

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

In re:

PATRIOT COAL CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 12-12900 (SCC)

(Jointly Administered)

**ORDER AUTHORIZING EMPLOYMENT AND RETENTION OF
BLACKSTONE ADVISORY PARTNERS L.P. AS INVESTMENT
BANKER TO THE DEBTORS
NUNC PRO TUNC TO THE PETITION DATE**

Upon the Application dated July 19, 2012 (the “**Application**”)² of Patriot Coal Corporation (“**Patriot**”) and its above-captioned debtor affiliates, as debtors and debtors in possession (collectively, the “**Debtors**”), pursuant to sections 327(a) and 328(a) of title 11 of the United States Code (the “**Bankruptcy Code**”), Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rules 2014-1 and 2016-1 of the Local Bankruptcy Rules for entry of an order authorizing the Debtors to employ and retain Blackstone Advisory Partners L.P. (the “**Advisor**”) as their investment banker, effective *nunc pro tunc* to the Petition Date under the terms and conditions set forth in that certain amended and restated engagement letter (the

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

² Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to such term in the Application.

“**Engagement Letter**”), dated August 21, 2012 (the “**Engagement Date**”), all as more fully described in the Application; and upon consideration of the *Declaration of Paul P. Huffard in Support of Application of the Debtors for Authority To Employ and Retain Blackstone Advisory Partners L.P. as Investment Banker to the Debtors Nunc Pro Tunc to the Petition Date*, sworn to on July 19, 2012 (the “**Huffard Declaration**”) and the *Declaration and Statement of Robert Gentile and Disclosure Statement of Blackstone Advisory Partners L.P. in Support of the Application of the Debtors for Authority to Employ and Retain Blackstone Advisory Partners L.P. as Investment Banker to the Debtors*, sworn to on July 19, 2012 (the “**Gentile Declaration**” and, together with the Huffard Declaration, the “**Declarations**”); and the Court being satisfied, based on the representations made in the Application and the Declarations, that (i) the Advisor does not represent or hold any interest adverse to the Debtors or their estates, (ii) the Advisor and its professionals are “disinterested persons” under section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and (iii) the terms and conditions of the Advisor’s employment, including the compensation structure set forth in the Engagement Letter, are reasonable as required by section 328(a) of the Bankruptcy Code; and the Court having jurisdiction to consider the Application and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and due and proper notice of the Application having been provided; and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Application (the “**Hearing**”); and the appearances of all interested parties having been noted in the record of the Hearing; and

upon the record of the Hearing; and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Application is in the best interests of the Debtors, their estates and creditors, and all parties in interest and that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that:

1. The Application is granted to the extent provided herein.
2. The Debtors are authorized to employ and retain the Advisor as their investment banker effective *nunc pro tunc* to the Petition Date in accordance with the terms and conditions set forth in the Engagement Letter attached as Exhibit 1 hereto, as modified herein, and incorporated by reference herein, and to pay fees to the Advisor on the terms and conditions specified in the Engagement Letter; *provided, however*, that such fees in the aggregate shall not exceed \$25 million.
3. The Advisor is authorized to provide the services detailed in the Engagement Letter in subparagraphs (a) through (m).
4. The Advisor will not, without further order of this Court, provide underwriting services to the Debtors in these chapter 11 cases and will not serve as a commitment party to any equity raise.
5. Notwithstanding anything to the contrary in the Engagement Letter, the Application or the Declarations, to the extent that the Debtors request that the Advisor perform any services other than those detailed in the Engagement Letter in subparagraphs (a) through (m), the Debtors shall seek further approval by the Court, including any related modifications to the Engagement Letter, and the application seeking

such approval shall set forth, in addition to the additional services to be performed, the additional fees sought to be paid.

6. The Debtors will reimburse the Advisor for reasonable expenses incurred in connection with the performance of its engagement under the Engagement Letter including, without limitation, fees, disbursements and other charges by the Advisor's counsel to the extent provided for in the Engagement Letter as modified by this Order (including, without limitation, pursuant to the Indemnification Provisions as modified by this Order), which counsel shall not be required to be retained pursuant to section 327 of the Bankruptcy Code or otherwise; provided however that such fees shall not include fees related to fee applications or drafting and negotiating the Engagement Letter, the Application or any related documents; provided, further, that in the event that the Advisor seeks reimbursement from the Debtors for attorneys' fees and expenses consistent with the terms of this Order, the invoices and supporting time records from such attorneys shall be included in the Advisor's own applications, both interim and final, and they shall be subject to the Fee Guidelines and the approval of the Bankruptcy Court pursuant to Sections 330 and 331 of the Bankruptcy Code.

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

8. The Indemnification Provisions set forth in the Engagement Letter and Attachment A of the Engagement Letter (the “**Indemnification Agreement**”) are approved, subject to the following modifications:

- (a) All requests of Indemnified Parties for payment of indemnity, reimbursement or contribution pursuant to the Engagement Letter shall be made by means of an application (interim or final as the case may be) and shall be subject to review by the Court to ensure that payment of such indemnity, reimbursement or contribution conforms to the terms of the Engagement Letter and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity, reimbursement or contribution is sought, provided, however, that in no event shall Indemnified Party be indemnified in the case of its own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct.
- (b) In the event that Indemnified Party seeks reimbursement from the Debtors for reasonable attorneys’ fees in connection with a request by Indemnified Party for payment of indemnity, reimbursement or contribution pursuant to the Engagement Letter, as modified by this Order, the invoices and supporting time records from such attorneys shall be included in Indemnified Party’s own application (both interim and final) and such invoices and time records shall be subject to the Fee Guidelines and the approval of the Court under the standards of sections 330 and 331 of the Bankruptcy Code without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code and without regard to whether such attorneys’ services satisfy section 330(a)(3)(C) of the Bankruptcy Code.

9. The Advisor shall file fee applications for interim and final allowance of compensation and reimbursement of expenses and shall be compensated for its services and reimbursed for any related expenses in accordance with and pursuant to the procedures set forth in sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Fee Guidelines, the Order Establishing Procedures for Interim Monthly

Compensation and Reimbursement of Expenses of Professionals, filed August 2, 2012 [ECF No. 262], and any other applicable orders of this Court; *provided, however*, that the fee applications filed by the Advisor shall be subject to review pursuant to the standard of review set forth in section 328 of the Bankruptcy Code (and not the standard of review pursuant to section 330 of the Bankruptcy Code) and solely the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”) shall be entitled to review the Advisor’s applications for payment of compensation and reimbursement of expenses of the Advisor under section 330 of the Bankruptcy Code.

10. Notwithstanding anything to the contrary in this Order, the U.S. Trustee retains all rights to object to the Advisor’s interim and final fee applications (including any Restructuring Fee, Equity Raise Fee, DIP Financing Fee or expense reimbursement) on all grounds including, but not limited to, the reasonableness standard provided for in section 330 of the Bankruptcy Code, and, solely with respect to an objection by the U.S. Trustee or on the Court’s own motion, the Court retains the right to review the interim and final applications pursuant to section 330 of the Bankruptcy Code.

11. The Advisor shall include in any fee applications time records setting forth a description of the services rendered by each professional rendering services and the amount of time spent on each date by each such individual in rendering services on behalf of the Debtors in one half-hour increments, but the Advisor shall not be required to provide or conform to any schedule of hourly rates or provide time detail in one tenth-hour (0.1) increments. Additionally, the Advisor shall assign appropriate project categories set forth in the U.S. Trustee Guidelines to each time entry contained in any applications filed in these cases.

12. The Monthly Fee, Restructuring Fee, Equity Raise Fee, and DIP Financing Fee shall be deemed earned when and upon the terms specified in the Engagement Letter.

13. Notwithstanding anything to the contrary in this Order and the Engagement Letter, the calculation of the Equity Raise Fee shall specifically exclude credit bids, claim offsets, debt recapitalization, exchanges or any other non-cash benefits provided by a debtholder or lender.

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

15. The relief granted herein shall be binding upon any chapter 11 trustee appointed in these chapter 11 cases, or upon any chapter 11 trustee appointed in the event of a subsequent conversion of these chapter 11 cases to cases under chapter 7 of the Bankruptcy Code.

16. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry, notwithstanding the possible applicability of Bankruptcy Rule 6004(h) or other Bankruptcy Rules.

17. The Advisor shall use its best efforts to avoid any duplication of services provided by any of the Debtors' other retained professionals in these chapter 11 cases.

18. To the extent the Application, the Engagement Letter any prior order or pleading in these cases is inconsistent with this Order, the terms of this Order shall govern.

19. Notwithstanding any provision to the contrary in the Application or the Engagement Letter, the Court shall retain jurisdiction to hear and to determine all matters arising from or related to implementation, interpretation and/or enforcements of this Order.

Dated: September 5, 2012
New York, New York

/s/ Shelley C. Chapman
HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

The  Group

August 21, 2012

Mr. Mark Schroeder
Senior Vice President - Chief Financial Officer
Patriot Coal Corporation
12312 Olive Boulevard
St. Louis, MO 63141

Dear Mr. Schroeder:

This amended and restated engagement letter (the "A&R Engagement Letter") confirms the understanding and agreement between Blackstone Advisory Partners L.P. ("Blackstone") and Patriot Coal Corporation (together with any affiliates and subsidiaries, the "Company") regarding the retention of Blackstone on an exclusive basis by the Company effective as of May 18, 2012 (the "Effective Date") as its investment banker for the purposes set forth herein. This A&R Engagement Letter amends and restates, in its entirety, the engagement letter between the Company and Blackstone dated June 22, 2012.

Under this A&R Engagement Letter, Blackstone will provide investment banking services to the Company in connection with a possible restructuring of certain liabilities of the Company (a "Restructuring") and will assist the Company in analyzing, structuring, negotiating and effecting a Restructuring, pursuant to the terms and conditions of this A&R Engagement Letter. As used in this A&R Engagement Letter, the term Restructuring shall mean, collectively, any restructuring, reorganization (whether or not pursuant to Chapter 11 of the United States Bankruptcy Code) and/or recapitalization of the Company affecting existing or potential debt obligations or other claims, including, without limitation, senior debt, junior debt, trade claims and general unsecured claims (collectively, the "Obligations").

The investment banking services to be rendered by Blackstone will include the following:

- (a) Assist in the evaluation of the Company's businesses and prospects;
- (b) Assist in the development of the Company's long-term business plan and related financial projections;
- (c) Assist in the development of financial data and presentations to the Company's Board of Directors, various creditors and other third parties;

- (d) Analyze the Company's financial liquidity and evaluate alternatives to improve such liquidity;
- (e) Analyze various restructuring scenarios and the potential impact of these scenarios on the recoveries of those stakeholders impacted by the Restructuring;
- (f) Provide strategic advice with regard to restructuring or refinancing the Obligations;
- (g) Evaluate the Company's debt capacity and alternative capital structures;
- (h) Participate in negotiations among the Company and its creditors, suppliers, lessors and other interested parties;
- (i) Value securities to be offered by the Company in connection with a Restructuring;
- (j) Advise the Company and negotiate with lenders with respect to potential waivers or amendments of various credit facilities;
- (k) Assist in arranging debtor-in-possession ("DIP") financing for the Company, as requested;
- (l) Provide expert witness testimony concerning any of the subjects encompassed by the other investment banking services; and
- (m) Provide such other advisory services as are customarily provided in connection with the analysis and negotiation of a Restructuring, as requested and mutually agreed.

Notwithstanding anything contained in this A&R Engagement Letter to the contrary, Blackstone shall have no responsibility for designing or implementing any initiatives to improve the Company's operations, profitability, or cash management. Blackstone makes no representations or warranties about the Company's ability to (i) successfully improve its operations, (ii) maintain or secure sufficient liquidity to operate its business, or (iii) successfully complete a Restructuring. Blackstone is retained under this A&R Engagement Letter solely to provide advice regarding a Restructuring, and is not being retained to provide "crisis management."

The Company will pay the following fees to Blackstone for its investment banking services:

- (i) a monthly advisory fee (the "Monthly Fee") in the amount of \$175,000 in cash, with the first Monthly Fee payable upon the execution of this A&R Engagement Letter by both parties and additional installments of such Monthly Fee payable in advance on each monthly anniversary of the Effective Date;
- (ii) a DIP financing fee (the "DIP Financing Fee") of 0.5% of the total facility size of any DIP financing arranged by Blackstone, payable upon funding of such a facility;

- (iii) an equity financing fee (the "Equity Raise Fee") of 4.0% of total gross proceeds received from any equity financing arranged by Blackstone during the term of this A&R Engagement Letter, payable upon consummation;
- (iv) an additional fee (the "Restructuring Fee") equal to \$6,500,000, payable in cash, upon the consummation of the Restructuring; provided, however, that 50% of any Equity Raise Fee shall be credited against the Restructuring Fee. Except as otherwise provided herein, a Restructuring shall be deemed to have been consummated upon (a) the binding execution and effectiveness of all necessary waivers, consents, amendments or restructuring agreements between the Company and its creditors involving the compromise of the face amount of the Obligations or the conversion of all or substantially all of the Obligations into alternative securities, including equity, in the case of an out-of-court restructuring; or b) the execution, confirmation, consummation and effectiveness of a Plan of Reorganization pursuant to an order of the Bankruptcy Court, in the case of an in-court restructuring; and
- (v) reimbursement of all actual, reasonable and documented out-of-pocket expenses incurred during this engagement, including, but not limited to, travel and lodging, direct identifiable data processing, document production, publishing services and communication charges, courier services, working meals, reasonable fees and expenses of Blackstone's counsel (not to exceed \$75,000 except (i) as provided in the A&R Indemnification Agreement (as defined below) and/or (ii) in the event that, as a result of or in connection with Blackstone's engagement for the Company, Blackstone becomes involved in any legal proceeding or investigation or is required by government regulation, subpoena or other legal process to produce documents, or to make its current or former personnel available as witnesses at deposition or trial) and other necessary expenditures, payable upon rendition of invoices setting forth in reasonable detail the nature and amount of such expenses. In connection therewith the Company shall pay Blackstone on the Effective Date and maintain thereafter a \$25,000 expense advance for which Blackstone shall account upon termination of this A&R Engagement Letter.

In the event that the Company is or becomes a debtor under Chapter 11 of the Bankruptcy Code, the Company shall use its best efforts to promptly apply to the bankruptcy court having jurisdiction over the Chapter 11 case or cases (the "Bankruptcy Court") for the approval pursuant to sections 327 and 328 of the Bankruptcy Code of (A) this A&R Engagement Letter, including the attached indemnification agreement, and (B) Blackstone's retention by the Company under the terms of this A&R Engagement Letter and subject to the standard of review provided in section 328(a) of the Bankruptcy Code and not subject to any other standard of review under section 330 of the Bankruptcy Code. The Company shall supply Blackstone with a draft of such application and any proposed order authorizing Blackstone's retention sufficiently in advance of the filing of such application and proposed order to enable Blackstone to review and comment thereon. Blackstone shall have no obligation to provide any services under this A&R

Engagement Letter in the event that the Company becomes a debtor under the Bankruptcy Code unless Blackstone's retention under the terms of this A&R Engagement Letter is approved under section 328(a) of the Bankruptcy Code by a final order of the Bankruptcy Court no longer subject to appeal, rehearing, reconsideration or petition for certiorari, and which order is reasonably acceptable to Blackstone in all respects. Blackstone acknowledges that in the event that the Bankruptcy Court approves its retention by the Company, Blackstone's fees and expenses shall be subject to the jurisdiction and approval of the Bankruptcy Court under section 328(a) of the Bankruptcy Code and any applicable fee and expense guideline orders. In the event that the Company becomes a debtor under the Bankruptcy Code and Blackstone's engagement hereunder is approved by the Bankruptcy Court, the Company shall pay all fees and expenses of Blackstone hereunder as promptly as practicable in accordance with the terms hereof. Prior to commencing a Chapter 11 case, the Company shall pay all invoiced amounts to Blackstone in immediately available funds by wire transfer.

With respect to Blackstone's retention under sections 327 and 328 of the Bankruptcy Code, the Company acknowledges and agrees that Blackstone's restructuring expertise as well as its capital markets knowledge, financing skills and mergers and acquisitions capabilities, some or all of which may be required by the Company during the term of Blackstone's engagement hereunder, were important factors in determining the amount of the various fees set forth herein, and that the ultimate benefit to the Company of Blackstone's services hereunder could not be measured merely by reference to the number of hours to be expended by Blackstone's professionals in the performance of such services. The Company also acknowledges and agrees that the various fees set forth herein have been agreed upon by the parties in anticipation that a substantial commitment of professional time and effort will be required of Blackstone and its professionals hereunder over the life of the engagement, and in light of the fact that such commitment may foreclose other opportunities for Blackstone and that the actual time and commitment required of Blackstone and its professionals to perform its services hereunder may vary substantially from week to week or month to month, creating "peak load" issues for the firm. In addition, given the numerous issues which Blackstone may be required to address in the performance of its services hereunder, Blackstone's commitment to the variable level of time and effort necessary to address all such issues as they arise, and the market prices for Blackstone's services for engagements of this nature in an out-of-court context, the Company agrees that the fee arrangements hereunder (including the Monthly Fee, DIP Financing Fee, Equity Raise Fee and Restructuring Fee) are reasonable under the standards set forth in 11 U.S.C. Section 328(a).

The advisory services and compensation arrangement set forth in this A&R Engagement Letter do not encompass other investment banking services or transactions that may be undertaken by Blackstone at the request of the Company, including the arranging of debt or equity capital (except as provided above), providing mergers and acquisitions advice, issuing fairness opinions or any other specific services not set forth in this A&R Engagement Letter. The terms and conditions of any such investment banking services, including compensation arrangements, would be set forth in a separate written agreement between Blackstone and the appropriate party.

Except as contemplated by the terms hereof or as required by applicable law or legal process, for a period of three years from the termination of this A&R Engagement Letter, Blackstone shall keep confidential all non-public information provided to it by or at the request of the Company, and shall not disclose such information to any third party or to any of its employees or advisors except to those persons who have a need to know such information in connection with Blackstone's performance of its responsibilities hereunder and who are advised of the confidential nature of the information and who agree to keep such information confidential.

The Company will furnish or cause to be furnished to Blackstone such information as Blackstone reasonably believes to be necessary to its assignment (all such information so furnished being the "Information"). The Company recognizes and confirms that Blackstone (a) will use and rely primarily on the Information and on information available from generally recognized public sources in performing the services contemplated by this A&R Engagement Letter without having independently verified the same, (b) does not assume responsibility for the accuracy or completeness of the Information and such other information, (c) is entitled to rely upon the Information without independent verification, and (d) will not make an appraisal of any assets in connection with its assignment. Subject to Blackstone's compliance with all applicable laws, within 30 days after written request by the Company following the termination of this A&R Engagement Letter, Blackstone shall return or destroy, at the direction of the Company, all Information received from the Company during the course of its engagement and, in the case of destruction, Blackstone shall certify that all Information has been so destroyed.

In the event that the Information belonging to the Company is stored electronically on Blackstone's computer systems, Blackstone shall not be liable for any damages resulting from unauthorized access, misuse or alteration of such information by persons not acting on its behalf, provided that Blackstone exercises the same degree of care in protecting the confidentiality of, and in preventing unauthorized access to, the Company's information that it exercises with regard to its own most sensitive proprietary information.

Except as required by applicable law, regulation or legal process (on the advice of the Company's counsel or otherwise), any advice to be provided by Blackstone under this A&R Engagement Letter shall not be disclosed publicly or made available to third parties (other than the Company's other professional advisors) without the prior consent of Blackstone. All services, advice and information and reports provided by Blackstone to the Company in connection with this assignment shall be for the sole benefit of the Company and shall not be relied upon by any other person.

The Company acknowledges and agrees that Blackstone will provide its financial advice exclusively to the members of the Board of Directors and senior management of the Company and not to the Company's shareholders or other constituencies. The Board of Directors and senior management will make all decisions for the Company regarding whether and how the Company will pursue a Restructuring and on what terms and by what process. In so doing, the Board of Directors and senior management will also obtain the advice of the Company's legal, tax and

other business advisors and consider such other factors which they consider appropriate before exercising their independent business judgment in respect of a Restructuring. Blackstone shall act as an independent contractor and any duties of Blackstone arising out of its engagement pursuant to this A&R Engagement Letter shall be owed solely to the Company.

In consideration of Blackstone's agreement to provide investment banking services to the Company in connection with this A&R Engagement Letter, it is agreed that the Company will indemnify Blackstone and its agents, representatives, members and employees. A copy of our standard form of indemnification agreement is attached to this A&R Engagement Letter as Attachment A (the "A&R Indemnification Agreement").

In the event that, as a result of or in connection with Blackstone's engagement for the Company, Blackstone becomes involved in any legal proceeding or investigation or is required by government regulation, subpoena or other legal process to produce documents, or to make its current or former personnel available as witnesses at deposition or trial, subject to court approval in the event that the Company becomes a debtor under the Bankruptcy Code and Blackstone's engagement hereunder is approved by the Bankruptcy Court, the Company will reimburse Blackstone for the actual, reasonable and documented fees and expenses of its counsel incurred in responding to such a request; *provided*, however, that in no event shall the Company be obligated to pay the fees and expenses of more than one counsel related to such request. Nothing in this paragraph shall affect in any way the Company's obligations pursuant to the separate indemnification agreement attached hereto.

Blackstone's engagement hereunder may be terminated upon 30 days' written notice without cause by either the Company or Blackstone; termination for cause by either party will occur forthwith. Notwithstanding the foregoing, (a) the provisions relating to the payment of fees and expenses accrued through the date of termination, the status of Blackstone as an independent contractor and the limitation as to whom Blackstone shall owe any duties will survive any such termination, (b) any such termination shall not affect the Company's obligations under the A&R Indemnification Agreement or Blackstone's confidentiality obligations hereunder, and (c) Blackstone shall be entitled to the Restructuring Fee in the event that a Restructuring is consummated at any time prior to the expiration of 12 months following the termination of this A&R Engagement Letter; *provided*, however, in the event that Blackstone terminates its engagement or is terminated for cause, Blackstone shall not be entitled to any Restructuring Fee. For the purpose of this paragraph, "cause" shall include gross negligence, fraud, willful misconduct, bad faith or a material breach of the terms of this A&R Engagement Letter by Blackstone.

The Company does not appear on the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control of the United States Department of the Treasury, nor is it a prohibited party according to other U.S. government regulatory or enforcement agencies.

Notwithstanding anything to the contrary provided elsewhere herein, none of the provisions of this A&R Engagement Letter shall in any way limit the activities of The Blackstone Group L.P. and its affiliates in their businesses distinct from the restructuring advisory business of The Blackstone Group L.P., provided that the Information is not made available to representatives of The Blackstone Group L.P. and its affiliates who are not directly involved in the restructuring advisory business of The Blackstone Group L.P. Should the Information be made available to a representative of The Blackstone Group L.P. and its affiliates who is not involved in restructuring advisory business of The Blackstone Group L.P., such representative shall be bound by this A&R Engagement Letter in accordance with its terms. Subject to the confidentiality provisions above, Blackstone represents (a) that, in the event that the Company is or becomes a debtor under Chapter 11 of the Bankruptcy Code, it intends to disclose, as required by the applicable Court, the provision of services it has performed or is performing for any past or present client and (b) that, while this A&R Engagement Letter is in effect and for a six-month period following its termination, Blackstone will not represent any other client in any effort to purchase or exercise control over equity, debt or assets of the Company or in any effort to collect any debt from the Company, except with the approval of the Company.

This A&R Engagement Letter (including the A&R Indemnification Agreement) embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. If any provision of this A&R Engagement Letter is determined to be invalid or unenforceable in any respect, such determination will not affect the Agreement in any other respect, which will remain in full force and effect. No waiver, amendment or other modification of this A&R Engagement Letter shall be effective unless in writing and signed by each party to be bound thereby. This A&R Engagement Letter shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed in and to be performed in that state.

The Company hereby agrees that any action or proceeding brought by the Company against Blackstone based hereon or arising out of Blackstone's engagement hereunder, shall be brought and maintained by the Company exclusively in the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York; provided, if the Company commences a Chapter 11 case, all legal proceedings pertaining to this engagement arising after such case is commenced may be brought in the Bankruptcy Court handling such case. The Company irrevocably submits to the jurisdiction of the courts of the State of New York located in the City and County of New York and the United States District Court for the Southern District of New York and appellate courts from any thereof for the purpose of any action or proceeding based hereon or arising out of Blackstone's engagement hereunder and irrevocably agrees to be bound by any judgment rendered thereby in connection with such action or proceedings. The Company hereby irrevocably waives, to the fullest extent permitted by law, any objection it may have or hereafter may have to the laying of venue of any such action or proceeding brought in any such court

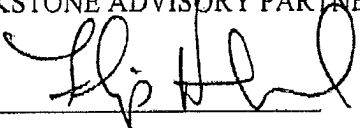
referred to above and any claim that such action or proceeding has been brought in an inconvenient forum and agrees not to plead or claim the same.

[Signature page follows]

Please confirm that the foregoing correctly sets forth our agreement by signing and returning to Blackstone the duplicate copy of this A&R Engagement Letter and the A&R Indemnification Agreement.

Very truly yours,

BLACKSTONE ADVISORY PARTNERS L.P.

By: 

Name: Flip Huffard

Title: Senior Managing Director

Accepted and Agreed to as
of the date first written above:

PATRIOT COAL CORPORATION

By: 

Name: Mark Schroeder

Title: Senior Vice President - Chief Financial Officer

ATTACHMENT A

August 21, 2012

Blackstone Advisory Partners L.P.
345 Park Avenue
New York, NY 10154

AMENDED AND RESTATED INDEMNIFICATION AGREEMENT

Ladies and Gentlemen:

This amended and restated letter (“A&R Indemnification Agreement”) will confirm that we have engaged Blackstone Advisory Partners L.P. (“Blackstone”) to advise and assist us in connection with the matters referred to in our letter of agreement dated as of August 21, 2012 (the “A&R Engagement Letter”). This A&R Indemnification Agreement amends and restates, in its entirety, the indemnification agreement between the Company and Blackstone dated June 22, 2012. In consideration of your agreement to act on our behalf in connection with such matters, we agree to indemnify and hold harmless you and your affiliates and your and their respective partners (both general and limited), members, officers, directors, employees and agents and each other person, if any, controlling you or any of your affiliates (you and each such other person being an “Indemnified Party”) from and against any losses, claims, damages, expenses and liabilities whatsoever, whether they be joint or several, related to, arising out of or in connection with the engagement under the engagement letter between the Company and Blackstone dated June 22, 2012 and the engagement under the A&R Engagement Letter (together, the “Engagements”) and will reimburse each Indemnified Party for all actual, reasonable and documented out of pocket expenses (including actual, reasonable and documented fees, expenses and disbursements of counsel) as they are incurred in connection with investigating, preparing, pursuing, defending or assisting in the defense of any action, claim, suit, investigation or proceeding related to, arising out of or in connection with the Engagements, or this A&R Indemnification Agreement, whether or not pending or threatened, whether or not any Indemnified Party is a party, whether or not resulting in any liability and whether or not such action, claim, suit, investigation or proceeding is initiated or brought by us. We will not, however, be liable under the foregoing indemnification provision for any losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined by a court of competent jurisdiction to have resulted from the gross negligence, bad faith, willful misconduct or fraud of Blackstone. We also agree that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to us or our owners, parents,

affiliates, security holders or creditors for or in connection with the Engagements except for any such liability for losses, claims, damages or liabilities incurred by us that are finally judicially determined by a court of competent jurisdiction to have resulted from the gross negligence, bad faith, willful misconduct or fraud of Blackstone.

If the indemnification provided for in the preceding paragraph is for any reason unavailable to an Indemnified Party in respect of any losses, claims, damages or liabilities referred to herein, then, in lieu of indemnifying such Indemnified Party hereunder, we shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (and expenses relating thereto) (i) in such proportion as is appropriate to reflect the relative benefits received (or anticipated to be received) by you, on the one hand, and us, on the other hand, from the Engagements or (ii) if and only if the allocation provided by clause (i) above is for any reason not available, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (i) but also the relative fault of each of you and us, as well as any other relevant equitable considerations; provided, however, to the extent permitted by applicable law, in no event shall your aggregate contribution to the amount paid or payable exceed the aggregate amount of fees actually received by you under the A&R Engagement Letter. For the purposes of this A&R Indemnification Agreement, the relative benefits to us and you of the Engagements shall be deemed to be in the same proportion as (a) the total value paid or contemplated to be paid or received or contemplated to be received by us, our security holders and our creditors in the transaction or transactions that are subject to the Engagements, whether or not any such transaction is consummated, bears to (b) the fees paid or to be paid to Blackstone under the A&R Engagement Letter (excluding any amounts paid as reimbursement of expenses).

Neither party to this A&R Indemnification Agreement will, without the prior written consent of the other party (which consent will not be unreasonably withheld), settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (a "Judgment"), whether or not we or any Indemnified Party are an actual or potential party to such claim, action, suit or proceeding. In the event that either party seeks to settle or compromise or consent to the entry of any Judgment, such settlement, compromise or consent (i) shall include an unconditional release of the other parties hereunder from all liability arising out of such claim, action, suit or proceeding, (ii) shall not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of the other parties hereunder, and (iii) shall not impose any continuing obligations or restrictions on the other parties hereunder.

Promptly after receipt by an Indemnified Party of notice of any complaint or the commencement of any action or proceeding with respect to which indemnification is being sought hereunder, such person will notify us in writing of such complaint or of the commencement of such action or proceeding, but failure to so notify us will not relieve us from any liability which we may have hereunder or otherwise, except to the extent that such failure materially prejudices our rights. If we so elect or are requested by such Indemnified Party, we

will assume the defense of such action or proceeding, including the employment of counsel reasonably satisfactory to Blackstone and the payment of the fees and disbursements of such counsel.

In the event, however, such Indemnified Party reasonably determines in its judgment that having common counsel would present such counsel with a conflict of interest or if we fail to assume the defense of the action or proceeding in a timely manner, then such Indemnified Party may employ separate counsel reasonably satisfactory to us to represent or defend it in any such action or proceeding and we will pay the fees and disbursements of such counsel; provided, however, that in no event will we be required to pay any fees and disbursements of more than one separate counsel for all Indemnified Parties in any jurisdiction in any single action or proceeding. In any action or proceeding the defense of which we assume, the Indemnified Party will have the right to participate in such litigation and to retain its own counsel at such Indemnified Party's own expense.

The foregoing reimbursement, indemnity and contribution obligations of the Company under this A&R Indemnification Agreement shall be in addition to any rights that an Indemnified Party may have at common law or otherwise, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company and such Indemnified Party.

The provisions of this A&R Indemnification Agreement shall apply to the Engagements and any written modification of the Engagements and shall remain in full force and effect regardless of any termination or the completion of your services under the A&R Engagement Letter.

This A&R Indemnification Agreement and the A&R Engagement Letter shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts executed in and to be performed in that state.

[Signature page follows]

Very truly yours,

PATRIOT COAL CORPORATION

By: 

Name: Mark Schroeder
Title: Senior Vice President -
Chief Financial Officer

Accepted and Agreed
to as of the date first
written above:
BLACKSTONE ADVISORY PARTNERS L.P.

By: 
Name: Flip Huffard
Title: Senior Managing Director