, EXPECTATIONS, BELIEFS, INTENTIONS, PROJECTIONS OR STRATEGIES FOR THE FUTURE, MAY BE "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. FORWARD-LOOKING STATEMENTS INVOLVE RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM HISTORICAL EXPERIENCE OR THE DEBTORS' PRESENT EXPECTATIONS. HOLDERS OF CLAIMS AND INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. THE DEBTORS UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES THAT MAY ARISE AFTER THE DATE OF THIS DISCLOSURE STATEMENT.

ARTICLE 10
SECURITIES LAW MATTERS

Section 10.1 Rights

The Plan provides for the Reorganized Debtors to issue Rights to the holders of Allowed Convertible Notes Claims, Allowed Senior Notes Claims and Allowed General Unsecured Claims pursuant to Article 3 of the Plan. **The Rights will not be listed or quoted on any public or over-the-counter exchange or quotation system. The Rights are not transferable other than (in whole) to an Eligible Affiliate, in connection with the transfer by a Certified Eligible Holder of the underlying Claim(s), or as otherwise provided to the Backstop Parties. The Rights will be distributed and issued only to Certified Eligible Holders, Backstop Parties or Eligible Affiliates to whom the Rights of such Certified Eligible Holders or Backstop Parties were transferred.**

Section 10.2 Bankruptcy Code Exemptions from Registration Requirements for the New Securities

a. Issuance of New Securities

The Plan provides for the offer, issuance, sale or distribution of the New Securities. The Debtors believe that each of the New Securities is a "security," as defined in Section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and applicable state securities laws. Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of

securities under a plan of reorganization from registration under section 5 of the Securities Act, and state securities laws if three principal requirements are satisfied: (i) the securities must be offered and sold under a plan of reorganization and must be securities of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (ii) the recipients of the securities must hold prepetition or administrative expense claims against the debtor or interests in the debtor; and (iii) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or principally in exchange for such claim or interest and partly for cash or property. Except for the Rights, the Rights Offering Notes, the Rights Offering Warrants and the securities issuable upon exercise of the Rights Offering Warrants, which will be issued and distributed in reliance on other exemptions from registration under the Securities Act, and except as further noted below, the Debtors believe that the offer and sale of New Securities to the holders of Existing Notes and General Unsecured Claims satisfy the requirements of section 1145(a)(1) of the Bankruptcy Code and are, therefore, exempt from registration under the Securities Act and state securities laws.

b. Subsequent Transfers of New Securities Not Covered by the Section 1145(a)(1) Exemption

New Securities that are not issued pursuant to section 1145(a)(1) of the Bankruptcy Code will be deemed "restricted securities" and may not be sold, exchanged, assigned or otherwise transferred unless they are registered, or an exemption from registration applies, under the Securities Act. Except as provided in the Registration Rights Agreement, holders of such New Securities will not be entitled to have their New Securities registered and will be required to agree not to resell them except in accordance with the exemption from registration provided by Rule 144 under the Securities Act, when available. Rule 144 permits the public resale of restricted securities if certain conditions are met, and these conditions vary depending on whether the holder of the restricted securities is an "affiliate" of the issuer, as defined in Rule 144. A non-affiliate who has not been an affiliate of the issuer during the preceding three months may resell restricted securities after a six-month holding period unless certain current public information regarding the issuer is not available at the time of sale, in which case the non-affiliate may resell after a one-year holding period. An affiliate may resell restricted securities after a six-month holding period but only if certain current public information regarding the issuer is available at the time of the sale and only if the affiliate also complies with the volume, manner of sale and notice requirements of Rule 144. However, Reorganized Patriot Coal has no current plans to make the information required by Rule 144 publicly available for the foreseeable future. This will eliminate the ability of a holder of New Securities that are restricted securities who is an "affiliate" of Reorganized Patriot Coal to avail themselves of Rule 144.

c. Subsequent Transfers of New Securities Covered by the Section 1145(a)(1) Exemption

The New Securities issued pursuant to the Plan that are covered by the Section 1145(a)(1) exemption may be freely transferred by most recipients following the initial

issuance under the Plan, and all resales and subsequent transfers of the New Securities are exempt from registration under the Securities Act and state securities laws, unless the holder is an "underwriter" with respect to such securities. Section 1145(b) of the Bankruptcy Code defines four types of "underwriters":

(i) persons who purchase a claim against, an interest in, or a claim for an administrative expense against the debtor with a view to distributing any security received in exchange for such claim or interest;

(ii) persons who offer to sell securities offered under a plan for the holders of such securities;

(iii) persons who offer to buy such securities from the holders of such securities, if the offer to buy is:

(A) with a view to distributing such securities; and

(B) under an agreement made in connection with the plan, the consummation of the plan, or with the offer or sale of securities under the plan; or

(iv) a person who is an "issuer" with respect to the securities as the term "issuer" is defined in section 2(a)(11) of the Securities Act.

Under section 2(a)(11) of the Securities Act, an "issuer" includes any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control of the issuer.

To the extent that persons who receive New Securities pursuant to the Plan are deemed to be "underwriters," resales by such persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Persons deemed to be underwriters may, however, be permitted to sell such New Securities without registration pursuant to the provisions of Rule 144 under the Securities Act. These rules permit the public sale of securities received by "underwriters" if current information regarding the issuer is publicly available and if volume limitations and certain other conditions are met. However, Reorganized Patriot Coal has no current plans to make the information required by Rule 144 publicly available for the foreseeable future. This will eliminate the ability of a holder of New Securities issued pursuant to section 1145(a)(1) of the Bankruptcy Code who is an "underwriter" pursuant to section 1145(b) of the Bankruptcy Code to avail themselves of Rule 144.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the New Securities or any other security to be issued pursuant to the Plan would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any particular person receiving New Securities or other

securities under the Plan would be an "underwriter" with respect to such New Securities or other securities.

Given the complex and subjective nature of the question of whether a particular holder may be an underwriter, the Debtors make no representation concerning the right of any Person to trade in the New Securities or other securities. The Debtors recommend that potential recipients of the New Securities or other securities consult their own counsel concerning whether they may freely trade New Securities or other securities without compliance with the Securities Act, the Securities Exchange Act of 1934 or similar state and federal laws.

Pursuant to the Registration Rights Agreement, Reorganized Patriot Coal will, under certain circumstances, be obligated to use its commercially reasonable efforts to register at a later date, post-bankruptcy, the resale of certain New Securities held by the Backstop Parties under the Securities Act or under equivalent state securities laws such that the holders of such New Securities would be able to resell such securities pursuant to an effective registration statement.

Section 10.3 Other Transfer Restrictions Applicable to New Securities

The New Certificate of Incorporation and the New Stockholders' Agreement will contain restrictions on holders' ability to transfer New Common Stock and other New Securities designed to ensure that the number of holders of such securities does not exceed the threshold at which Reorganized Patriot Coal would be required to become a reporting company under the Exchange Act. Among other things, the New Certificate of Incorporation will require notice to Reorganized Patriot Coal of any proposed transfer of New Common Stock or other New Securities and will restrict such transfer if Reorganized Patriot Coal determines that the transfer would, if effected, result in Reorganized Patriot Coal potentially having 2000 or more holders of record of New Common Stock or 500 or more non-accredited holders of record of New Common Stock (in each case as determined under the Exchange Act).

BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER, NONE OF THE DEBTORS OR THE REORGANIZED DEBTORS MAKES ANY REPRESENTATION CONCERNING THE ABILITY OF ANY PERSON TO DISPOSE OF THE SECURITIES TO BE DISTRIBUTED UNDER THE PLAN. The Debtors recommend that potential recipients of the New Securities consult their own counsel concerning whether they may freely trade New Securities.

ARTICLE 11
CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

Section 11.1 Introduction

The following summarizes certain U.S. federal income tax consequences expected to result from the consummation of the Plan as they relate to the Debtors and to beneficial owners of Claims (each, a "**Holder**") entitled to vote on the Plan. This summary is intended for general information purposes only, is not a complete analysis of all potential federal income tax consequences that may be relevant to any particular Holder and does not address any tax consequences arising under any state, local or foreign tax laws or federal estate or gift tax laws.

This discussion is based on the Internal Revenue Code, United States Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the IRS, all as in effect on the date of this Disclosure Statement. These authorities may change, possibly with retroactive effect, resulting in federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS, and no legal opinion of counsel will be rendered, with respect to the matters discussed below. There can be no assurance that the IRS will not take a contrary position regarding the federal income tax consequences resulting from the consummation of the Plan or that any contrary position would not be sustained by a court.

This summary does not apply to Holders that are not United States persons for U.S. federal income tax purposes or that are otherwise subject to special treatment under U.S. federal income tax law (including, for example, banks, governmental authorities or agencies, financial institutions, insurance companies, pass through entities, tax exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies and regulated investment companies). Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to the Debtors and Holders based upon their particular circumstances. Holders should consult their tax advisors regarding the U.S. federal income tax consequences to them of the consummation of the Plan, as well as any tax consequences arising under any state, local or foreign tax laws, or any other federal tax laws.

Non-U.S. Holders, particularly those who hold Convertible Notes Claims or will acquire New Common Stock or Rights Offering Warrants in connection with the Plan, are urged to consult their tax advisors regarding the United States federal income tax consequences to them of the exchanges contemplated by the Plan and the subsequent disposition of New Common Stock or Rights Offering Warrants. In particular, we believe that we may be and may remain for the foreseeable future a U.S. real property holding corporation as defined in the Internal Revenue Code, in which case certain non-U.S. Holders may be subject to U.S. federal income tax with respect to gain on disposition of New Common Stock and Rights Offering Warrants under the Foreign Investment in Real Property Tax Act ("**FIRPTA**").

This discussion is limited to the federal tax issues addressed herein. Additional issues may exist that are not addressed in this discussion and that could affect the federal tax treatment of consummation of the Plan. This discussion was written in connection with the promotion or marketing by the Debtors of the Plan, and it cannot be used by any person for the purpose of avoiding penalties that may be asserted against the person under the Internal Revenue Code. Holders should seek their own advice based on their particular circumstances from an independent tax advisor.

Section 11.2 Certain U.S. Federal Income Tax Consequences to the Debtors

a. Cancellation of Debt and Reduction of Attributes

The discharge of a debt obligation for an amount less than the remaining amount due on the obligation (as determined for U.S. federal income tax purposes) generally will give rise to cancellation of indebtedness ("**COD**") income that must be included in the debtor's income, subject to certain exceptions. In particular, under Section 108 of the Internal Revenue Code, COD income will not be included in a debtor's income if the discharge of the debt obligation occurs in a case brought under the Bankruptcy Code, the debtor is under the court's jurisdiction in such case and the discharge is granted by the court or is pursuant to a plan approved by the court (the "**Bankruptcy Exception**"). As a result of the Plan, the amount of the Debtors' aggregate outstanding indebtedness will be substantially reduced. Therefore, the Debtors expect that the consummation of the Plan will produce a significant amount of COD.

Under the Internal Revenue Code, a debtor that excludes COD from income under the Bankruptcy Exception generally must reduce certain tax attributes by a corresponding amount. Attributes subject to reduction include consolidated attributes (such as consolidated net operating losses ("**NOLs**"), NOL carryforwards and certain other losses, credits and carryforwards) attributable to the debtor, attributes that arose in separate return limitation years of the debtor and the debtor's tax basis in its assets (including stock of subsidiaries). A debtor's tax basis in its assets generally may not be reduced below the amount of its liabilities remaining immediately after the discharge of indebtedness.

b. Section 382 Limitation on Net Operating Losses

Section 382 of the Internal Revenue Code generally imposes an annual limitation on the use of NOLs (and certain other tax attributes) if a corporation or a consolidated group with NOLs (a "**loss corporation**") undergoes an "ownership change." In general, an ownership change occurs if the percentage of the value of the loss corporation's stock (including the parent corporation in a consolidated group) owned by one or more direct or indirect "five-percent shareholders" increases by more than fifty percentage points over the lowest percentage of value owned by the five-percent shareholders at any time during the applicable testing period. The testing period generally is the shorter of (i) the three-year period preceding the testing date or (ii) the period of time since the most recent ownership change of the

corporation. The Debtors expect that the consummation of the Plan will result in an ownership change on the Effective Date.

In general, the amount of the annual limitation on a loss corporation's use of its pre-change NOLs (and certain other tax attributes) is equal to the product of the long-term tax-exempt rate (as published by the IRS for the month in which the ownership change occurs) and the value of the loss corporation's outstanding stock immediately before the ownership change, which value is determined under special rules if the ownership change occurs in a case brought under the Bankruptcy Code (the "**Section 382 Limitation**").

In certain cases however, unless the corporation elects otherwise, a special exception under section 382(*l*)(5) of the Internal Revenue Code will prevent application of the annual limitation provided that at least 50% of the stock of the debtor is owned by the shareholders and certain qualified creditors immediately following the reorganization. Under this rule, NOL carryforwards would be subject to a one-time reduction and a second ownership change within two years following the first ownership change would eliminate the Debtors' ability to utilize any NOLs from periods before the first ownership change. A debtor may also elect not to apply section 382(*l*)(5) to an ownership change that otherwise satisfies its requirements. This election must be made on the debtor's federal income tax return for the taxable year in which the ownership change occurs.

If the exchanges contemplated by the Plan do not qualify under section 382(*l*)(5) or if Reorganized Debtors elect not to use that provision, Reorganized Debtors use of their NOLs to offset taxable income earned after consummation of the Plan will be subject to the Section 382 Limitation. However, in that case, section 382(*l*)(6) of the Internal Revenue Code provides that the Reorganized Debtors may elect to have the value of their stock, for the purpose of calculating its Section 382 Limitation, generally determined by reference to the net equity value of the stock immediately after the ownership change has occurred (rather than immediately before the ownership change, as is the case under the general rule for non-bankruptcy ownership changes). In addition, under an applicable IRS notice, a corporation whose assets in the aggregate have a fair market value greater than their tax basis (a "**Net Unrealized Built-in Gain**") is permitted to increase its annual Section 382 Limitation during the five years immediately after the ownership change by an amount determined with reference to the depreciation and depletion deductions that a purchaser of the Debtors' assets would have been permitted to claim if it had acquired the Debtors' assets in a taxable transaction. The Debtors have not yet determined whether they will be eligible for or rely on the special rule under section 382(*l*)(5) or the special rule under section 382(*l*)(6).

Section 11.3 Certain U.S. Federal Income Tax Consequences to the Holders of Claims and Interests

a. Consequences to Holders of Secured Claims, Other Priority Claims and Unsecured Claims

1. *Other Priority Claims*

The receipt of Cash by a Holder of Other Priority Claims generally will be treated as a taxable exchange of such Holder's Claims for Cash. Such Holders generally will recognize gain or loss equal to the difference between: (x) Cash received in exchange for the Claims and (y) the Holder's adjusted basis, if any, in the Claims. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, the nature of the Claim in such Holder's hands, whether the Claim constitutes a capital asset in the hands of the Holder, whether the Claim was purchased at a discount, and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Claim. The U.S. federal income tax consequences of the receipt of Cash allocable to accrued interest may be relevant and are summarized below.

2. *Other Secured Claims*

The Holders of Other Secured Claims may recognize income, gain or loss for U.S. federal income tax purposes with respect to the discharge of their Claims, depending on whether their Claims are Reinstated or, if not Reinstated, on the outcome of their negotiations with the Debtors. A Holder whose Claim is Reinstated pursuant to the Plan generally will not realize income, gain or loss unless either (i) such Holder is treated as having received interest, damages or other income in connection with the Reinstatement or (ii) such Reinstatement is considered a "significant modification" of the Claim. Holders of Other Secured Claims should consult their own tax advisors to determine whether or not a "significant modification" has occurred and its impact to such Holder. A Holder who receives Cash or other property in exchange for its Claim pursuant to the Plan will generally recognize income, gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (i) the amount of Cash or the fair market value of the other property received in exchange for its Claim and (ii) the Holder's adjusted tax basis in its Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, the nature of the Claim in such Holder's hands, whether the Claim constitutes a capital asset in the hands of the Holder, and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Claim. The U.S. federal income tax consequences of the receipt of Cash or other property allocable to accrued interest may be relevant and are summarized below.

3. *Holders of Senior Notes Claims, Convertible Notes Claims and General Unsecured Claims.*

Holders of Senior Notes Claims, Convertible Notes Claims and General Unsecured Claims will receive Rights and New Common Stock (except for certain Holders with respect

to whom New Common Stock will be issued directly to a Voting Trust pursuant to the Plan), or, in the case of any holders of Senior Notes Claims, Convertible Notes Claims or General Unsecured Claims that are not Certified Eligible Holders, Cash, in exchange for their Claims.

The United States federal income tax consequences to Holders of Senior Notes Claims, Convertible Notes Claims and General Unsecured Claims depend, in part, on whether such Claims constitute "securities" of the Debtors for United States federal income tax purposes. Whether an instrument constitutes a security for United States federal income tax purposes is determined based on all the facts and circumstances, but most authorities have held that the term of a debt instrument at the time of its issuance is an important factor in determining whether such instrument is a security for United States federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security. Holders of Claims that will receive Rights or New Common Stock under the Plan are urged to consult their tax advisors to determine whether, given their particular circumstances, their Claim constitutes a security of the Debtors.

With respect to Claims that are (i) treated as securities of the Debtors and (ii) exchanged for shares of New Common Stock and/or Rights, the exchange of such Claims for shares of New Common Stock and/or Rights should be treated as a recapitalization under section 368(a)(1)(E) of the Internal Revenue Code. In such case, Holders of such Claims will not recognize any gain or loss upon the exchange, except that to the extent that the consideration received in exchange for such Claims is treated as attributable to accrued but untaxed interest on such Claims, Holders of such Claims will be required to include such amount in ordinary income. Holders of such Claims will recognize gain, but not loss, realized upon the exchange to the extent they receive Cash, if any, not allocable to accrued but untaxed income. Under the Plan, the Debtors and all Holders of Allowed Claims are required to treat Distributions in full or partial satisfaction of Allowed Claims as allocable first to the principal amount of Allowed Claims, with any excess allocable to unpaid interest that has accrued on such Claims. However, whether this method of allocating distributions will be respected for United States federal income tax purposes is not clear, and the IRS could assert that a different method should be used. Holders of such Claims are advised to consult their own tax advisors as to the allocation rules and the potential tax consequences to them if the IRS were to make such an assertion. A Holder of a Claim that is treated as a security of the Debtors will generally obtain an aggregate tax basis in the shares of New Common Stock, if any, and Rights received in exchange for such Claim equal to its tax basis in such Claim. Notwithstanding the previous sentence, such a Holder will receive a fair market value basis in any shares of New Common Stock and/or Rights which it receives as consideration that is attributable to accrued but untaxed interest on its Claim. Such a Holder will have a holding period in the shares of New Common Stock and/or Rights received in exchange for its Claim equal to its holding period in such Claim, except to the extent such Holder receives such shares of New Common Stock and/or Rights as consideration that is attributable to accrued

but untaxed interest on its Claim with respect to which such Holder will have a holding period that begins on the day following the receipt of such consideration.

The discussion above generally assumes that the exchange of Senior Notes Claims, Convertible Notes Claims and General Unsecured Claims for shares of New Common Stock and/or Rights is properly treated as a recapitalization under section 368(a)(1)(E) of the Internal Revenue Code. Holders of Senior Notes Claims, Convertible Notes Claims and General Unsecured Claims are urged to consult their tax advisors regarding the proper characterization of the exchange and the resulting United States federal income tax consequences to them.

With respect to Claims that are not treated as securities of the Debtors and with respect to Convenience Class Claims, a Holder of such Claims generally will be treated as exchanging its Claims for the consideration received for such Claims pursuant to the Plan in a taxable exchange. Accordingly, such a Holder generally will recognize capital gain or loss equal to the difference between (i) the fair market value of the shares of New Common Stock, Rights or Cash received (excluding shares of New Common Stock, Rights or Cash treated as attributable to accrued but untaxed interest on such Claims), and (ii) the Holder's adjusted basis in such Claims, except that any gain recognized with respect to Claims that were acquired with market discount that is attributable to the market discount that accrued while such Claims were considered held by such Holder and was not previously included in income by such Holder will be treated as ordinary income. To the extent that the shares of New Common Stock, Rights or Cash are treated as attributable to accrued but untaxed interest on such Claims, Holders of such Claims will be required to include such amount as ordinary income.

4. *Consequences to Holders of Rights Offering Warrants*

The tax consequences of a cashless exercise of a Rights Offering Warrant acquired pursuant to the exercise of the Rights Offering Warrants are not clear. The exercise of the Rights Offering Warrants may be treated for United States federal income tax purposes either as the exercise of an option to receive a variable number of shares of New Common Stock on exercise with an exercise price of zero or as a recapitalization under section 368(a)(l)(E) of the Internal Revenue Code. Under such treatment, in either case, a Holder generally will not recognize gain or loss upon exercise of a Rights Offering Warrant except that, if the terms of the Rights Offering Warrant provide for the payment of cash in lieu of a fractional share of New Common Stock (and the discussion below so assumes), the receipt of such cash will generally be treated as if the Holder received the fractional share and then received such cash in redemption of such fractional share. Such redemption will generally result in capital gain or loss equal to the difference between the amount of cash received and the Holder's adjusted tax basis in the shares of New Common Stock that is allocable to the fractional share. A Holder will have a tax basis in the shares of New Common Stock received upon the exercise of a Rights Offering Warrant equal to its tax basis in the Rights Offering Warrant, less any amount attributable to any fractional share. If the Rights Offering Warrant is treated as an option to receive a variable number of shares of New Common Stock, the holding period of shares of New Common Stock received upon the exercise of a Rights Offering Warrant will commence on the day the Rights Offering Warrant is exercised (or possibly on the day

following the day the Rights Offering Warrant is exercised). If the exercise is treated as a recapitalization, the holding period of shares of New Common Stock received upon the exercise of a Rights Offering Warrant will include the Holder's holding period of the Rights Offering Warrants, as discussed above. Alternate treatments are possible however, and Holders are urged to consult their tax advisors regarding the particular United States federal income tax consequences of cashless exercise of the Rights Offering Warrants.

Upon the sale, exchange, lapse, or other disposition of a Rights Offering Warrant (other than its exercise), a Holder will generally recognize capital gain or loss equal to the difference between the amount realized and such holder's adjusted tax basis in such Rights Offering Warrant. Such gain or loss will generally be long-term capital gain or loss if the Holder has held its Rights Offering Warrant for more than one year at the time of the sale, exchange, or other disposition, and short-term capital gain or loss otherwise. Depending on the particular circumstances in which the Claim for which the Rights Offering Warrant was exchanged had been acquired and the treatment of the Holder's exchange of its Claim for its Rights Offering Warrant, the sale, exchange or other disposition of the Rights Offering Warrant could result in the recognition of market discount. Holders of Rights Offering Warrants are urged to consult their tax advisors regarding the application of the market discount rules to any gain recognized upon the exercise, sale, exchange, or other disposition of a Rights Offering Warrant.

5. *Consequences to Holders of Rights Offering Notes*

Original Issue Discount. All stated interest on the Rights Offering Notes acquired pursuant to the exercise of Notes Rights will be treated as original issue discount ("**OID**") for United States federal income tax purposes because some of the interest on the Rights Offering Notes will not be unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate. Holders of the Rights Offering Notes will generally be required to include OID in gross income (as ordinary income) as it accrues (on a constant yield to maturity basis) over the term of a Rights Offering Note in advance of the receipt of cash payments attributable to that income.

The amount of OID required to be included in income will generally equal the sum of the "daily portions" of OID with respect to the Rights Offering Note for each day during the taxable year or portion of the taxable year in which the holder held such Rights Offering Note ("**accrued OID**"). The daily portion is determined by allocating to each day in each "accrual period" a pro rata portion of the OID allocable to that accrual period. The "accrual period" for a Rights Offering Note may be of any length and may vary in length over the term of the Rights Offering Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period other than the final accrual period is an amount equal to the excess, if any, of (i) the product of the Rights Offering Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and be properly adjusted for the length of the accrual period) over (ii) the aggregate of all qualified stated

interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price of the Rights Offering Note at the beginning of the final accrual period. The adjusted issue price of a Rights Offering Note at the beginning of any accrual period is equal to its issue price, increased by the accrued OID for each prior accrual period, and reduced by any payments previously made on the Rights Offering Note. Under these rules, Holders of Rights Offering Notes generally will include in income increasingly greater amounts of OID in successive accrual periods.

A Holder's tax basis in a Rights Offering Note will be increased by the amount of OID included in the holder's gross income and will be decreased by the amount of any payments received by the holder with respect to the note, whether the payments are denominated as principal or interest.

Sale, Retirement or Other Taxable Disposition. A Holder of Rights Offering Notes will recognize gain or loss upon the sale, redemption, retirement or other taxable disposition of the Rights Offering Notes equal to the difference between the amount realized upon the disposition (less a portion allocable to any accrued OID that has not yet been included in income by the Holder, which generally will be taxable as ordinary income) and the Holder's adjusted tax basis in the Rights Offering Notes. Any such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if the Holder has held the Rights Offering Notes for more than one year as of the date of disposition. Holders should consult their tax advisors regarding the applicable tax rates and netting rules for capital gains and losses. There are limitations on the deduction of capital losses by both corporate and noncorporate taxpayers.

6. *Disputed Claims Reserve*

On the Initial Distribution Date or as soon thereafter as is reasonably practicable, the Reorganized Debtors shall hold in reserve the amount of Cash that the Reorganized Debtors determine, in consultation with the Creditors' Committee, would likely have been distributed to the Holders of all Disputed Claims as if such Disputed Claims had been Allowed on the Effective Date, with the amount of such Allowed Claims to be determined, solely for the purposes of establishing reserves and for maximum distribution purposes, to be the lesser of (a) the asserted amount of the Disputed Claim filed with the Bankruptcy Court as set forth in the non-duplicative Proof of Claim, or (if no proof of such Claim was filed) listed by the Debtors in the Schedules, (b) the amount, if any, estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code or ordered by other order of the Bankruptcy Court, or (c) the amount otherwise agreed to by the Debtors or the Reorganized Debtors, as applicable, in consultation with the Backstop Parties, and the Holder of such Disputed Claim for distribution purposes. With respect to all Disputed Claims that

are General Unsecured Claims or Convenience Class Claims and are unliquidated or contingent and for which no dollar amount is asserted on a Proof of Claim, the Debtors will reserve Cash adjusted from time to time equal to the amount reasonably determined by the Reorganized Debtors.

The Disbursing Agent may, at the direction of the Debtors or the Reorganized Debtors, adjust the Disputed Claims Reserve to reflect all earnings thereon (net of any expenses relating thereto, such expenses including any taxes imposed thereon or otherwise payable by the reserve), to be distributed on the Distribution Dates, as required by the Plan. The Disbursing Agent shall hold in the Disputed Claims Reserve all dividends, payments and other distributions made on account of, as well as any obligations arising from, the property held in the Disputed Claims Reserve, to the extent that such property continues to be so held at the time such distributions are made or such obligations arise. The taxes imposed on the Disputed Claims Reserve (if any) shall be paid by the Disbursing Agent from the property held in the Disputed Claims Reserve, and the Reorganized Debtors shall have no liability for such taxes.

After any reasonable determination by the Reorganized Debtors that the Disputed Claims Reserve should be adjusted downward in accordance with Section 8.4(b)(i) of the Plan, the Disbursing Agent shall, at the direction of the Debtors or the Reorganized Debtors, effect a distribution in the amount of such adjustment as required by the Plan, and any date of such distribution will be an Interim Distribution Date.

After all Disputed Claims have become either Allowed Claims or Disallowed Claims and all distributions required pursuant to Section 8.4(c) of the Plan have been made, the Disbursing Agent shall, at the direction of the Reorganized Debtors, effect a final distribution of the consideration remaining in the Disputed Claims Reserve as required by the Plan.

It is expected that the Disbursing Agent will (A) make an election pursuant to United States Treasury Regulations section 1.468B-9 to treat the Disputed Claims Reserve as a "disputed ownership fund" within the meaning of that section and (B) allocate taxable income or loss to the Disputed Claims Reserve with respect to any taxable year that would have been allocated to the Holders of Disputed Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are Disputed Claims). The affected Holders of the Disputed Claims will be bound by such election, if made by the Disbursing Agent. For federal income tax purposes, absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Disbursing Agent will, to the extent permitted by applicable law, report consistently with the foregoing characterization for state and local income tax purposes. All affected Holders of Disputed Claims will report, for income tax purposes, consistently with the foregoing.

7. *Accrued but Untaxed Interest*

To the extent that any Claim is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor and has any accrued but unpaid interest thereon, any distribution received by the Holder of such Claim shall be allocated first to the principal amount of the Claim (as determined for U.S. federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest (including any accrued original issue discount). Any such amount attributable to accrued but unpaid interest should be taxable to the Holder as interest income, if such amount has not been previously included in the Holder's gross income for U.S. federal income tax purposes. Conversely, a Holder may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for bad debts) to the extent that any accrued interest (including any original issue discount) was previously included in the Holder's gross income but was not paid in full by the Debtors.

b. Consequences to U.S. Holders of Interests in Patriot

U.S. Holders of Interests in Patriot, which are being cancelled under the Plan, generally will be entitled to claim a worthless stock deduction (assuming that the Holder held the stock as a capital asset and the taxable year that includes the Plan is the same taxable year in which the stock first became worthless) in an amount equal to the Holder's adjusted basis in the stock. A worthless stock deduction is a deduction allowed to a Holder of a corporation's stock (that is a capital asset in the hands of such Holder) for the taxable year in which such stock becomes worthless, for the amount of the loss resulting therefrom. A worthless stock deduction is treated as a loss from the sale or exchange of a capital asset. Holders of Interests in Patriot are urged to consult their tax advisors regarding the proper characterization of the exchange and the resulting United States federal income tax consequences to them.

c. Information Reporting and Backup Withholding

Distributions or payments made pursuant to the Plan may be subject to backup withholding unless the Holder to which distribution or payment is made: (i) is included in certain exempt categories of persons (which generally include corporations) and, when required, demonstrates that fact or (ii) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding because of a failure to report all dividend and interest income. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against the Holder's U.S. federal income tax liability, provided required information is furnished to the IRS.

Each Debtor and Disbursing Agent will withhold all amounts required by law to be withheld from payments of interest. Each Debtor and Disbursing Agent will comply with all applicable reporting requirements of the Internal Revenue Code.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF

U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

ARTICLE 12
RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to the alternatives described herein because it provides for a larger distribution to the holders than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. ~~[~~The Creditors' Committee also supports the Plan.~~]~~ In addition, any alternative other than Confirmation of the Plan could result in extensive delays, increased administrative expenses or potential liquidation, resulting in smaller distributions to the holders of Claims. **Accordingly, the Debtors recommend that holders of Claims entitled to vote on the Plan support Confirmation of the Plan and vote to accept the Plan.**

Dated: St. Louis, Missouri
~~October 26~~November 4, 2013

Respectfully submitted,

PATRIOT COAL CORPORATION (for itself and on behalf of its Subsidiary Debtors)

By: */s/ Bennett K. Hatfield*
Name: Bennett K. Hatfield
Title: President and Chief Executive Officer

SCHEDULE 1
(Debtor Entities)

1. Affinity Mining Company
2. 2Apogee 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. Brody Mining, LLC
11. Brook Trout Coal, LLC
12. Catenary Coal Company, LLC
13. Central States Coal Reserves of Kentucky, LLC
14. Charles Coal Company, LLC
15. Cleaton Coal Company
16. Coal Clean LLC
17. Coal Properties, LLC
18. Coal Reserve Holding Limited Liability Company No. 2
19. Colony Bay Coal Company
20. Cook Mountain Coal Company, LLC
21. Corydon Resources LLC
22. Coventry Mining Services, LLC
23. Coyote Coal Company LLC
24. Cub Branch Coal Company LLC
25. Dakota LLC
26. Day LLC
27. Dixon Mining Company, LLC
28. Dodge Hill Holding JV, LLC
29. Dodge Hill Mining Company, LLC
30. Dodge Hill of Kentucky, LLC
31. EACC Camps, Inc.
32. Eastern Associated Coal, LLC
33. Eastern Coal Company, LLC
52. KE Ventures LLC
53. Little Creek LLC
54. Logan Fork Coal Company
55. Magnum Coal Company LLC
56. Magnum Coal Sales LLC
57. Martinka Coal Company, LLC
58. Midland Trail Energy LLC
59. Midwest Coal Resources II, LLC
60. Mountain View Coal Company, LLC
61. New Trout Coal Holdings II, LLC
62. Newtown Energy, Inc.
63. North Page Coal Corp.
64. Ohio County Coal Company, LLC
65. Panther LLC
66. Patriot Beaver Dam Holdings, LLC
67. Patriot Coal Company, L.P.
68. Patriot Coal Corporation
69. Patriot Coal Sales LLC
70. Patriot Coal Services LLC
71. Patriot Leasing Company LLC
72. Patriot Midwest Holdings, LLC
73. Patriot Reserve Holdings, LLC
74. Patriot Trading LLC
75. Patriot Ventures LLC
76. PCX Enterprises, Inc.
77. Pine Ridge Coal Company, LLC
78. Pond Creek Land Resources, LLC
79. Pond Fork Processing LLC
80. Remington Holdings LLC
81. Remington II LLC
82. Remington LLC
83. Rivers Edge Mining, Inc.
84. Robin Land Company, LLC

34. Eastern Royalty, LLC
35. Emerald Processing, L.L.C.
36. Gateway Eagle Coal Company, LLC
37. Grand Eagle Mining, LLC
38. Heritage Coal Company LLC
39. Highland Mining Company, LLC
40. Hillside Mining Company
41. Hobet Mining, LLC
42. Indian Hill Company LLC
43. Infinity Coal Sales, LLC
44. Interior Holdings, LLC
45. IO Coal LLC
46. Jarrell's Branch Coal Company
47. Jupiter Holdings LLC
48. Kanawha Eagle Coal, LLC
49. Kanawha River Ventures I, LLC
50. Kanawha River Ventures II, LLC
51. Kanawha River Ventures III, LLC
85. Sentry Mining, LLC
86. Snowberry Land Company
87. Speed Mining LLC
88. Sterling Smokeless Coal Company, LLC
89. TC Sales Company, LLC
90. The Presidents Energy Company LLC
91. Thunderhill Coal LLC
92. Trout Coal Holdings, LLC
93. Union County Coal Co., LLC
94. Viper LLC
95. Weatherby Processing LLC
96. Wildcat Energy LLC
97. Wildcat, LLC
98. Will Scarlet Properties LLC
99. Winchester LLC
100. Winifrede Dock Limited Liability Company
101. Yankeetown Dock, LLC

Schedule 2: Debtor Groups

Group 1 Debtors			
1.	Affinity Mining Company	48.	Kanawha River Ventures II, LLC
2.	Apogee Coal Company, LLC	49.	Kanawha River Ventures III, LLC
3.	Appalachia Mine Services, LLC	50.	KE Ventures LLC
4.	Beaver Dam Coal Company, LLC	51.	Logan Fork Coal Company
5.	Big Eagle, LLC	52.	Magnum Coal Company LLC
6.	Big Eagle Rail, LLC	53.	Magnum Coal Sales LLC
7.	Black Stallion Coal Company, LLC	54.	Martinka Coal Company, LLC
8.	Black Walnut Coal Company	55.	Midland Trail Energy LLC
9.	Bluegrass Mine Services, LLC	56.	Midwest Coal Resources II, LLC
10.	Brody Mining, LLC	57.	Mountain View Coal Company, LLC
11.	Brook Trout Coal, LLC	58.	New Trout Coal Holdings II, LLC
12.	Catenary Coal Company, LLC	59.	North Page Coal Corp.
13.	Central States Coal Reserves of Kentucky, LLC	60.	Ohio County Coal Company, LLC
14.	Charles Coal Company, LLC	61.	Patriot Beaver Dam Holdings, LLC
15.	Cleaton Coal Company	62.	Patriot Coal Company, L.P.
16.	Coal Clean LLC	63.	Patriot Coal Corporation
17.	Coal Properties, LLC	64.	Patriot Coal Sales LLC
18.	Coal Reserve Holding Limited Liability Company No. 2	65.	Patriot Coal Services LLC
19.	Colony Bay Coal Company	66.	Patriot Leasing Company LLC
20.	Cook Mountain Coal Company, LLC	67.	Patriot Midwest Holdings, LLC
21.	Corydon Resources LLC	68.	Patriot Trading LLC
22.	Coventry Mining Services, LLC	69.	Patriot Ventures LLC
23.	Cub Branch Coal Company LLC	70.	PCX Enterprises, Inc.
24.	Dakota LLC	71.	Pine Ridge Coal Company, LLC
25.	Day LLC	72.	Pond Creek Land Resources, LLC
26.	Dixon Mining Company, LLC	73.	Pond Fork Processing LLC
27.	Dodge Hill Holding JV, LLC	74.	Remington Holdings LLC
28.	Dodge Hill Mining Company, LLC	75.	Remington II LLC
29.	Dodge Hill of Kentucky, LLC	76.	Remington LLC
30.	EACC Camps, Inc.	77.	Rivers Edge Mining, Inc.
31.	Eastern Associated Coal, LLC	78.	Sentry Mining, LLC
32.	Eastern Coal Company, LLC	79.	Snowberry Land Company
33.	Eastern Royalty, LLC	80.	Speed Mining LLC
34.	Gateway Eagle Coal Company, LLC	81.	Sterling Smokeless Coal Company, LLC
35.	Grand Eagle Mining, LLC	82.	TC Sales Company, LLC
36.	Heritage Coal Company LLC	83.	The Presidents Energy Company LLC
37.	Highland Mining Company, LLC	84.	Thunderhill Coal LLC
38.	Hillside Mining Company	85.	Trout Coal Holdings, LLC
39.	Hobet Mining, LLC	86.	Union County Coal Co., LLC
40.	Indian Hill Company LLC	87.	Viper LLC
41.	Infinity Coal Sales, LLC	88.	Weatherby Processing LLC
42.	Interior Holdings, LLC	89.	Wildcat, LLC
43.	IO Coal LLC	90.	Will Scarlet Properties LLC
44.	Jarrell's Branch Coal Company	91.	Winchester LLC
45.	Jupiter Holdings LLC	92.	Winifrede Dock Limited Liability Company
46.	Kanawha Eagle Coal, LLC	93.	Yankeetown Dock, LLC
47.	Kanawha River Ventures I, LLC		

Group 2 Debtors			
1.	Coyote Coal Company LLC	4.	Panther LLC
2.	Emerald Processing, L.L.C.	5.	Wildcat Energy LLC
3.	Newtown Energy, Inc.		

Group 3 Debtors			
1.	Little Creek LLC	3.	Robin Land Company, LLC
2.	Patriot Reserve Holdings, LLC		

Comparison of Appendix H Against Appendix H to Disclosure Statement for Debtors' Second Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re	**Chapter 11**
PATRIOT COAL CORPORATION, *et al.*,	**Case No. 12-51502-659** **(Jointly Administered)**
Debtors. [1]	

RIGHTS OFFERINGS PROCEDURES

On November [●], 2013, the United States Bankruptcy Court for the Eastern District of Missouri (the "**Court**") entered the *Order (i) Approving Disclosure Statement; (ii) Approving Solicitation and Notice Materials; (iii) Approving Forms of Ballots; (iv) Establishing Solicitation and Voting Procedures; (v) Establishing Procedures for Allowing and Estimating Certain Claims for Voting Purposes; (vi) Scheduling a Confirmation Hearing and (vii) Establishing Notice and Objection Procedures* [ECF No. ~~—~~●] (the "**Disclosure Statement Order**") that, among other things, approved the adequacy of the *Disclosure Statement for Debtors' ~~First~~Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [ECF No. ~~4763~~[●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "**Disclosure Statement**") filed in support of the *Debtors' ~~First~~Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [ECF No. ~~4762~~[●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "**Plan**"). On November [●], 2013, the Court entered the *Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into a Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection With the Debtors' ~~First~~Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures*, authorizing the Debtors to conduct rights offerings open to Certified Eligible Holders (as defined herein), as of November 27, 2013, of (i) Allowed Senior Notes Claims[2] and (ii) together, Allowed General Unsecured Claims and Allowed Convertible Notes Claims, in the proportion of 92.3% and 7.7%, respectively.[3]

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[1] The Debtors are the entities listed on Schedule 1 to the Disclosure Statement. 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 otherwise defined herein shall have the meanings ascribed to such terms in, as applicable, the Plan or the Disclosure Statement. Copies of the Disclosure Statement and the Plan may be obtained at no charge by: (a) accessing the Debtors' case information website at *www.patriotcaseinfo.com*; (b) writing to the notice, claims and solicitation agent, GCG, Inc. ("**GCG**"), at Patriot Coal Corporation, et al., c/o GCG, Inc., P.O. Box 9898, Dublin, Ohio 43017-5798 or (c) calling GCG at (877) 600-6531.

[3] Rights allocated to holders of Allowed Senior Notes Claims who are not Certified Eligible Holders will be offered to the Backstop Parties, who will pay to the Company the amount of cash distributable to holders of such Allowed Senior Notes Claims under Section 3.2(c) of the Plan.

I. Definitions.

a. "**Backstop Allocation**" means Rights offered to the Backstop Parties in accordance with the Backstop Rights Purchase Agreement to purchase up to 40% of the Rights Offering Notes and up to 40% of the Rights Offering Warrants for an aggregate combined Subscription Purchase Price of $~~100,000,010~~100,010,000.

b. "**Backstop Commitment Percentage**" shall have the meaning set forth in the Backstop Rights Purchase Agreement.

c. "**Backstop Parties**" means, collectively, Knighthead Capital Management, LLC solely on behalf of certain funds and accounts it manages and/or advises and any other party that executes the Backstop Rights Purchase Agreement as a "Backstop Party" or executes a written joinder to the Backstop Rights Purchase Agreement as a "Backstop Party" in the form attached to the Backstop Rights Purchase Agreement.

d. "**Backstop Rights Purchase Agreement**" means that certain Backstop Rights Purchase Agreement by and among the Debtors and the Backstop Parties party thereto, and consented to by the Creditors' Committee and the UMWA, dated as of [•].

e. "**Certification Period**" means the period commencing on the day following the Rights Offerings Record Date and ending at the Eligibility Certificate Deadline.

f. "**Certification Period Transfer Notice**" means a notice delivered to the Subscription Agent notifying the Subscription Agent of the transfer of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim during the Certification Period, which indicates (i) the name of the transferor, (ii) the name, address and other required information of the transferee, and (iii) the principal amount of such Claim, in substantially the form attached hereto as **Annex ~~D~~E**.

g. "**Certified Eligible Holder**" means an Eligible Holder that submits an Eligibility Certificate to the Subscription Agent by the Eligibility Certificate Deadline, which Eligibility Certificate is acceptable to the Debtors in their sole discretion.

h. "**Company**" means Patriot Coal or Reorganized Patriot Coal, as applicable.

i. "**Convertible Notes/GUC Eligibility Certificate**" means the form sent to each Holder of an Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim, in substantially the form attached hereto as **Annex ~~A~~B**.

j. "**Eligibility Certificate**" means either a Convertible Notes/GUC Eligibility Certificate or a Senior Notes Eligibility Certificate.

~~j~~k. "**Eligibility Certificate Deadline**" means November 27, 2013 at 5:00 p.m. (prevailing Central Time) or such later time as determined by the Debtors in their sole discretion.

~~k~~l. "**Eligible Affiliate**" means an affiliate of an Eligible Holder or a Backstop Party that is also an Eligible Holder (or would be an Eligible Holder if such affiliate were a Holder).

~~l~~m. "**Eligible Holder**" means a Holder that is (i) a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act or an entity in which all of the equity owners are such "qualified institutional buyers," or (ii) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6) or (7) of the Securities Act, or an entity in which all of the equity owners are such "accredited investors."

~~m~~n. "**GUC Rights**" means Rights to purchase up to 4.62% of the Rights Offering Notes and up to 4.62% of the Rights Offering Warrants. The aggregate Subscription Purchase Price of the GUC Rights shall be $~~11,550,001.16~~11,551,155.

~~n~~o. **"Holders**" means, collectively, holders of Allowed Senior Notes Claims, Allowed General Unsecured Claims and/or Allowed Convertible Notes Claims.

~~o~~p. "**Initial Rights Allocation**" means, with respect to each ~~Rights Offerings Participant~~Certified Eligible Holder, those Rights initially ~~allocated to such Rights Offerings Participant~~offered to such Certified Eligible Holder in respect of its Allowed Claims or, with respect to Backstop Parties, their respective Backstop Commitment Percentage~~, as applicable~~ of the Backstop Allocation and the Other Senior Notes Rights.

~~p~~q. "**New Common Stock**" means the common stock, par value $0.01 per share, of Reorganized Patriot Coal, entitled to one vote per share of common stock on all matters on which the common stock of Reorganized Patriot Coal is entitled to vote.

~~q~~r. "**Notes**" means the 15% senior secured second lien notes issued by the Company pursuant to the terms set forth in the Plan Supplement.

~~r~~s. "**Notes Rights**" means subscription rights to purchase the Rights Offering Notes.

~~s~~t. "**Notes Rights Offering**" means the rights offering for the Notes.

~~t~~u. "**Notes Subscription Purchase Price**" means the purchase price for the Notes acquired by a Rights Offerings Participant pursuant to the Notes Rights Offering, as calculated in accordance with such Rights Offerings Participant's Subscription Form.

v. "**Other Senior Notes Rights**" shall have the meaning set forth in the Backstop Rights Purchase Agreement.

~~u~~w. "**Post-Certification Period Transfer Notice**" means a notice delivered to the Subscription Agent notifying the Subscription Agent of the transfer of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim by a Certified Eligible Holder during the period beginning the day after the Certification Period through the Subscription Deadline, in substantially the form attached hereto as **Annex ~~E~~F**.

~~v~~x. "**Pro Rata Share**" means, as of the Eligibility Certificate Deadline:

a) with respect to a Certified Eligible Holder of an Allowed Senior Notes Claim, the ratio of such Certified Eligible Holder's Allowed Senior Notes Claim to the aggregate amount of all ~~Certified Eligible Holders'~~ Allowed Senior Notes Claims;

b) with respect to a Certified Eligible Holder of an Allowed Convertible Notes Claim or of an Allowed General Unsecured Claim, the ratio of such Certified Eligible Holder's Debtor-Weighted Allowed Convertible Notes Claim or Debtor-Weighted Allowed General Unsecured Claim to the aggregate amount of all Certified Eligible Holders' Debtor-Weighted (i) Allowed General Unsecured Claims and (ii) Allowed Convertible Notes Claims.

~~w~~y. "**Rights**" means, collectively, the Notes Rights and the Warrants Rights.

~~x~~z. "**Rights Offering Notes**" means the Notes offered for purchase pursuant to the Notes Rights.

~~y~~aa. "**Rights Offering Warrants**" means the Warrants offered for purchase pursuant to the Warrants Rights.

~~z~~bb. "**Rights Offerings**" means, collectively, the Notes Rights Offering and the Warrants Rights Offering.

~~aa~~cc. "**Rights Offerings Participant**" means (i) a Certified Eligible Holder, (ii) a Backstop Party or (iii) an Eligible Affiliate to whom the Rights of such Certified Eligible Holder or Backstop Party were transferred.

~~bb~~dd. "**Rights Offerings Procedures**" shall mean these procedures.

~~cc~~ee. "**Rights Offerings Record Date**" means November 6, 2013.

~~dd~~ff. **"Securities Act"** means the Securities Act of 1933, as amended.

gg. "**Senior Notes Eligibility Certificate**" means the form sent to each Holder of an Allowed Senior Notes Claim, in substantially the form attached hereto as **Annex A**.

~~ee~~hh. "**Senior Notes Rights**" means Rights to purchase up to 55.38% of the Rights Offering Notes and up to 55.38% of the Rights Offering Warrants for an aggregate Subscription Purchase Price of $~~138,450,013.85~~138,463,845.

~~ff~~ii. "**Stockholders' Agreement**" means the stockholders' agreement substantially in the form included in the Plan Supplement to be entered into by and among Reorganized Patriot Coal, the Backstop Parties and certain other holders of New Class A Common Stock or Warrants whose number of shares of New Class A Common Stock plus the number of shares of New Class A Common Stock into which their Warrants could be exercised for would, in the aggregate as to any such holder, be equal to or greater than five percent of the total number of outstanding shares of New Class A Common Stock (calculated on a fully diluted basis).

~~gg~~jj. "**Subscription Accounts**" means one or more trust accounts, escrow accounts, treasury accounts or similar segregated accounts established by the Subscription Agent to receive and hold payments of the Subscription Purchase Price.

~~hh~~kk. "**Subscription Agent**" means GCG, Inc.

~~ii~~ll. "**Subscription Deadline**" means December 10, 2013 at 5:00 p.m. (prevailing Central Time) or such later time as determined by the Debtors in their sole discretion.

~~jj~~mm. "**Subscription Form**" means the subscription form(s) and applicable instructions sent to each Rights Offerings Participant on which such Rights Offerings Participant may exercise his, her or its Rights, in substantially the form attached hereto as **Annex ~~B~~C**.

~~kk~~nn. "**Subscription Purchase Price**" means the sum of a Rights Offerings Participant's Notes Subscription Purchase Price and Warrants Subscription Purchase Price.

~~ll~~oo. "**Transferee Eligible Holder**" means an Eligible Holder that is a direct or indirect transferee of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim of a Holder.

~~mm~~pp. "**Unsubscribed Rights**" means any Rights that are not timely subscribed by the Rights Offerings Participants offered such Rights in their Initial Rights Allocation.

~~nn~~qq. "**Warrants**" means the warrants exercisable for New Common Stock. Each Warrant will entitle the holder to purchase one share of New Common Stock.

~~oo~~rr. "**Warrants Rights**" means subscription rights to purchase the Rights Offering Warrants.

~~pp~~ss. "**Warrants Rights Offering**" means the rights offering for Warrants.

~~qq~~tt. "**Warrants Subscription Purchase Price**" means the purchase price for the Warrants acquired by a Rights Offerings Participant pursuant to the Warrants Rights Offering, as calculated in accordance with such Rights Offerings Participant's Subscription Form.

Rights Offerings

II. Rights Offerings.

An aggregate number of Warrants to be determined by the Debtors and the Backstop Parties and $250,000,000 in aggregate principal amount of Notes will be offered in the Rights Offerings, in each case to be allocated to the Certified Eligible Holders and Backstop Parties in the proportion of 60% and 40%, respectively. Participation in the Rights Offerings is voluntary and is limited to Certified Eligible Holders, the Backstop Parties and Eligible Affiliates. Each Certified Eligible Holder will be offered its Pro Rata Share of the Senior Notes Rights and/or the GUC Rights, as applicable, and each Backstop Party will be offered its Backstop Commitment Percentage of the Other Senior Notes Rights and the Backstop Allocation. The Rights will entitle the Holder to acquire Rights Offering Notes and Rights Offering Warrants. Rights Offerings Participants participating in the Notes Rights Offering must also participate in the Warrants Rights Offering (and vice versa) by subscribing for and purchasing a proportionate share of the aggregate Notes Rights (or Warrants Rights, as applicable) offered pursuant to the Rights Offerings. The aggregate subscription price for the Notes Rights shall be $250,000,000 and the aggregate subscription price for the Warrants Rights shall be $~~25~~25,000. The aggregate subscription price for the Rights Offerings shall be $~~250,000,025~~250,025,000.

Participation in the Rights Offerings will be subject to the following procedures:

a. Eligibility Certificate. Each Holder as of the Rights Offerings Record Date will receive an Eligibility Certificate to determine if such Holder is an Eligible Holder permitted to participate in the Rights Offerings. Each Eligible Holder, including a Transferee Eligible Holder, seeking to participate in the Rights Offerings is required to return the applicable Eligibility Certificate to the Subscription Agent so as to be actually received by the Subscription Agent by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)) and is required to certify therein to the ownership of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim. Only those Holders that certify that they are Eligible Holders will receive the Subscription Form and have the opportunity to participate in the Rights Offerings. Those Holders that do not return the applicable Eligibility Certificate will be deemed to relinquish and waive any right to participate in the Rights Offerings. Holders of Allowed Senior Notes Claims who do not return a Senior Notes Eligibility Certificate will instead receive their Ratable Share of the Senior Notes

Class Cash Consideration pursuant to section 3.2(c) of the Plan. Eligible Holders of Allowed Convertible Notes Claim(s) or Allowed General Unsecured Claim(s) that do not return a Convertible Notes/GUC Eligibility Certificate will instead receive their Ratable Share of the Convenience Class Consideration pursuant to sections 3.2(d) and 3.2(e) of the Plan.

Each Eligible Holder, including a Transferee Eligible Holder, that holds an Allowed Senior Notes Claim and/or an Allowed Convertible Notes Claim must forward its Eligibility Certificate to the bank, brokerage house, or other financial institution (each, a "**Nominee**") that holds the Eligible Holder's Senior Notes and/or Convertible Notes in "street name" with sufficient time for the Nominee to complete the "Nominee Certification" in section 4 of the Eligibility Certificate (including providing the Nominee's medallion guarantee) and for the Nominee to deliver the Eligibility Certificate to the Subscription Agent on or before the Eligibility Certificate Deadline.

b. Transfers Before the Eligibility Certificate Deadline. In order for a Transferee Eligible Holder to receive Rights with respect to a Claim transferred to it during the Certification Period, such transfer and all preceding transfers, if any, beginning with the transfer by the Holder holding such Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim as of the Rights Offerings Record Date, must be evidenced by a Certification Period Transfer Notice delivered to the Subscription Agent by November 27, 2013 at 5:00 p.m. (prevailing Central Time).

c. Subscription Form and Rights Offerings Materials. Each Rights Offerings Participant will receive a Subscription Form. Additionally, the Rights Offerings Documents (as defined herein), including the Reorganized Debtors' organizational documents and the Stockholders' Agreement, will be included with the Plan Supplement. Copies of the Rights Offerings Documents may be obtained, free of charge, at *www.patriotcaseinfo.com* or by contacting:

Patriot Coal Corporation, et al.,
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

d. Exercise of Rights. In order to exercise the Rights, each Rights Offerings Participant must (i) return a duly completed and executed Subscription Form to the Subscription Agent and the other documents referenced therein, including a W-8 or W-9, as applicable and (ii) pay an amount equal to the Subscription Purchase Price (as calculated pursuant to the Subscription Form) by wire transfer or bank or cashier's check, as set forth in the Subscription Form. Such forms, documents and payment must be actually received by the Subscription Agent on or before the Subscription Deadline (December 10, 2013 at 5:00 p.m. (prevailing Central Time)); provided, however, that the Subscription Purchase Price related to any

Backstop Party's Backstop Allocation must be received on or before the Effective Date. Each Rights Offerings Participant that elects to exercise its Rights must exercise its Notes Rights and its Warrants Rights together, and may not exercise one without exercising the other. If the Subscription Agent for any reason does not receive from a given Rights Offerings Participant both a timely and duly completed Subscription Form and timely payment of such Rights Offerings Participant's Subscription Purchase Price, then such Rights Offerings Participant will be deemed to have relinquished and waived its right to participate in the Rights Offerings; provided, however, that the Subscription Purchase Price related to any Backstop Party's Backstop Allocation must be received on or before the Effective Date.

e. Oversubscription. To the extent there exist any Unsubscribed Rights, each Rights Offerings Participant shall have the opportunity to subscribe for such rights on the Subscription Form (such subscription, an "**Oversubscription**"). In order to submit an Oversubscription, a Rights Offerings Participant must subscribe for its entire Initial Rights Allocation and must indicate on the Subscription Form the number of Unsubscribed Rights for which it seeks to subscribe. The purchase price for such Oversubscription shall be included in such Rights Offerings Participant's Subscription Purchase Price, and must be paid on or prior to the Subscription Deadline in the manner described in section II.c above; provided, however, that the purchase price for any such Oversubscription subscribed by any Backstop Party must be paid on or before the Effective Date.

f. Allocation of Unsubscribed Rights. The Unsubscribed Rights, if any, shall be allocated according to the following process, which shall be repeated until all Oversubscriptions are fulfilled or no Rights remain unsubscribed:

60% of the Unsubscribed Rights, if any, shall be allocated to the ~~Certified Eligible Holders~~Rights Offerings Participants that have submitted an Oversubscription, of which (i) 92.3% shall be allocated among oversubscribing Certified Eligible Holders of Allowed Senior Notes Claims (and the Backstop Parties who have subscribed for Other Senior Notes Rights) in proportion to their Initial Rights Allocations and (ii) 7.7% shall be allocated among oversubscribing Certified Eligible Holders of Allowed General Unsecured Claims and Allowed Convertible Notes Claims in proportion to their Initial Rights Allocations. The remaining 40% of the Unsubscribed Rights, if any, shall be allocated to the Backstop Parties in accordance with their respective Backstop Commitment Percentage.

g. Backstop Commitment. If, after applying the procedures set forth in ~~Sections~~sections II.c, II.d, II.e and II.f there remain any Unsubscribed Rights, such Unsubscribed Rights shall be automatically and without further action by any party deemed transferred to the Backstop Parties in accordance with their Backstop Commitment Percentages, and each of the Backstop Parties shall purchase, at the applicable Subscription Purchase Price, the number of Rights Offering Notes and Rights Offering Warrants equal to its Backstop Commitment Percentage multiplied by the number of remaining Rights Offering Notes and Rights Offering Warrants

in accordance with the terms and conditions of the Backstop Rights Purchase Agreement.

h. Transferability of Subscription Rights During the Post-Certification Period; Election Irrevocable; Representations and Warranties. The Rights may not be sold, transferred or assigned except (i) in connection with the transfer by a Certified Eligible Holder of the underlying Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim to another Certified Eligible Holder, as evidenced by a Post-Certification Period Transfer Notice delivered to the Subscription Agent by the Subscription Deadline, (ii) in connection with the transfer by a Certified Eligible Holder of all of its Rights, in whole, to a single Eligible Affiliate or (iii) as otherwise provided in the Backstop Rights Purchase Agreement. Once a ~~Certified Eligible Holder~~Rights Offerings Participant has exercised its Rights in accordance with these Rights Offerings Procedures, such exercise will be irrevocable. Each Rights Offerings Participant that has properly exercised its Rights represents and warrants that (i) to the extent applicable, it is duly formed, validly existing, and in good standing under the laws of the jurisdiction of its formation, (ii) it has the requisite power and authority to enter into, execute, and deliver the Subscription Form and to perform its obligations thereunder and has taken all necessary action required for the due authorization, execution, delivery, and performance thereunder, (iii) unless it is a Backstop Party, it is an Eligible Holder, as set forth in the Eligibility Certificate and (iv) it agrees that the Subscription Form constitutes a valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith, and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

i. Payment of the Subscription Purchase Price; No Interest. For Rights Offerings Participants that exercise their Rights in conformity with these Rights Offerings Procedures, the Subscription Purchase Price will be deposited and held in one or more Subscription Accounts, which accounts may be non-interest bearing. The Subscription Accounts will be maintained by the Subscription Agent for the purpose of holding the money for administration of the Rights Offerings until the Effective Date. The Subscription Agent will not use such funds for any other purpose prior to such date and will not encumber or permit such funds to be encumbered with any Lien or similar encumbrance. No interest will be paid to Certified Eligible Holders exercising Rights on account of amounts paid in connection with such exercise; provided, however, that, (i) to the extent that any portion of the Subscription Purchase Price paid to the Subscription Agent is not used to purchase Rights Offering Notes and Rights Offering Warrants, the Subscription Agent will return such portion, and any interest accrued thereon from the Subscription Deadline through the date such portion is mailed to the applicable Rights Offerings Participant, to the applicable Rights Offerings Participant within ten (10) Business Days of a determination that such funds will not be used, and (ii) if the Rights Offerings have not been consummated by the Effective Date, the Subscription Agent will return any payments made pursuant to the Rights

Offerings, and any interest accrued thereon from the Subscription Deadline through the date such portion is mailed to the applicable Rights Offerings Participant, to the applicable Rights Offerings Participant within ten (10) Business Days thereafter.

j. Distribution of Rights Offering Notes and Rights Offering Warrants. On or as soon as practicable after the Effective Date, the Subscription Agent will distribute to the Rights Offerings Participants an acknowledgement of Reorganized Patriot Coal of the number of Rights Offering Notes and Rights Offering Warrants acquired by each Rights Offerings Participant. The Rights Offering Notes and Rights Offering Warrants will not be certificated.

k. Fractional Rights. No fractional amounts of Rights Offering Warrants will be issued. The number of Rights Offering Warrants available for purchase will be rounded to the nearest number of Rights Offering Warrants.

l. Validity of Exercise of Rights. All questions concerning the timeliness, viability, form, and eligibility of any exercise of Rights will be determined by the Debtors or Reorganized Debtors, as applicable, whose good faith determinations absent manifest error will be final and binding. The Debtors or Reorganized Debtors, as applicable, in their sole discretion, reasonably exercised in good faith, may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such times as it may determine, or reject the purported exercise of any Rights that does not comply with the provisions of the Rights Offerings as set forth herein and in the Plan. Subscription Forms will be deemed not to have been received or accepted until all irregularities have been waived or corrected within such time as the Debtors or Reorganized Debtors, as applicable, determine in their sole discretion reasonably exercised in good faith. None of the Debtors, Reorganized Debtors, or the Subscription Agent will be under any duty to give notification of any defect or irregularity in connection with the exercise of Rights or the submission of Subscription Forms or incur any liability for failure to give such notification.

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-and-

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Annex A

Senior Notes Eligibility Certificate

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re	**Chapter 11**
PATRIOT COAL CORPORATION, *et al.*,	**Case No. 12-51502-659 (Jointly Administered)**
Debtors.	

INSTRUCTIONS TO SENIOR NOTES ELIGIBILITY CERTIFICATE FOR RIGHTS OFFERINGS IN CONNECTION WITH THE DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

If you are an Eligible Holder (including a transferee of an Eligible Holder), this and wish to participate in the Rights Offerings, this Senior Notes Eligibility Certificate must be returned so as to be actually received by the Subscription Agent no later than 5:00 p.m. (prevailing Central Time) on November 27, 2013. If you do not return this form, you will instead receive your Ratable Share of the Senior Notes Class Cash Consideration under the Plan.

If you are not an Eligible Holder, you do not return this form. You will receive your Ratable Share of the Convenience Senior Notes Class Cash Consideration under the Plan.

The *Disclosure Statement for Debtors' First Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated October 9, 2013* [ECF No. 4763[●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "**Disclosure Statement**") has been prepared and filed pursuant to section 1125 of chapter 11, title 11 of the United States Code (the "**Bankruptcy Code**") and describes the terms and provisions of the *Debtors' First Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated October 9, 2013* [ECF No. 4762[●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "**Plan**"). The Debtors' *Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into A Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection With the Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures*, dated October 18, 2013 [ECF No. 4834] (the "**Rights Offerings Motion**") has been filed, including the Rights Offerings Procedures attached thereto as Exhibit A (the "**Rights Offerings Procedures**"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan and the Rights Offerings Procedures, as applicable.

Pursuant to the Plan, Eligible Holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and Allowed General Unsecured Claims and the Backstop Parties are entitled to participate in the Rights Offerings, as further described in the Rights Offerings Procedures. An "Eligible Holder" is a holder of an Allowed Senior Notes Claim, Allowed Convertible

Notes Claim and/or Allowed General Unsecured Claim that is (i) a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act, or an entity in which all of the equity owners are such "qualified institutional buyers," or (ii) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6) or (7) of the Securities Act, or an entity in which all of the equity owners are such "accredited investors," in each case as such Holder certifies on its Eligibility Certificate that is timely returned. Eligible Holders of Allowed Senior Notes Claims that do not return a Senior Notes Eligibility Certificate will instead their Ratable Share of the Senior Notes Class Cash Consideration under the Plan.

See the Plan, the Disclosure Statement, the Plan Supplement, the Rights Offerings Motion and the Rights Offerings Procedures and the documents referenced therein for a complete description of the Rights Offerings (the "**Rights Offerings Documents**"). The Plan Supplement may be filed with the United States Bankruptcy Court for the Eastern District of Missouri (the "**Bankruptcy Court**") no later than five (5) days prior to the Voting Deadline (the "**Plan Supplement Mailing Date**"), and will include the form of the Reorganized Debtors' organizational documents, the form of the Rights Offering Notes and Related Rights Offering Notes Indenture, the form of the Rights Offering Warrants and related Rights Offering Warrant Agreement, and the form of the Stockholders' Agreement. Copies of the Rights Offerings Documents may be obtained, free of charge, at *www.patriotcaseinfo.com* or by contacting:

Patriot Coal Corporation, *et al.*
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

You have received the attached Senior Notes Eligibility Certificate because you are a Holder as of the Rights Offerings Record Date of an Allowed Senior Notes Claim, ~~Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim,~~ or the transferee of such Allowed Claim.

Transfer of Claims: If, prior to the Eligibility Certificate Deadline, you transfer your Allowed Senior Notes ~~Claim, Allowed Convertible Notes Claim or Allowed General Unsecured~~ Claim to an Eligible Holder, (i) such transferee may have the opportunity to participate in the Rights Offerings on account of such transferred Claim and (ii) you do not need to return this Senior Notes Eligibility Certificate in respect of such transferred Claim. In order for a transferee to be offered Rights with respect to such Claim, (i) such transferee must submit ~~an~~a Senior Notes Eligibility Certificate by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)) and (ii) such transfer and all preceding transfers, if any, beginning with the transfer by the Holder of such Claim as of the Rights Offerings Record Date, must be evidenced by a Certification Period Transfer Notice delivered to the Subscription Agent (available at *www.patriotcaseinfo.com/rights.php*).

Holders with questions regarding transferring their ~~claims~~Claims may contact:

GCG, Inc. **P.O. Box 9898** **Dublin, Ohio 43017-5798** **Toll Free: (877) 600-6531** **International: (336) 542-5677** **E-mail: PCXInfo@gcginc.com**	***or***	**Gregory Gennady Plotko, Special Counsel** **Kramer Levin Naftalis & Frankel LLP** **1177 Avenue of the Americas** **New York, New York 10036** **Telephone: (212) 715-9149** **E-mail: GPlotko@kramerlevin.com**

To properly complete and submit this Senior Notes Eligibility Certificate:

1. **Review** the amount of your Allowed Senior Notes Claim~~, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim~~ set forth below in Section 1 ~~(except for the Backstop Parties)~~.

2. **Complete** the Eligibility Certification in Section 2.

3. **Initial** next to the applicable paragraph in Section 3a (Accredited Investor Certification) or 3b (Qualified Institutional Buyer Certification).

4. **Complete** the Nominee Confirmation of Ownership or DTC Information, as applicable, in Section 4.

5. **Return** ~~the~~this Senior Notes Eligibility Certificate ~~and the Certification Period Transfer Notice (if applicable)~~ to the Subscription Agent on or before 5:00 p.m. (prevailing Central Time) on the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)) and, **for transferees only**, return the Certification Period Transfer Notice to the Subscription Agent by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)).

SENIOR NOTES ELIGIBILITY CERTIFICATE FOR RIGHTS OFFERINGS IN CONNECTION WITH THE DEBTORS' ~~FIRST AMENDED~~ JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Section 1: Confirmation of Ownership

Your ownership of an Allowed Senior Notes ~~Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured~~ Claim must be confirmed in order to be eligible to receive Rights ~~or~~and New Common Stock~~, as applicable~~.

~~Each Holder that holds an Allowed~~If your Senior Notes ~~Claim and/or an Allowed Convertible Notes Claim must forward its Eligibility Certificate to the~~**are** held in "street name" by a bank, brokerage house, or other financial institution (each, a "**Nominee**")~~ that holds the Eligible Holder's~~, you must forward your Senior Notes ~~and/or Convertible Notes in "street name"~~Eligibility Certificate to the Nominee with sufficient time for the Nominee to complete the "**Nominee Certification**" in section 4 of this Senior Notes Eligibility Certificate (including providing the Nominee's medallion guarantee) and for the Nominee to deliver the Senior Notes Eligibility Certificate to the Subscription Agent on or before the Eligibility Certificate Deadline.

If your Senior Notes **are not** held in "street name" by a Nominee, you must complete the DTC Information in section 4 of this Senior Notes Eligibility Certificate.

Item 1~~a~~. Amount of Allowed Senior Notes Claim(s). I certify that I hold Allowed Senior Notes Claims in the following principal amount (upon stated maturity) set forth in the box below or that I am the authorized signatory of that beneficial owner. For purposes of this Subscription Form, do not adjust the principal amount for any accrued or unmatured interest or any accretion factor. The Subscription Agent has taken this into account in its calculation of your allocated Rights Offering Notes and Rights Offering Warrants.

$

Section 2: Eligibility Certification

Eligible Holders: In order to receive (i) Rights and (ii) its Ratable Share of the Senior Notes Stock Allocation under the Plan, the respondent must

1. be either (i) a Qualified Institutional Buyer or (ii) an Accredited Investor;
2. answer "Yes" to either Question 1 **or** Question 2 below; and
3. return this Senior Notes Eligibility Certificate to GCG, Inc. by 5:00 p.m. (prevailing Central Time) on November 27, 2013.

Question 1. Is the respondent an "Accredited Investor"? ___Yes ___No

If Yes, please indicate which category (e.g. 1 through 8) of the definition of Accredited Investor in Item 3a the respondent falls under: ___

If the answer to this Question 1 is marked "Yes," the respondent shall proceed to Section 3. If the answer to this Question 1 is marked "No," the respondent shall proceed to Question 2.

Question 2. Is the respondent a "Qualified Institutional Buyer"? ___Yes ___No

If Yes, please indicate which category (e.g. 1 through 14) of the definition of Qualified Institutional Buyer in Item 3b the respondent falls under: ___

IN WITNESS WHEREOF, I certify that I (i) am an authorized signatory of the Holder indicated below, (ii) executed this Senior Notes Eligibility Certificate on the date set forth below and (iii) confirm that this Senior Notes Eligibility Certificate (x) contains accurate representations with respect to the undersigned and (y) is a certification to the Debtors and the Bankruptcy Court.

_____
(Signature)

By:_____
(Please Print or Type)

Title:_____
(Please Print or Type)

Address, telephone number and facsimile number:

_____

_____

_____

Certain communications during these Rights Offerings will be performed via e-mail. For that reason, you are required to provide your e-mail address below:

_____
(E-Mail Address)

Section 3

Item 3a. Accredited Investor Certification.

Please indicate the basis on which you would be deemed an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6), or (7) of the Securities Act by initialing the appropriate line provided below:

"Accredited investor" pursuant to Regulation D promulgated under the Securities Act shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

1. Any bank as defined in section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act whether in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934 (as amended from time to time, the "Exchange Act"); any insurance company as defined in section 2(13) of the Securities Act; any investment company registered under the Investment Company Act or a business development company as defined in section 2(a) (48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958, as amended; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors; _____ initials

2. Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act; _____ initials

3. Any organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), corporation, or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;
_____ initials

5. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000; _____ initials

6. Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
_____ initials

7. Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in ss.230.506(b)(2)(ii); and _____ initials

8. Any entity in which all of the equity owners are accredited investors. _____ initials

Item 3b. Qualified Institutional Buyer Certification.

Please indicate the basis on which you would be deemed a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act by initialing the appropriate line provided below:

"Qualified institutional buyer" within the meaning of Rule 144A of the Securities Act means any of the following entities, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the entity:

1. Any insurance company as defined in section 2(a)(13) of the Securities Act; _____ initials

2. Any investment company registered under the Investment Company Act or any business development company as defined in section 2(a)(48) of the Investment Company Act; _____ initials

3. Any small business investment company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; _____ initials

4. Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees; _____ initials

5. Any employee benefit plan within the meaning of title I of the Employee Retirement Income Security Act of 1974; _____ initials

6. Any trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in paragraph (1)(D) or (E) above, except trust funds that include as participants individual retirement accounts or H.R. 10 plans; _____ initials

7. Any business development company as defined in section 202(a)(22) of the Investment Advisers Act; _____ initials

8. Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation (other than a bank as defined in section 3(a)(2) of the Securities Act or a savings and loan association or other institution referenced in section 3(a)(5)(A) of the Securities Act or a foreign bank or savings and loan association or equivalent institution), partnership, or Massachusetts or similar business trust; and _____ initials

9. Any investment adviser registered under the Investment Advisers Act; _____ initials

10. Any dealer registered pursuant to section 15 of the Exchange Act acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $10 million of securities of issuers that are not affiliated with the dealer, provided, that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer; _____ initials

11. Any dealer registered pursuant to section 15 of the Exchange Act acting in a riskless principal transaction on behalf of a qualified institutional buyer; _____ initials

12. Any investment company registered under the Investment Company Act, acting for its own account or for the accounts of other qualified institutional buyers, that is part of a family of investment companies which own in the aggregate at least $100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies. "Family of investment companies" means any two or more investment companies registered under the Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), provided that, for purposes of this section: _____ initials

    Each series of a series company (as defined in Rule 18f-2 under the Investment Company Act) shall be deemed to be a separate investment company; and

    Investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor);

13. Any entity, all of the equity owners of which are qualified institutional buyers, acting for its own account or the accounts of other qualified institutional buyers; and _____ initials

14. Any bank as defined in section 3(a)(2) of the Securities Act, any savings and loan association or other institution as referenced in section 3(a)(5)(A) of the Securities Act, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least $25 million as demonstrated in its latest annual financial statements, as of a date not more than 16 months preceding the date of sale under the rule in the case of a U.S. bank or savings and loan association, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution.; _____ initials

For purposes of the foregoing definition:

In determining the aggregate amount of securities owned and invested on a discretionary basis by an entity, the following instruments and interests shall be excluded: bank deposit notes and certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.

The aggregate value of securities owned and invested on a discretionary basis by an entity shall be the cost of such securities, except where the entity reports its securities holdings in its financial statements on the basis of their market value, and no current information with respect to the cost of those securities has been published. In the latter event, the securities may be valued at market for purposes of the foregoing definition.

In determining the aggregate amount of securities owned by an entity and invested on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with generally accepted accounting principles may be included if the investments of such subsidiaries are managed under the direction of the entity, except that, unless

the entity is a reporting company under section 13 or 15(d) of the Exchange Act, securities owned by such subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in the consolidated financial statements of another enterprise.

For purposes of this section, "riskless principal transaction" means a transaction in which a dealer buys a security from any person and makes a simultaneous offsetting sale of such security to a qualified institutional buyer, including another dealer acting as riskless principal for a qualified institutional buyer.

Section 4

NOMINEE CONFIRMATION OF OWNERSHIP

Your ownership of Senior Notes must be confirmed to participate in the Rights Offerings

The Nominee holding your Senior Notes must complete the box below on your behalf.

For Use by Nominee Only

Nominee Name: _____

Date: _____

Nominee's DTC Participant Number: _____

Contact Person at Nominee: _____

Contact Telephone Number: _____

Contact E-Mail Address: _____

Account Number for the Beneficial Holder Submitting this Senior Notes Eligibility Certificate: _____

Principal Amount of Senior Notes (bearing CUSIP Number 70336TAC8) held in this account number as of the date hereof: _____

Medallion Guarantee:

DTC INFORMATION

For Use by Eligible Holders of Allowed Senior Notes Claims that do not use a Nominee to hold such Eligible Holder's Senior Notes in "street name."

Eligible Holder Name:

_____

Date: _____

Eligible Holder's DTC Participant Number:

_____

Eligible Holder's DTC Participant Name:

_____

Contact Person at Eligible Holder:

_____

Contact Telephone Number: _____

Contact E-Mail Address: _____

Account Name for the Eligible Holder Submitting this Senior Notes Eligibility Certificate: _____

Account Number for the Eligible Holder Submitting this Senior Notes Eligibility Certificate: _____

Principal Amount of Senior Notes (bearing CUSIP Number 70336TAC8) held in this account number as of the date hereof: _____

Annex B

Convertible Notes/GUC Eligibility Certificate

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re **PATRIOT COAL CORPORATION, *et al.*,** **Debtors.**	**Chapter 11** **Case No. 12-51502-659** **(Jointly Administered)**

INSTRUCTIONS TO CONVERTIBLE NOTES/GUC ELIGIBILITY CERTIFICATE FOR RIGHTS OFFERINGS IN CONNECTION WITH THE DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

If you are an Eligible Holder (including a transferee of an Eligible Holder) and wish to participate in the Rights Offerings, this Convertible Notes/GUC Eligibility Certificate must be returned so as to be actually received by the Subscription Agent no later than 5:00 p.m. (prevailing Central Time) on November 27, 2013. If you do not return this form, you will instead receive your Ratable Share of the Convenience Class Consideration under the Plan.

If you are not an Eligible Holder, do not return this form. You will receive your Ratable Share of the Convenience Class Consideration under the Plan.

The *Disclosure Statement for Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [ECF No. [●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "**Disclosure Statement**") has been prepared and filed pursuant to section 1125 of chapter 11, title 11 of the United States Code (the "**Bankruptcy Code**") and describes the terms and provisions of the *Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [ECF No. [●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "**Plan**"). The Debtors' *Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into A Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection With the Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures*, dated October 18, 2013 [ECF No. 4834] (the "**Rights Offerings Motion**") has been filed, including the Rights Offerings Procedures attached thereto as Exhibit A (the "**Rights Offerings Procedures**"). Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan and the Rights Offerings Procedures, as applicable.

Pursuant to the Plan, Eligible Holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and Allowed General Unsecured Claims and the Backstop Parties are entitled to participate in the Rights Offerings, as further described in the Rights Offerings Procedures. An "Eligible Holder" is a holder of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim that is (i) a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act, or an entity in which all of the

equity owners are such "qualified institutional buyers," or (ii) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6) or (7) of the Securities Act, or an entity in which all of the equity owners are such "accredited investors," in each case as such Holder certifies on its Eligibility Certificate that is timely returned. Eligible Holders of Allowed Convertible Notes Claim(s) or Allowed General Unsecured Claim(s) that do not return a Convertible Notes/GUC Eligibility Certificate will instead receive their Ratable Share of the Convenience Class Consideration under the Plan.

See the Plan, the Disclosure Statement, the Plan Supplement, the Rights Offerings Motion and the Rights Offerings Procedures and the documents referenced therein for a complete description of the Rights Offerings (the "**Rights Offerings Documents**"). The Plan Supplement may be filed with the United States Bankruptcy Court for the Eastern District of Missouri (the "**Bankruptcy Court**") no later than five (5) days prior to the Voting Deadline (the "**Plan Supplement Mailing Date**"), and will include the form of the Reorganized Debtors' organizational documents, the form of the Rights Offering Notes and Related Rights Offering Notes Indenture, the form of the Rights Offering Warrants and related Rights Offering Warrant Agreement, and the form of the Stockholders' Agreement. Copies of the Rights Offerings Documents may be obtained, free of charge, at *www.patriotcaseinfo.com* or by contacting:

Patriot Coal Corporation, *et al*.
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

You have received the attached Convertible Notes/GUC Eligibility Certificate because you are a Holder as of the Rights Offerings Record Date of an Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim, or the transferee of such Allowed Claim.

Transfer of Claims: If, prior to the Eligibility Certificate Deadline, you transfer your Allowed Convertible Notes Claim or Allowed General Unsecured Claim to an Eligible Holder, (i) such transferee may have the opportunity to participate in the Rights Offerings on account of such transferred Claim and (ii) you do not need to return this Convertible Notes/GUC Eligibility Certificate in respect of such transferred Claim. In order for a transferee to be offered Rights with respect to such Claim, (i) such transferee must submit a Convertible Notes/GUC Eligibility Certificate by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)) and (ii) such transfer and all preceding transfers, if any, beginning with the transfer by the Holder of such Claim as of the Rights Offerings Record Date, must be evidenced by a Certification Period Transfer Notice delivered to the Subscription Agent (available at *www.patriotcaseinfo.com/rights.php*).

Holders with questions regarding transferring their Claims may contact:

GCG, Inc. **P.O. Box 9898** **Dublin, Ohio 43017-5798** **Toll Free: (877) 600-6531** **International: (336) 542-5677** **E-mail: PCXInfo@gcginc.com**	***or***	**Gregory Gennady Plotko, Special Counsel** **Kramer Levin Naftalis & Frankel LLP** **1177 Avenue of the Americas** **New York, New York 10036** **Telephone: (212) 715-9149** **E-mail: GPlotko@kramerlevin.com**

To properly complete and submit this Convertible Notes/GUC Eligibility Certificate:

6. **Review** the amount of your Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim set forth below in Section 1 (except for the Backstop Parties).

7. **Complete** the Eligibility Certification in Section 2.

8. **Initial** next to the applicable paragraph in Section 3a (Accredited Investor Certification) or 3b (Qualified Institutional Buyer Certification).

9. **Complete** the Nominee Confirmation of Ownership or DTC Information, as applicable, in Section 4.

10. **Return** this Convertible Notes/GUC Eligibility Certificate to the Subscription Agent on or before 5:00 p.m. (prevailing Central Time) on the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)) and, **for transferees only**, return the Certification Period Transfer Notice to the Subscription Agent by the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)).

CONVERTIBLE NOTES/GUC ELIGIBILITY CERTIFICATE FOR RIGHTS OFFERINGS IN CONNECTION WITH THE DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Section 1: Confirmation of Ownership

Your ownership of an Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim must be confirmed in order to be eligible to receive Rights and New Common Stock.

If your Convertible Notes **are** held in "street name" by a bank, brokerage house, or other financial institution (each, a "**Nominee**"), you must forward your Convertible Notes/GUC Eligibility Certificate to the Nominee with sufficient time for the Nominee to complete the "**Nominee Certification**" in section 4 of this Convertible Notes/GUC Eligibility Certificate (including providing the Nominee's medallion guarantee) and for the Nominee to deliver the Convertible Notes/GUC Eligibility Certificate to the Subscription Agent on or before the Eligibility Certificate Deadline.

If your Convertible Notes **are not** held in "street name," or you only hold an Allowed General Unsecured Claim, you must complete the DTC Information in Section 4 of this Convertible Notes/GUC Eligibility Certificate.

Item 1~~b~~a. Amount of Allowed Convertible Notes Claim(s). I certify that I hold Allowed Convertible Notes Claims in the following principal amount (upon stated maturity) set forth in the box below or that I am the authorized signatory of that beneficial owner. For purposes of this Subscription Form, do not adjust the principal amount for any accrued or unmatured interest or any accretion factor. The Subscription Agent has taken this into account in its calculation of your allocated Rights Offering Notes and Rights Offering Warrants.

$

Item 1~~c~~B. Amount of Allowed General Unsecured Claim(s). I certify that I hold Allowed General Unsecured Claims in the following principal amount (upon stated maturity) set forth in the box below or that I am the authorized signatory of that beneficial owner. For purposes of this Subscription Form, do not adjust the principal amount for any accrued or unmatured interest or any accretion factor. The Subscription Agent has taken this into account in its calculation of your allocated Rights Offering Notes and Rights Offering Warrants.

	Debtor Name
$	

Section 2: Eligibility Certification

Eligible Holders: In order to receive (i) Rights and (ii) its Ratable Share of the ~~Senior Notes~~GUC Stock Allocation ~~or GUC Allocation, as applicable,~~ under the Plan, the respondent must

~~1~~4. be either (i) a Qualified Institutional Buyer or (ii) an Accredited Investor;

~~2~~5. answer "Yes" to either Question 1 **or** Question 2 below; and

~~3~~6. return ~~the~~this Convertible Notes/GUC Eligibility Certificate to GCG, Inc. by 5:00 p.m. (prevailing Central Time) on November 27, 2013.

Question 1. Is the respondent an "Accredited Investor"? ___Yes ___No

If Yes, please indicate which category (e.g. 1 through 8) of the definition of Accredited Investor in Item 3a the respondent falls under: ___

If the answer to this Question 1 is marked "Yes," the respondent shall proceed to Section 3. If the answer to this Question 1 is marked "No," the respondent shall proceed to Question 2.

Question 2. Is the respondent a "Qualified Institutional Buyer"? ___Yes ___No

If Yes, please indicate which category (e.g. 1 through ~~13~~14) of the definition of Qualified Institutional Buyer in Item 3b the respondent falls under: ___

IN WITNESS WHEREOF, I certify that I (i) am an authorized signatory of the Holder indicated below, (ii) executed this Convertible Notes/GUC Eligibility Certificate on the date set forth below and (iii) confirm that this Convertible Notes/GUC Eligibility Certificate (x) contains accurate representations with respect to the undersigned and (y) is a certification to the Debtors and the Bankruptcy Court.

_____
(Signature)

By:_____
(Please Print or Type)

Title:_____
(Please Print or Type)

Address, telephone number and facsimile number:

_____

_____

_____

Certain communications during these Rights Offerings will be performed via e-mail. For that reason, you are required to provide your e-mail address below:

_____
(E-Mail Address)

Section 3

Item 3a. Accredited Investor Certification.

Please indicate the basis on which you would be deemed an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6), or (7) of the Securities Act by initialing the appropriate line provided below:

"Accredited investor" pursuant to Regulation D promulgated under the Securities Act shall mean any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

1. Any bank as defined in section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act whether in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934 (as amended from time to time, the "Exchange Act"); any insurance company as defined in section 2(13) of the Securities Act; any investment company registered under the Investment Company Act or a business development company as defined in section 2(a) (48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958, as amended; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors; _____ initials

2. Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act; _____ initials

3. Any organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), corporation, or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;
_____ initials

5. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000; _____ initials

6. Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;
_____ initials

7. Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in ss.230.506(b)(2)(ii); and _____ initials

8. Any entity in which all of the equity owners are accredited investors. _____ initials

Item 3b. Qualified Institutional Buyer Certification.

Please indicate the basis on which you would be deemed a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act by initialing the appropriate line provided below:

"Qualified institutional buyer" within the meaning of Rule 144A of the Securities Act means any of the following entities, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the entity:

1. Any insurance company as defined in section 2(a)(13) of the Securities Act; _____ initials

2. Any investment company registered under the Investment Company Act or any business development company as defined in section 2(a)(48) of the Investment Company Act; _____ initials

3. Any small business investment company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; _____ initials

4. Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees; _____ initials

5. Any employee benefit plan within the meaning of title I of the Employee Retirement Income Security Act of 1974; _____ initials

6. Any trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in paragraph (1)(D) or (E) above, except trust funds that include as participants individual retirement accounts or H.R. 10 plans; _____ initials

7. Any business development company as defined in section 202(a)(22) of the Investment Advisers Act; _____ initials

8. Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation (other than a bank as defined in section 3(a)(2) of the Securities Act or a savings and loan association or other institution referenced in section 3(a)(5)(A) of the Securities Act or a foreign bank or savings and loan association or equivalent institution), partnership, or Massachusetts or similar business trust; and _____ initials

9. Any investment adviser registered under the Investment Advisers Act; _____ initials

10. Any dealer registered pursuant to section 15 of the Exchange Act acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $10 million of securities of issuers that are not affiliated with the dealer, provided, that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer; _____ initials

11. Any dealer registered pursuant to section 15 of the Exchange Act acting in a riskless principal transaction on behalf of a qualified institutional buyer; _____ initials

12. Any investment company registered under the Investment Company Act, acting for its own account or for the accounts of other qualified institutional buyers, that is part of a family of investment companies which own in the aggregate at least $100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies. "Family of investment companies" means any two or more investment companies registered under the Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), provided that, for purposes of this section: _____ initials

    Each series of a series company (as defined in Rule 18f-2 under the Investment Company Act) shall be deemed to be a separate investment company; and

    Investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor);

13. Any entity, all of the equity owners of which are qualified institutional buyers, acting for its own account or the accounts of other qualified institutional buyers; and_____ initials

14. Any bank as defined in section 3(a)(2) of the Securities Act, any savings and loan association or other institution as referenced in section 3(a)(5)(A) of the Securities Act, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other qualified institutional buyers, that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least $25 million as demonstrated in its latest annual financial statements, as of a date not more than 16 months preceding the date of sale under the rule in the case of a U.S. bank or savings and loan association, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution.; _____ initials

For purposes of the foregoing definition:

In determining the aggregate amount of securities owned and invested on a discretionary basis by an entity, the following instruments and interests shall be excluded: bank deposit notes and certificates of deposit; loan participations; repurchase agreements; securities owned but subject to a repurchase agreement; and currency, interest rate and commodity swaps.

The aggregate value of securities owned and invested on a discretionary basis by an entity shall be the cost of such securities, except where the entity reports its securities holdings in its financial statements on the basis of their market value, and no current information with respect to the cost of those securities has been published. In the latter event, the securities may be valued at market for purposes of the foregoing definition.

In determining the aggregate amount of securities owned by an entity and invested on a discretionary basis, securities owned by subsidiaries of the entity that are consolidated with the entity in its financial statements prepared in accordance with generally accepted accounting principles may be included if the investments of such subsidiaries are managed under the direction of the entity, except that, unless

the entity is a reporting company under section 13 or 15(d) of the Exchange Act, securities owned by such subsidiaries may not be included if the entity itself is a majority-owned subsidiary that would be included in the consolidated financial statements of another enterprise.

For purposes of this section, “riskless principal transaction” means a transaction in which a dealer buys a security from any person and makes a simultaneous offsetting sale of such security to a qualified institutional buyer, including another dealer acting as riskless principal for a qualified institutional buyer.

Section 4

NOMINEE CONFIRMATION OF OWNERSHIP

Your ownership of ~~Senior Notes and/or~~ Convertible Notes must be ~~must be~~ confirmed to participate in the Rights Offerings

The Nominee holding ~~your Senior Notes and/or~~ your Convertible Notes must complete the box below on your behalf.

For Use by Nominee Only

Nominee Name: _____

Date: _____

Nominee's DTC Participant Number: _____

Contact Person at Nominee: _____

Contact Telephone Number: _____

Contact E-Mail Address: _____

Account Number for the Beneficial Holder Submitting this Convertible Notes/GUC Eligibility ~~Certification~~Certificate: _____

~~**Principal Amount of Senior Notes (bearing CUSIP Number 70336TAC8) held in this account number as of the date hereof:** _____~~

Principal Amount of Convertible Notes (bearing CUSIP Number 70336TAA2) held in this account number as of the date hereof: _____

Medallion Guarantee:

DTC INFORMATION

For Use by Eligible Holders of ~~Allowed Senior Notes Claims,~~ (1) Allowed General Unsecured Claims and/or (2) Allowed Convertible Notes Claims that do not use a Nominee to hold such Eligible Holder's ~~Senior Notes and/or~~ Convertible Notes in "street name."

Eligible Holder Name:
_____

Date: _____

Eligible Holder's DTC Participant Number:
_____

Eligible Holder's DTC Participant Name:
_____

Contact Person at Eligible Holder:
_____

Contact Telephone Number: _____

Contact E-Mail Address: _____

Account Name for the Eligible Holder Submitting this Convertible Notes/GUC Eligibility ~~Certification~~Certificate: _____

Account Number for the Eligible Holder Submitting this Convertible Note/GUC Eligibility ~~Certification~~Certificate: _____

~~**Principal Amount of Senior Notes (bearing CUSIP Number 70336TAC8) held in this account number as of the date hereof: _____**~~

Principal Amount of Convertible Notes (bearing CUSIP Number 70336TAA2) held in this account number as of the date hereof: _____

Annex ~~B~~C

Subscription Form

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re	**Chapter 11**
PATRIOT COAL CORPORATION, *et al.*,	**Case No. 12-51502-659** **(Jointly Administered)**
Debtors.	

INSTRUCTIONS TO SUBSCRIPTION FORM FOR CERTIFIED ELIGIBLE HOLDERS OF ALLOWED SENIOR NOTES CLAIMS, GENERAL UNSECURED CLAIMS AND CONVERTIBLE NOTES CLAIMS AND THE BACKSTOP PARTIES FOR RIGHTS OFFERINGS IN CONNECTION WITH THE DEBTORS' ~~FIRST AMENDED~~ JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

The Subscription Deadline is 5:00 p.m. (prevailing Central Time) on December 10, 2013. In order to participate in the Rights Offerings, this Subscription Form and payment of the Subscription Purchase Price must be actually received by the Subscription Agent by that time, unless provided otherwise herein.

The *Disclosure Statement for Debtors' ~~First~~Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code~~, dated October 9, 2013~~* [ECF No. ~~4763~~[●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "**Disclosure Statement**") has been prepared and filed pursuant to section 1125 of chapter 11, title 11 of the United States Code (the "**Bankruptcy Code**") and describes the terms and provisions of the *Debtors' ~~First~~Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code~~, dated October 9, 2013* [ECF No. ~~4762~~[●]] (as hereafter amended or modified, and including all appendices, exhibits, schedules and supplements thereto, the "Plan"). The Debtors' *Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into A Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection With the Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures*, dated October 18, 2013 [ECF No. 4834] (the "**Rights Offerings Motion**") has been filed, including the Rights Offerings Procedures attached thereto as Exhibit A (the "**Rights Offerings Procedures**"). On November [●], 2013, the United States Bankruptcy Court for the Eastern District of Missouri entered the *Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into a Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection With the Debtors' ~~First~~Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures* [ECF No. [~~—~~●]]. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan and the Rights Offerings Procedures, as applicable.

Pursuant to the Plan, Certified Eligible Holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and Allowed General Unsecured Claims and the Backstop Parties are entitled to participate in the Rights Offerings. See the Plan, the Disclosure Statement, the Plan Supplement and the documents referenced therein for a complete description of the Rights Offerings (the "**Rights Offerings Documents**"). The Plan Supplement may be filed with the United States Bankruptcy Court for the Eastern District of Missouri (the "**Bankruptcy Court**") no later than five (5) days prior to the Voting Deadline (the "**Plan Supplement Mailing Date**"), and will include the Reorganized Debtors' organizational documents, the form of Rights Offering Notes and Related Rights Offering Notes Indenture, the form of Rights Offering Warrants and related Rights Offering Warrant Agreement, and the Stockholders' Agreement. Copies of the Rights Offerings Documents may be obtained, free of charge, at *www.patriotcaseinfo.com* or by contacting:

Patriot Coal Corporation, *et al*.
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

You have received the attached Subscription Form because you are a Holder of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or an Allowed General Unsecured Claim and you certified that you are an Accredited Investor or Qualified Institutional Buyer (or that your equity owners are either all Accredited Investors or all Qualified Institutional Buyers), or are a Backstop Party. Please utilize the attached Subscription Form to execute your election. In order to elect to participate in the Rights Offerings, you must complete and return to the Subscription Agent so as to be received by the Subscription Agent no later than the Subscription Deadline: (i) the attached Subscription Form, (ii) the other documents referenced herein; and (iii) the payment of your Subscription Purchase Price (as identified in Item 2b below) by wire transfer or bank or cashier's check (collectively, the "**Rights Offerings Deliveries**"); provided, however, that the Subscription Purchase Price related to any Backstop Party's Backstop Allocation must be received on or before the Effective Date. Your election to participate in the Rights Offerings is irrevocable.

Your subscription will be processed by the Subscription Agent in accordance with the Rights Offerings Procedures, including but not limited to the procedures set forth below. Your payment of your Subscription Purchase Price will be deposited and held in one or more trust accounts, escrow accounts, treasury accounts, or similar segregated accounts, which may be non-interest bearing accounts (the "**Subscription Accounts**"). The Subscription Accounts will be maintained by the Subscription Agent for the purpose of holding the money for administration of the Rights Offerings until the Effective Date or such other date, at the option of the Debtors or Reorganized Debtors, as set forth in the Rights Offerings Procedures. The Subscription Agent will not use such funds for any other purpose prior to such date and will not encumber or permit such funds to be encumbered with any claims, liens, encumbrances or other liabilities.

The Rights may not be sold, transferred, or assigned, except in connection with the transfer by a Rights Offerings Participant of the corresponding Senior Notes Claim, General Unsecured Claim or Convertible Notes Claim, as evidenced by a Post-Certification Period Transfer Notice delivered to the Subscription Agent; provided, however, that the Rights may be transferred to Eligible Affiliates or as otherwise provided in the Backstop Rights Purchase Agreement.

No interest will be paid to entities exercising Rights on account of amounts paid in connection with such exercise; provided, however, that the Subscription Agent will return any payments made pursuant to the Rights ~~Offering~~Offerings, and any interest accrued thereon from the Subscription Deadline: (i) to the extent that any portion of the Subscription Purchase Price paid to the Subscription Agent is not used to purchase Rights Offering Notes and Rights Offering Warrants, the Subscription Agent will return such ratable portion, and any ratable interest accrued thereon from the Subscription Deadline through the date such portion is mailed to the applicable Rights Offerings Participant, to the applicable Rights Offerings Participant within ten (10) Business Days of a determination that such funds will not be used; and (ii) if the Rights Offerings are cancelled or otherwise has not been consummated by the Effective Date, the Subscription Agent will return any payments made pursuant to the Rights ~~Offering~~Offerings, and any interest accrued thereon from the Subscription Deadline through the date such portion is mailed to the applicable Rights Offerings Participant, to the applicable Rights Offerings Participant within ten (10) Business Days thereafter.

The Rights Offerings Procedures are hereby incorporated by reference as if fully set forth herein.

Please review the Rights Offerings Documents for further information. Copies of such documents may be accessed, free of charge, at *www.patriotcaseinfo.com* or obtained by contacting:

Patriot Coal Corporation, *et al.*
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

Questions. If you have any questions about this Subscription Form or the subscription procedures described herein, please contact the Subscription Agent at (877) 600-6531 (toll free).

Important Transfer Restriction. A Rights Offerings Participant's Rights shall not be transferable, other than by transfer of such Rights, in whole, to a single Eligible Affiliate or in connection with the transfer by a Rights Offerings Participant of the corresponding Claim(s) to a Certified Eligible Holder, as evidenced by a Post-Certification Period Transfer Notice delivered to the Subscription Agent, or as provided in the Backstop Rights Purchase

Agreement. The form of Post-Certification Period Transfer Notice is available at *www.patriotcaseinfo.com/rights.php*.

If the Rights Offerings Deliveries are not received by the Subscription Agent by the Subscription Deadline, your unexercised Rights will automatically be relinquished, and you shall have no further interest in the Rights.

To subscribe for the Rights Offering Notes and Rights Offering Warrants pursuant to the Rights Offerings:

1. **Review** the amount of your Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim set forth below in Item 1 (except for the Backstop Parties).

2. **Review** your maximum number of Rights Offering Notes and Rights Offering Warrants in Item 4a.

   Complete Item 4b by indicating the whole number of Rights Offering Notes and Rights Offering Warrants for which you wish to subscribe, Item 4c by indicating the Oversubscription Amount and Item 4d by indicating the Subscription Purchase Price.

3. **Read and Complete** the certification, representations, warranties and covenants in Item 5.

4. **Return the Subscription Form** to the Subscription Agent so that it is actually received on or before the Subscription Deadline (December 10, 2013 at 5:00 p.m. (prevailing Central Time)).

5. **Pay the Subscription Purchase Price** to the Subscription Agent so that it is actually received on or before the Subscription Deadline (December 10, 2013 at 5:00 p.m. (prevailing Central Time)) (except for the Backstop Parties).

6. **Return your W-8 or W-9, as applicable,** to the Subscription Agent so that it is actually received on or before the Subscription Deadline (December 10, 2013 at 5:00 p.m. (prevailing Central Time). Further information is set forth in Item 7.

Participation in these Rights Offerings is voluntary, and is limited ~~to the Backstop Parties and~~ to those holders of Allowed Senior Notes Claims, Allowed Convertible Notes Claims and Allowed General Unsecured Claims and Backstop Parties who are (i) "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act of 1933, as amended (the "Securities Act"), or an entity in which all of the equity owners are such "qualified institutional buyers," or (ii) "accredited investors" within the meaning of Rule 501(a)(1), (2), (3), (5), (6), or (7) of the Securities Act, or an entity in which all of the equity owners are such "accredited investors."

SUBSCRIPTION FORM FOR RIGHTS OFFERINGS IN CONNECTION ~~IN CONNECTION~~ WITH THE DEBTORS' ~~FIRST AMENDED~~ JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

SUBSCRIPTION DEADLINE

The Subscription Deadline is 5:00 p.m. (prevailing Central Time) on December 10, 2013.

Please consult the Rights Offerings Documents for additional information with respect to this Subscription Form.

The holders of Allowed Senior Notes Claims, Allowed General Unsecured Claims and/or Allowed Convertible Notes Claims and the Backstop Parties that are (i) "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act, or an entity in which all of the equity owners are such "qualified institutional buyers," or (ii) "accredited investors" within the meaning of Rule 501(a)(1), (2), (3), (5), (6), or (7) of the Securities Act, or an entity in which all of the equity owners are such "accredited investors," are entitled to participate in the Rights Offerings, as further described in the Rights Offerings Procedures. To subscribe, fill out Items 1a and 1b below and read and complete Items 3, 5 and 6 below.

Item 1. Amount of Eligible Claim(s)

Pursuant to the Rights Offerings Procedures, each Certified Eligible Holder is entitled to participate in the Rights Offerings to the extent of such Certified Eligible Holder's claim(s) as of the Eligibility Certificate Deadline.

1a. For purposes of the Rights Offerings, your Allowed Senior Notes Claim is [●].

1b. For purposes of the Rights Offerings, your Allowed Convertible Notes Claim is [●].

1c. For purposes of the Rights Offerings, your Allowed General Unsecured Claim is [●].

Item 2. Backstop Commitment Percentage (Backstop Parties Only)

Pursuant to the Rights Offerings Procedures, each Backstop Party is entitled to participate in the Rights Offerings to the extent of such Backstop Party's Backstop Commitment Percentage of the Other Senior Notes Rights and the Backstop Allocation.

2a. For purposes of the Rights Offerings, your Backstop Commitment Percentage is [●].

Item 3. Subscription Price

The subscription price for each Rights Offering Note shall be the principal amount of such Rights Offering Note**.** The subscription price for each Rights Offering Warrant is $[●].

Item 4. Initial Allocation; Subscription Amount; Oversubscription Amount; Subscription Purchase Price; Final Allocation.

4a. Initial Allocation of Rights Offering Notes and Rights Offering Warrants.

Your Initial Allocation of Rights Offering Notes is [●] in aggregate principal amount and has been calculated as follows:

_____[●]_____ (Aggregate principal amount of Rights Offering Notes Available for [Senior Notes] / [Convertible Notes Claims and General Unsecured Claims])	×	[●] (your Allowed Senior Notes Claim/Debtor-Weighted Convertible Notes Claim/ Debtor-Weighted _____General Unsecured Claim)_____ [●] (total amount of Certified Eligible Holders' [Allowed Senior Notes Claims] / [Debtor-Weighted Allowed Convertible Notes Claims and Debtor-Weighted General Unsecured Claims])	=	_____[●]____ (Your Initial Allocation of aggregate principal amount of Rights Offering Notes)

Your Initial Allocation of Rights Offering Warrants is [●] and has been calculated as follows:

_____[●]_____ (Rights Offering Warrants Available for [Senior Notes] / [Convertible Notes and General Unsecured Claims])	×	[●] (your Allowed Senior Notes Claim/Debtor-Weighted Convertible Notes Claim/Debtor-Weighted _____General Unsecured Claim)_____ [●] (total amount of Certified Eligible Holders' [Allowed Senior Notes Claims] / [Debtor-Weighted Allowed Convertible Notes Claims and Debtor-Weighted General Unsecured Claims)	=	_____[●]____ (Your Initial Allocation of Rights Offering Warrants)

If you choose to participate in the Notes Rights Offering, you must also participate in the Warrants Rights Offering (and vice versa) by subscribing for and purchasing a proportionate share of your Initial Allocation of Notes Rights or Warrants Rights, as applicable.

4b. Subscription Amount. By filling in the following blanks, you are irrevocably agreeing to purchase the number of Rights Offering Notes and Rights Offering Warrants specified below (specify a whole number of Rights Offering Notes and Rights Offering Warrants not greater than your Initial Allocation of Rights Offering Notes and Rights Offering Warrants shown in Item 4a. above) on the terms of and subject to the conditions set forth in the Plan.

A. _____ (Indicate the aggregate principal amount of Rights Offering Notes you elect to purchase from your Initial Rights Allocation)	B. _____ (Indicate Number of Rights Offering Warrants you Elect to Purchase from your Initial Rights Allocation)	_____ (Indicate the Ratio of A:B) (Must equal [●])

4c. Oversubscription Amount. If you have agreed to purchase your full Initial Rights Allocation, pursuant to section 4b, you may agree to purchase additional Rights Offering Notes and Rights Offering Warrants to the extent that there are any Unsubscribed Rights. Such Notes and Warrants will be allocated to you in as set forth in the Rights Offerings Procedures.

By filling in the following blanks, you are irrevocably agreeing to purchase the number of Rights Offering Notes and Rights Offering Warrants specified below, to the extent allocated to you, on the terms of and subject to the conditions set forth in the Plan.

X. _____ (Indicate the aggregate principal amount of additional Rights Offering Notes you elect to purchase)	Y. _____ (Indicate Number of Rights Offering Warrants you elect to purchase)	_____ (Indicate the Ratio of X:Y) (Must equal [●])

Notwithstanding anything herein or in the Rights Offerings Documents to the contrary, your final allocation of Rights Offering Notes and Rights Offering Warrants shall be finally determined by the Debtors or Reorganized Debtors, as applicable, in accordance with the Plan, and any funds held in the Subscription Accounts pursuant to the Plan and not utilized pursuant to the Rights Offerings Procedures, the Plan, or otherwise, shall be returned to the Rights Offerings Participant in accordance with the Backstop Rights Purchase Agreement.

4d. Subscription Purchase Price.

In order for you to purchase your Subscription Amount and Oversubscription Amount, you must pay an amount equal to the Subscription Purchase Price by wire transfer or bank or cashier's check by 5:00 p.m. (prevailing Central Time) on December 10, 2013, as set forth in Item 4 below; provided, however, that the Subscription Purchase Price related to any Backstop Party's Subscription Amount and Oversubscription Amount, if any, must be paid on or before the Effective Date.

The Subscription Purchase Price equals the sum of the aggregate principal amount of Notes and the purchase price in respect of Warrants.

Notes Subscription Price

Calculate the Subscription Purchase Price in respect of Notes as follows:

1	A (the aggregate principal amount of Rights Offering Notes you elected to purchase from your Initial Rights Allocation)	_____
2	**Plus**	+
3	X (the aggregate principal amount of additional Rights Offering Notes you elected to purchase)	_____
4	**Equals**	$_____

Warrants Subscription Price

Calculate the Subscription Purchase Price in respect of Warrants as follows:

1	B (the number of Rights Offering Warrants you elected to purchase from your Initial Rights Allocation)	_____
2	**Plus**	+
3	Y (the number of additional Rights Offering Warrants you elected to purchase)	_____
4	***multiplied by***	×
5	[$●] (the subscription price for each Rights Offering Warrant)	[$●]
6	**Equals**	$_____

4e. Final Allocation. Notwithstanding anything herein or in the Rights Offerings Documents to the contrary, your final allocation of Rights Offering Notes and Rights Offering Warrants shall be finally determined by the Debtors or Reorganized Debtors, as applicable, in accordance with the Plan and any funds held in the Subscription Accounts pursuant to the Plan and not utilized pursuant to the Rights Offerings Procedures, the Plan, or otherwise, shall be returned to the Holder.

Item 5. Subscription Certifications, Representations, Warranties and Agreements.

By returning the Subscription Form:

1. I certify that (i) I am the Holder, or the authorized signatory of a Holder of the Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim identified in Item 1 (except for the Backstop Parties); (ii) I agree, or such Holder agrees, to be bound by all the terms and conditions described in the Instructions and as set forth in this Subscription Form; (iii) I have, or such Holder has, obtained a copy of the Rights Offerings Documents and all related documents and agreements and understand that the exercise of Rights pursuant to the Rights Offerings are subject to all the terms and conditions set forth in such documents and (iv) I acknowledge, or such Holder acknowledges, that the Debtors, the Backstop Parties, the Subscription Agent, and their respective affiliates and each of their (and their affiliates') respective officers, directors, equityholders, employees, members, managers, agents, attorneys, representatives, and advisors shall have no liability to any other party in interest arising from, or related to such parties' participation in, the transactions contemplated by the Rights Offerings and hereby are exculpated from any and all claims, obligations, suits, judgments, damages, rights, liabilities, or causes of action as set forth in Article 11 of the Plan.

2. The Holder represents and warrants that (i) to the extent applicable, it is duly formed, validly existing, and in good standing under the laws of the jurisdiction of its formation; and (ii) it has the requisite power and authority to enter into, execute and deliver this Subscription Form and to perform its obligations hereunder and has taken all necessary action required for due authorization, execution, delivery and performance hereunder.

3. The Holder acknowledges and understands that this Subscription Form shall not be binding on the Debtors or the Reorganized Debtors until the terms and conditions set forth in the Plan are satisfied and the Company executes a counterpart hereof. The Rights Offering Notes and Rights Offering Warrants issued to the Holder shall be the number set forth on the Company's acknowledgement signature page below. The Rights Offering Notes and Rights Offering Warrants shall not be certificated.

4. The Holder agrees that this Subscription Form constitutes a valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith, and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

5. The Holder hereby understands, represents, warrants, covenants and agrees as follows:

   (a) The Holder is (i) a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act, or an entity in which all of the equity owners are

such "qualified institutional buyers," or (ii) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (5), (6), or (7) of the Securities Act, or an entity in which all of the equity owners are such "accredited investors," in each case as established by the Holder's responses to the Certification attached to this Agreement in Item 6.

(b) The Rights Offering Notes and Rights Offering Warrants are being acquired by the Holder for the account of the Holder for investment purposes only, within the meaning of the Securities Act, and not with a view to the distribution thereof other than as permitted by the Company's organizational documents and the Stockholders' Agreement and in compliance with applicable securities laws. No one other than the Holder has any right to acquire the Rights Offering Notes and Rights Offering Warrants being acquired by the Holder.

(c) The Holder's financial condition is such that the Holder has no need for any liquidity in its investment in the Company and is able to bear the risk of holding the Rights Offering Notes and Rights Offering Warrants for an indefinite period of time and the risk of loss of its entire investment in the Company. The Holder (i) is a financial institution or other organization and its representatives are capable of evaluating the merits and risks of acquiring the Rights Offering Notes and Rights Offering Warrants, or (ii) has knowledge and experience (or the Holder has utilized the services of a representative and together they have knowledge and experience) in financial and business matters to be capable of evaluating the merits and risks of holding the Rights Offering Notes and Rights Offering Warrants and to make an informed decision relating thereto.

(d) The Holder has been given the opportunity to (i) ask questions and receive satisfactory answers concerning the terms and conditions of the Rights Offerings and (ii) obtain additional information in order to evaluate the merits and risks of an investment in the Company, and to verify the accuracy of the information contained in the Rights Offerings Documents. No statement, printed material or other information that is contrary to the information contained in any Rights Offerings Document has been given or made by or on behalf of the Company or the Backstop Parties to the Holder.

(e) The Holder acknowledges and understands that:

(i) An investment in the Company is speculative and involves significant risks.

(ii) The Rights Offering Notes and Rights Offering Warrants will be subject to certain restrictions on transferability as described in the Plan and as a result of the foregoing, the marketability of the Rights Offering Notes and Rights Offering Warrants will be severely limited.

(iii) The Holder will not transfer, sell or otherwise dispose of the Rights Offering Notes and Rights Offering Warrants in any manner that will violate the Company's organizational documents, the Stockholders' Agreement, the Securities Act or any state or foreign securities laws or subject the Company or any of its affiliates to regulation under the rules and regulations of the Securities and Exchange Commission or the laws of any other federal, state or municipal authority or any foreign governmental authority having jurisdiction thereof.

(iv) The Rights Offering Notes and Rights Offering Warrants have not been, and will not be, registered under the Securities Act or any state or foreign securities laws, and are being offered and sold in reliance upon federal, state and foreign exemptions from registration requirements for transactions not involving any public offering. The Holder recognizes that reliance upon such exemptions is based in part upon the representations of the Holder contained herein.

(v) The Holder has received and read a copy of the Company's organizational documents and the Stockholders' Agreement, and agrees the Company's organizational documents and the Stockholders' Agreement shall become binding upon the Holder upon the later of: (A) as of the date the Company accepts this subscription; and (B) the effective date of the Company's organizational documents and the Stockholders' Agreement. The Company's organizational documents and the Stockholders' Agreement will be available on the Plan Supplement Mailing Date from the Subscription Agent.

(vi) The representations and warranties by the Holder set forth in Section II.e of the Rights Offerings Procedures are hereby incorporated by reference.

(vii) Neither the Company nor the Reorganized Debtors intend to register as an investment company under the Investment Company Act of 1940, as amended ("**Investment Company Act**"), and neither the Company nor the Reorganized Debtors nor their respective managers, members or partners nor any other person or entity selected to act as an agent of the Company or the Reorganized Debtors with respect to managing their affairs, is registered as of the date hereof as an investment adviser under the Investment Advisers Act of 1940, as amended (the "**Investment Advisers Act**").

(g) The Holder is aware that: (i) no federal, state, local or foreign agency has passed upon the Rights Offering Notes and Rights Offering Warrants or made any finding or determination as to the fairness of this investment and (ii) data set forth in any Rights Offerings Documents or in any supplemental letters or

materials thereto is not necessarily indicative of future returns, if any, which may be achieved by the Company.

6. The Holder hereby acknowledges that the Company seeks to comply with all applicable anti-money laundering laws and regulations. In furtherance of such efforts, the Holder hereby represents and agrees that: (i) no part of the funds used by the Holder to acquire the Rights Offering Notes and Rights Offering Warrants has been, or shall be, directly or indirectly derived from, or related to, any activity that may contravene federal, state, or international laws and regulations, including anti-money laundering laws and regulations; and (ii) no contribution, or payment to the Company by the Holder shall cause the Company to be in violation of any applicable anti-money laundering laws and regulations including without limitation, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 and the U.S. Department of the Treasury Office of Foreign Assets Control regulations. The Holder agrees to provide the Company all information that may be reasonably requested to comply with applicable U.S. law. The Holder agrees to promptly notify the Company (if legally permitted) if there is any change with respect to the representations and warranties provided herein.

7. The Holder hereby agrees to provide such information and to execute and deliver such documents as may reasonably be necessary to comply with any and all laws, rules and regulations to which the Company, is subject.

8. The representations, warranties covenants and agreements of the Holder contained in this Subscription Form will survive the execution hereof and the distribution of the Rights Offering Notes and Rights Offering Warrants to the Holder.

9. Neither this Subscription Form nor any provision hereof shall be waived, modified, discharged, or terminated except by an instrument in writing signed by the party against whom any such waiver, modification, discharge, or termination is sought except by the Company in accordance with the Plan and the terms herein.

10. References herein to a person or entity in either gender include the other gender or no gender, as appropriate.

11. This Subscription Form may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same agreement.

12. This Subscription Form and its validity, construction and performance shall be governed in all respects by the laws of the State of New York.

13. This Subscription Form is intended to be read and construed in conjunction with the Company's organizational documents and the Stockholders' Agreement, as applicable, and the other Rights Offerings Documents pertaining to the issuance by the Company of the Rights Offering Notes and Rights Offering Warrants to the Holder. Accordingly, pursuant to the terms and conditions of this Subscription Form and such related

agreements it is hereby agreed that the execution by Holder of this Subscription Form, in the place set forth herein, shall constitute agreement to be bound by the terms and conditions hereof and the terms and conditions of the Company's organizational documents and the Stockholders' Agreement, with the same effect as if each of such separate but related agreement were separately signed.

Date: _____

Name of Holder: _____
(Print or Type)

Social Security or Federal Tax I.D. No.: _____

Signature: _____

Name of Person Signing: _____
(If other than Holder)

Title (if corporation, partnership or LLC): _____

Street Address: _____

City, State, Zip Code: _____

Contact E-mail: _____

Telephone Number: _____

[Acknowledgement Signature Page to Follow]

THIS FORM SHOULD BE RETURNED TO THE SUBSCRIPTION AGENT.

The foregoing Subscription Form is hereby accepted as of _____, 2013 (the "Acceptance Date") by Patriot Coal Corporation for _____ Warrants and _____ _____ in aggregate principal amount of Notes issued to [_____] as of the Acceptance Date.

PATRIOT COAL CORPORATION

By: _____
Name:
Title:

Item 6. Payment Instruction.

Pursuant to your irrevocable election to exercise your Rights, you must make your payment of the Subscription Purchase Price calculated in Item 4d above by wire transfer or bank or cashier's check so that it is actually received by the Subscription Agent on or before 5:00 p.m. (prevailing Central Time) on the Subscription Deadline.

Please make cashier's checks payable to "GCG, Inc. as subscription agent for Patriot Coal Corporation."

Please have wire transfers delivered to:

[BANK], New York, New York

Name of Account: [___]

Routing Number: [___]
Account Number: [___]
Bank Name: [___]

Bank Location: [___]

Special Instructions: [___]

Swift Code: [___]

Item 7. Tax Information

1. Each Holder that is a U.S. person (*i.e.*, a U.S. citizen or resident, a partnership organized under U.S. law, a corporation organized under U.S. law, a limited liability company organized under U.S. law, or an estate or trust (other than a foreign estate or trust whose income from sources without the U.S. is not includible in the beneficiaries' gross income)), must provide its taxpayer identification number on a signed IRS form W-9 to the Subscription Agent. This form is necessary for Patriot Coal Corporation to comply with its tax filing obligations and to establish that the Holder is not subject to certain withholding tax obligations applicable to non-U.S. persons. The enclosed W-9 form contains detailed instructions for furnishing this information.

2. Each Holder that is not a U.S. person or resident alien is required to provide information about its status for withholding purposes, generally on form W-8BEN (for most foreign beneficial owners), form W-8IMY (for most foreign intermediaries, flow-through entities, and certain U.S. branches), form W-8EXP (for most foreign governments, foreign central banks of issue, foreign tax-exempt organizations, foreign private foundations, and governments of certain U.S. possessions), or form W-8ECI (for most non-U.S. persons receiving income that is effectively connected with the conduct of a trade or business in the United States). Each Holder that is not a U.S. person should provide the Subscription Agent with the appropriate form W-8. Please contact the Subscription Agent if you need further information regarding these forms. Holders may also access the IRS website (www.irs.gov) to obtain the appropriate form W-8 and its instructions.

Annex ~~C~~D

W-9 Form

Form **W-9**
(Rev. August 2013)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type See **Specific Instructions** on page 2.

Name (as shown on your income tax return)

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification:
☐ Individual/sole proprietor ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____

☐ Other (see instructions) ▶

Exemptions (see instructions):
Exempt payee code (if any) _____
Exemption from FATCA reporting code (if any) _____

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number
[ ][ ][ ] – [ ][ ] – [ ][ ][ ][ ]

Employer identification number
[ ][ ] – [ ][ ][ ][ ][ ][ ][ ]

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below), and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here **Signature of U.S. person** ▶ **Date** ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. The IRS has created a page on IRS.gov for information about Form W-9, at *www.irs.gov/w9*. Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity,
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust, and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.

2. The treaty article addressing the income.

3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

4. The type and amount of income that qualifies for the exemption from tax.

5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,

2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),

3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code* on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships* on page 1.

What is FATCA reporting? The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code* on page 3 and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

Partnership, C Corporation, or S Corporation. Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA) name" on the "Business name/disregarded entity name" line.

Disregarded entity. For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulation section 301.7701-2(c)(2)(iii). Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Note. Check the appropriate box for the U.S. federal tax classification of the person whose name is entered on the "Name" line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

Limited Liability Company (LLC). If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the U.S. federal tax classification in the space provided. If you are an LLC that is treated as a partnership for U.S. federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation, as appropriate. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for U.S. federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.

Other entities. Enter your business name as shown on required U.S. federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the *Exemptions* box, any code(s) that may apply to you. See *Exempt payee code* and *Exemption from FATCA reporting code* on page 3.

Exempt payee code. Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following codes identify payees that are exempt from backup withholding:

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)

2—The United States or any of its agencies or instrumentalities

3—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities

4—A foreign government or any of its political subdivisions, agencies, or instrumentalities

5—A corporation

6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States

7—A futures commission merchant registered with the Commodity Futures Trading Commission

8—A real estate investment trust

9—An entity registered at all times during the tax year under the Investment Company Act of 1940

10—A common trust fund operated by a bank under section 584(a)

11—A financial institution

12—A middleman known in the investment community as a nominee or custodian

13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over $600 required to be reported and direct sales over $5,000[1]	Generally, exempt payees 1 through 5[2]
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

[1] See Form 1099-MISC, Miscellaneous Income, and its instructions.

[2] However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Reg. section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Reg. section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at *www.ssa.gov*. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at *www.irs.gov/businesses* and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: *A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.*

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt payee code* earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account [1]
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor [2]
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee [1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner [1]
5. Sole proprietorship or disregarded entity owned by an individual	The owner [3]
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	**Give name and EIN of:**
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity [4]
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

[1] List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

[2] Circle the minor's name and furnish the minor's SSN.

[3] You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

[4] List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

***Note.** Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to *phishing@irs.gov*. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: *spam@uce.gov* or contact them at *www.ftc.gov/idtheft* or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

Annex ~~D~~E

Certification Period Transfer Notice

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re	**Chapter 11**
PATRIOT COAL CORPORATION, *et al.*,	**Case No. 12-51502-659 (Jointly Administered)**
Debtors.	

INSTRUCTIONS TO CERTIFICATION PERIOD TRANSFER NOTICE

This Certification Period Transfer Notice must accompany the transferee's applicable Eligibility Certificate, both of which must be returned so as to be actually received by the Subscription Agent no later than 5:00 p.m. (prevailing Central Time) on November 27, 2013.

You must submit this Certification Period Transfer Notice[1] if you are the transferee, subsequent to November 6, 2013 but prior to 5:00 p.m. (prevailing Central Time) on November 27, 2013, of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim against the Debtors and wish to be offered Rights on account of such Claims. In order to be offered Rights to purchase Rights Offering Notes and Rights Offering Warrants on account of such transferred Claim, a transferee must submit this notice so as to be actually received by the Subscription Agent no later than the Eligibility Certificate Deadline (November 27, 2013 at 5:00 p.m. (prevailing Central Time)).

This notice does not substitute for the Senior Notes Eligibility Certificate ~~attached as Exhibit~~(Annex A to the Rights Offerings Procedures) or the Convertible Notes/GUC Eligibility Certificate (Annex B to the Rights Offerings Procedures). In order to be offered Rights, you must return the applicable Eligibility Certificate along with this notice. Submission by a transferee of this Certification Period Transfer Notice and an Eligibility ~~Certification~~Certificate pursuant to the Rights Offerings Procedures shall supersede any prior Eligibility ~~Certification~~Certificate submitted in respect of the Claims transferred to such transferee.

For further information, please refer to the Rights Offerings Procedures and the Instructions to the Eligibility Certificate, available (free of charge) at www.patriotcaseinfo.com/rights.php or by contacting:

Patriot Coal Corporation, et al.,
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798

1 Capitalized terms used by not otherwise defined herein shall have the meaning given to such terms in the rights offerings procedures (the "**Rights Offerings Procedures**") attached as Exhibit A to the *Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into A Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection With the Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures*, dated October 18, 2013 [ECF No. 4834].

Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

CERTIFICATION PERIOD TRANSFER NOTICE

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International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

Please take notice that, pursuant to Section II.b of the Rights Offerings Procedures, the undersigned Holder (as such term is defined in the Rights Offerings Procedures) of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim (the "**Transferor**"), has agreed to transfer to the transferee, also a Holder of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim, named below (the "**Transferee**"), its Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim identified herein and any and all rights associated therewith.

Name of Transferor:	Name of Transferee:
Federal Tax I.D. No.:	Federal Tax I.D. No.:
Street Address:	Street Address:
City, State, Zip Code:	City, State, Zip Code:
Telephone Number:	Telephone Number:
Fax:	Fax:
E-Mail:	E-Mail:
	Bank, Broker or Other Nominee that will hold the Notes transferred to the Transferee
	DTC Participant Name:
	DTC Participant Number:

Amount of Allowed Senior Notes Claims Transferred to the Transferee: $_____

Amount of Allowed Convertible Notes Claims Transferred to the Transferee: $._____

Amount of Allowed General Unsecured Claims Transferred to the Transferee: $._____

The undersigned certifies that: (i) I am an authorized signatory of the Transferor or Transferee, as applicable, (ii) the Transferor is a holder of the Claims identified herein (Transferor only) and (iii) I understand that the transfer of Claims and any associated rights is subject to the conditions listed above and all the terms and conditions set forth in the Disclosure Statement, the Plan and the Rights Offerings Procedures.

Date: November __, 2013

Name of Transferor: _____ Name of Transferee: _____

_____ _____

By: _____ By: _____
Name: Name:
Title: Title:

Annex ~~E~~F

Post-Certification Period Transfer Notice

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re	**Chapter 11**
PATRIOT COAL CORPORATION, *et al.*,	**Case No. 12-51502-659** **(Jointly Administered)**
Debtors.	

INSTRUCTIONS TO POST-CERTIFICATION PERIOD TRANSFER NOTICE

This Post-Certification Period Transfer Notice shall accompany your Subscription Form, which must be returned so as to be actually received by the Subscription Agent no later than 5:00 p.m. (prevailing Central Time) on December 10, 2013.

You must submit this Post-Certification Period Transfer Notice[1] if you are the transferee, subsequent to November 27, 2013 but prior to 5:00 p.m. (prevailing Central Time) on December 10, 2013, of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim against the Debtors along with the corresponding Rights in respect thereof. In order to exercise such Rights, you must submit this notice so as to be actually by the Subscription Agent no later than the Subscription Deadline (December 10, 2013 at 5:00 p.m. (prevailing Central Time)).

For further information, please refer to the Rights Offerings Procedures and the Instructions to the Subscription Certificate, available (free of charge) at www.patriotcaseinfo.com/rights.php or by contacting:

Patriot Coal Corporation, et al.,
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

1 Capitalized terms used by not otherwise defined herein shall have the meaning given to such terms in the rights offerings procedures (the "**Rights Offerings Procedures**") attached as Exhibit A to the *Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 363(b)(1) and 105(a) (i) Authorizing Entry Into A Backstop Purchase Agreement, (ii) Authorizing the Debtors to Conduct the Rights Offerings in Connection With the Debtors' First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and (iii) Approving Rights Offerings Procedures*, dated October 18, 2013 [ECF No. 4834].

POST-CERTIFICATION PERIOD TRANSFER NOTICE

Patriot Coal Corporation, et al.,
c/o GCG, Inc.
P.O. Box 9898
Dublin, Ohio 43017-5798
Toll Free: (877) 600-6531
International: (336) 542-5677
E-mail: PCXInfo@gcginc.com

Please take notice that, pursuant to Section II.h of the Rights Offerings Procedures, the undersigned Certified Eligible Holder (as such term is defined in the Rights Offerings Procedures) of an Allowed Senior Notes Claim, Allowed Convertible Notes Claim or Allowed General Unsecured Claim (the "**Transferor**"), has agreed to transfer to the transferee, also a Certified Eligible Holder, named below (the "**Transferee**"), its Allowed Senior Notes Claim, Allowed Convertible Notes Claim and/or Allowed General Unsecured Claim identified herein and any and all rights associated therewith.

The Transferor confirms and certifies that: the Rights and the Claims transferred to the Transferee were not offered or sold by means of any form of general solicitation or general advertising (within the meaning of Regulation D).

Name of Transferor:	Name of Transferee:
Federal Tax I.D. No.:	Federal Tax I.D. No.:
Street Address:	Street Address:
City, State, Zip Code:	City, State, Zip Code:
Telephone Number:	Telephone Number:
Fax:	Fax:
E-Mail:	E-Mail:
	Bank, Broker or Other Nominee that will hold the Notes transferred to the Transferee
	DTC Participant Name:
	DTC Participant Number:

Amount of Allowed Senior Notes Claims Transferred to the Transferee: $_____

Amount of Allowed Convertible Notes Claims Transferred to the Transferee: $_____

Amount of Allowed General Unsecured Claims Transferred to the Transferee: $_____

The undersigned certifies that: (i) I am an authorized signatory of the Transferor or Transferee, as applicable, (ii) the Transferor is a Certified Eligible Holder of the Claims identified herein (Transferor only) and (iii) I understand that the transfer of ~~Rights~~Claims and any associated rights is subject to the conditions listed above and all the terms and conditions set forth in the Disclosure Statement, the Plan and the Rights Offerings Procedures.

Date: _____, 2013

Name of Transferor: _____ Name of Transferee: _____

_____ _____

By: _____ By: _____
Name: Name:
Title: Title:

~~Date: _____, 2013~~	~~Name of transferor:~~ ~~By:~~ _____ ~~Name:~~ ~~Title:~~