

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)**

**Hearing Date: March 25, 2014
Objection Deadline: February 17, 2014
(prevailing Central Time)**

**NOTICE OF FILING APPLICATION BY AP SERVICES, LLC
AS INTERIM MANAGEMENT AND CHIEF RESTRUCTURING OFFICER TO THE
DEBTORS FOR
APPROVAL OF THE CONTINGENT SUCCESS FEE**

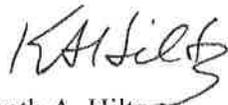
PLEASE TAKE NOTICE that AP Services, LLC ("APS") has filed an application (the "Application") for approval of the Contingent Success Fee (as defined in the Application) as provided for in its engagement letter with the above-captioned debtors and debtors in possession (the "Debtors").

PLEASE TAKE FURTHER NOTICE that if you object to the granting of the relief requested in the Application, you must file a written response or objection with the Bankruptcy Court on or before 4:00 p.m. (Central) on February 17, 2014. At the same time, you must also serve a copy of the response or objection upon APS (upon the person and at the address specified below) and upon the Notice Parties identified on Exhibit 1 annexed to this Notice.

PLEASE TAKE FURTHER NOTICE that a hearing on the Application (the "Hearing") will be held before the Honorable Kathy A. Surratt-States Chief U.S. Bankruptcy Judge, in Courtroom 7 North of the Thomas F. Eagleton United States Courthouse, 111 South

Tenth Street, St. Louis, Missouri 63102 on March 25, 2014 at 10:00 a.m. If you do not timely file and serve a response or objection to the Application, the Bankruptcy Court may not allow you to be heard at the Hearing.

Dated: January 31, 2014

By: 
Kenneth A. Hiltz
Authorized Representative
AP Services, LLC
300 N. LaSalle Street
Suite 1900
Chicago, IL 60654

Tel: 312.762.3377

Exhibit 1

The Notice Parties

John J. Collins
General Counsel
AlixPartners, LLP
40 W. 57th Street – 29th Floor
New York, NY 10019

Kenneth A. Hiltz
Managing Director
AlixPartners, LLP
300 N. LaSalle Street
Suite 1900
Chicago, IL 60654

Christopher Robertson
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10017

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)

Hearing Date: March 25, 2014

Objection Deadline: February 17, 2014

**APPLICATION BY AP SERVICES, LLC
AS INTERIM MANAGEMENT AND CHIEF RESTRUCTURING OFFICER TO THE
DEBTORS FOR
APPROVAL OF THE CONTINGENT SUCCESS FEE**

Name of Applicant: AP Services, LLC ("APS")

Authorized to be Retained by: Patriot Coal Corporation, et al.

Date of Retention: August 15, 2012 *nunc pro tunc* to July 17, 2012

Amount of Contingent Success Fee \$2,000,000.00

This application (the "Application") is for approval of the Contingent Success Fee, as set forth in the Engagement Letter dated July 8, 2012, as amended as of July 17, 2012, with the above-captioned debtors and debtors in possession (collectively, the "Debtors"). By order dated August 15, 2012 (the "Retention Order"), this Court authorized the retention of APS pursuant to section 363 of title 11 of the United States Code (the "Bankruptcy Code"). This Application seeks approval of and payment to APS of the Contingent Success Fee, which has been earned by APS in accordance with the Engagement Letter.

Dated: January 31, 2014

By: 
Kenneth A. Hiltz
Authorized Representative
AP Services, LLC
Chicago, IL
Tel: 312.762.3377

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)**

**Hearing Date: March 25, 2014
Objection Deadline: February 17, 2014**

**APPLICATION BY AP SERVICES, LLC
AS INTERIM MANAGEMENT AND CHIEF RESTRUCTURING OFFICER TO THE
DEBTORS FOR
APPROVAL OF THE CONTINGENT SUCCESS FEE**

TO THE HONORABLE KATHY A. Surratt-States
Chief United States Bankruptcy Judge:

AP Services, LLC ("APS"), crisis managers providing interim management and restructuring services to Patriot Coal Corporation, Inc. and its affiliated debtors and debtors in possession (collectively, the "Debtors" or the "Company" or "Patriot Coal") in the above-captioned cases (collectively, the "Chapter 11 Cases"), hereby submits this application (the "Application") for allowance of the success fee of \$2,000,000.00 ("Contingent Success Fee") provided for in the Engagement Letter dated July 8, 2012 and amended as of July 17, 2012, between APS and the Debtors (including amendments, the "Engagement Letter"), a copy of which is attached hereto as **Exhibit A**. In furtherance of this Application, APS respectfully presents the Declaration of Mr. Kenneth A. Hiltz (as attached hereto as **Exhibit C**, the "Hiltz Declaration") and further represents as follows:

PRELIMINARY STATEMENT

1. APS earned the Contingent Success Fee by its important contribution to the successful restructuring of the Debtors' businesses and financial affairs and in accordance with the terms of the Court-approved Engagement Letter. Mr. Kenneth A. Hiltz ("Mr. Hiltz") and other professionals of APS (together, the "Temporary Staff") provided critical interim management services to the Debtors through the office of the Chief Restructuring Officer ("CRO"), often under unusually difficult and often expedited circumstances. In addition, Mr. Hiltz, and the team of Temporary Staff were an integral part of the Debtors' restructuring efforts, which culminated in the confirmation of a complex plan of reorganization. Given the Debtors' uncertain operating climate and the significant amount of leverage on Patriot Coal's balance sheet, the Debtors' reorganization was extremely successful and represents a significant accomplishment by the Debtors and the entire restructuring team.

2. APS' typical compensation structure is comprised of hourly-based fees and performance-based contingent incentive compensation earned upon achieving difficult objectives and, in particular, where APS assumes the risks associated with the role of an officer position. In this case, APS negotiated the Contingent Success Fee, which is payable upon effectiveness of a chapter 11 plan for the Debtors, as a vital and inseparable part of its overall compensation arrangement agreed to by the Debtors. This Contingent Success Fee was, in part consideration for reduced rates as outlined in the Engagement Letter. As a result, APS put a considerable portion of their hourly fees at risk pending a successful outcome of the case. APS directly contributed to the Debtors' successful plan process by, among other endeavors, (i) providing senior level guidance to management as a full-time officer of Patriot Coal to coordinate and align

restructuring work streams and meet restructuring goals; (ii) responding in a timely and inclusive manner to counterparties' professionals' inquiries and requests for information to drive the consensus needed for a successful plan process; (iii) facilitating the timely completion of necessary bankruptcy administrative documentation, including the data to support SOFA and Schedule completion for all Debtors, as well as assisting in the development of the monthly operating report process; (iv) developing processes and tools to support critical activities such as contract analysis, vendor support, and claims management ensuring the Debtors' ability to achieve considerable savings and conclude the case in a timely manner;; and (v) assisting in the design and implementation of liquidity management controls such as short-term cash forecasting modeling and reporting.

3. Each of APS' accomplishments, as further outlined herein, directly contributed to the success of the Debtors' reorganization in a tangible, measurable manner and allowed the Debtors to confirm the Plan and emerge from Chapter 11 on December 18, 2013, equipped to resume normal business operations in a vastly improved financial condition with minimal bankruptcy work remaining for the reorganized Patriot.

4. Importantly, the compensation structure for APS and other turnaround and management restructuring firms, both inside and outside of bankruptcy cases, typically includes performance-based fees. As such, and given APS' performance in this case, APS respectfully submits that the Court should approve the Contingent Success Fee.

FACTUAL BACKGROUND

5. On July 9, 2012 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

6. Patriot Coal is a leading 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 Coal's principal business is the mining and preparation of metallurgical coal and thermal coal, which is also known as steam coal. An in-depth description of the events that led to the commencement of the Chapter 11 Cases and certain aspects of the Chapter 11 Cases is included in the Disclosure Statement for Debtors' Third Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (Docket No. 4928).

7. APS was engaged by the Debtors in July 2012 and to designate Mr. Hiltz to serve as CRO of the Debtors. APS' retention in the Chapter 11 Cases was approved pursuant to an order entered by Honorable Shelley C. Chapman on August 15, 2012 (Docket No. 271, the "Retention Order"), a copy of which is attached hereto as **Exhibit B**.

8. The Retention Order approved the Engagement Letter, which provided that Mr. Hiltz, in his capacity as CRO, along with other seasoned professionals of APS, would provide interim management and related services to the Debtors. The Engagement Letter provided for compensation of hourly fees¹ and the Contingent Success Fee.

9. Pursuant to the Engagement Letter, the Debtors agreed to pay APS, in addition to hourly fees, a Contingent Success Fee of \$2,000,000.00 upon effectiveness of a chapter 11 plan for the Debtors. The Plan for the Debtors was confirmed and became effective on December 18, 2013. Thus, in accordance with the Court-approved Engagement Letter, APS is now entitled to a success fee of \$2,000,000.00.

¹ Throughout these Chapter 11 Cases, APS has been paid hourly fees and has been reimbursed for expenses incurred in connection with services provided to the Debtors. APS has filed all monthly staffing reports relating to these fees and expenses as required by the Retention Order.

10. The Contingent Success Fee is intended to compensate and reward APS not only for taking an important role in these cases, but also for driving the Debtors' restructuring to a successful conclusion, and preserving and maximizing the value of these estates for the Debtors' creditors and other parties in interest.

11. Based on the services that it provided to the Debtors, APS has earned the Contingent Success Fee and it is now due and payable. APS respectfully requests that this Court enter an order allowing and directing payment of the Contingent Success Fee in the amount of \$2,000,000.00 as set forth herein and in the Hiltz Declaration.

INTERIM MANAGEMENT SERVICES PROVIDED TO THE DEBTORS

12. APS performed substantial and necessary services in these Chapter 11 Cases, which enhanced the value of the Debtors' estates, warranting an award of compensation beyond the amount that results from a simple application of the lodestar approach. APS performed such services with a minimal amount of duplication of efforts by the Debtors' other management, resources and advisors.

13. APS' efforts directly resulted in the confirmation of the Debtors' Fourth Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the "Plan")². The Temporary Staff led by Mr. Hiltz provided substantial and measurable value to the Debtors, their estates and parties in interest by playing a key role in the following, among other, endeavors:

- Facilitated the working relationship between the Debtors' management team and key outside constituencies, including post-petition lenders, the Unsecured Creditors Committee, and the UMWA, and their legal and financial advisors. By assisting in the development of internal protocols and processes to receive, manage, and respond to due diligence requests, APS provided the necessary support for Patriot Coal's executive management team, allowing them to focus on operating the business on a day-to-day basis in a challenging environment. Over the course of the case, as thousands of documents and other files were provided to the Debtors' constituents, APS' creation and maintenance of a detailed database of requests and responses enabled the Debtors to handle requests for information in a timely, and when

² Capitalized terms that are not otherwise defined herein shall have the meanings set forth in the Plan.

necessary, expedited manner, which supported the Debtors' efforts to meet their initial timing projections for emergence. APS' assistance in this regard was especially valuable during efforts to modify the Debtors' labor agreement under section 1113, where the Debtors were able to demonstrate that their burden for timely and complete information sharing had been met to the satisfaction of the court. Appropriate modifications of the Company's labor agreements were an essential component of restoring the future viability of the Debtors' business and the Debtors' emergence. Furthermore, APS prepared a detailed analysis, executive summary, and database of intercompany transactions; these efforts facilitated a broader understanding of the Debtors' extensive and voluminous intercompany transactions among parties' professionals, and avoided the duplication of significant work on the part of those professionals, which would have been at significant cost to the estates.

- Assisted in the collections, organization, and preparation of information for the Statements of Financial Affairs and Schedules of Assets & Liabilities for all 101 Debtors. By working seamlessly across numerous functional areas, and coordinating with the Debtors' management team and other outside professionals, APS was able to assist in the Debtors' smooth entry into and administration of the Chapter 11 Cases.
- Provided guidance and coordination for management's communications with Patriot Coal's vendors to ensure continuity of service to the Company during the Chapter 11 Cases. Patriot Coal has a very large vendor base, many of which were critically important to maintaining the ongoing operation of the Debtors' businesses. APS led the development and implementation of processes and tools to support assessing and prioritizing critical vendor payment decisions. APS also led efforts to track critical vendor payments, thus enabling the Debtors to make informed, timely decisions and thus maintain the appropriate balance between ensuring adequate supply of critical goods and services, while shepherding scarce financial resources.
- Organized over 4,600 contract records from Patriot systems and other internal sources; developed and maintained a single comprehensive, secure database of contracts; and created and monitored internal processes and internal governance to review and assess contracts; and leveraged the contract data to efficiently produce court required filings, reports, and documentation. APS' efforts supported the efficient use of scarce and stretched management resources to make sound business judgments regarding the value to the estates and ultimate disposition of contracts. APS efforts helped the Debtors to identify and prioritize approximately 430 contracts for termination/rejection generating approximately \$160 million in savings which was a critical element in the Debtors' reorganization strategy.
- Advised and assisted the Debtors in the design, development, and implementation of 13-week cash flow models, including processes, variance analyses, covenant tracking, and other reports. The Debtors' effective management of cash flow throughout the Debtors' Chapter 11 Cases provided the DIP Lenders and Unsecured Creditors Committee with continual updates regarding liquidity, which was critical information needed to advance the Debtors' restructuring efforts and confirmation of the Plan.

- Developed a detailed, secure database, and processes and tools to facilitate claims analysis and reporting for responsible management team members to review, analyze, and determine dispositions for asserted claims. APS brought its expertise to bear in the identification and development of claim objections, and assisted the Debtor management team with claim settlements and settlement reporting. APS efforts enabled the Debtors' to resolve over 3,000 claims aggregating over \$ 3 billion (in asserted amounts) in a timely and efficient manner helping pave the way for an expeditious emergence from bankruptcy.
- The collective efforts by the APS team, in concert with Patriot Coal's management and other outside professionals, resulted in confirmation of the Plan within 18 months of the Company's filing (as originally targeted by the Debtors), despite difficult market conditions and a large number and variety of complex issues that had to be resolved prior to the Debtors' emergence from Chapter 11.

14. The collective efforts by the APS team, in concert with Debtor management and other outside professionals, resulted in confirmation of the Plan within 18 months of the Company's filing and resulted in full recovery to Patriot Coal's DIP Lenders, priority claimants, and other secured creditors.

LEGAL BASIS SUPPORTING AWARD OF CONTINGENT SUCCESS FEE

15. Performance fees or success fees are normal parts of compensation for turnaround firms and management restructuring consulting firms, and are standard for APS' engagements of this type, both inside and outside of bankruptcy courts.³ Indeed, APS and other similar firms price their engagements to include performance or success fees as part of the total compensation packages for such engagements. Thus, APS and other turnaround and management restructuring firms rely upon and take into account the negotiated performance or success fee when accepting engagements.

³ While success fees for lawyers and accountants are rarely sought or granted, success fees are a standard component of compensation for turnaround management, restructuring and consulting firms and investment banking firms. APS is neither a law firm nor an accounting firm. APS is, among other things, a firm that specializes in supplying senior executives on an interim basis to financially troubled companies. As such, payment of the Contingent Success Fee to APS is consistent with industry practice in and out of bankruptcy cases.

16. Performance or success fees are typical in restructuring cases because clients appreciate an approach that aligns the interests of the client/debtor with the interests of its advisor. In colloquial terms, success fees demonstrate that a turnaround firm, such as APS, has “skin in the game” along with the company undergoing the turnaround. This alignment of interests inures to the overall benefit of a client/debtor, as well as its estate and creditors. Without that demonstrated alignment of interests, such a client/debtor might be reluctant to reach out for critical leadership and specialized guidance from seasoned turnaround and management restructuring firms like APS. As a result, the absence of specialized top-management leadership would decrease the likelihood of a successful outcome of that client/debtor’s bankruptcy.

17. Similarly, success fees are a vital and inseparable component of the overall compensation model for turnaround and crisis management firms like APS, and denial of such fees in cases such as Patriot Coal’s, where a concrete showing of both success and entitlement is made, would ill-serve restructurings generally and potentially produce undesirable results. Some firms would simply decline challenging engagements and others would readjust their compensation model by increasing their monthly and/or hourly fees.⁴ In recognition of these realities, courts routinely authorize and approve the payment of performance fees and success fees upon a clear and demonstrable showing of management expertise that is transformative, in terms of business viability, capital structure fit and value generation. This reasoning is precisely applicable to the engagement of APS by the Debtors in these Chapter 11 Cases.

⁴ The former is not an acceptable result, as it would deny distressed companies the necessary services of firms like APS that specialize in supplying senior executives to financially troubled companies and that have earned a national and international reputation for their expertise in financial reorganizations and restructurings of troubled companies. The latter also is not a desirable result, as it would needlessly result in increased fees during the pendency of the case, without such fees being tied to performance-based criteria and the outcome of the case itself (measuring success against alternative outcomes and relative distributable value yields).

18. The marketplace ordinarily compensates restructuring advisors with both a salary component, based on hours worked, and a performance based success fee. As the Bankruptcy Court in the Southern District of Ohio held in *In re Cardinal Indus., Inc.*, 151 B.R. 843 (Bankr. S.D. Ohio 1993) (Chapter 11 operating trustee awarded APS a fee of \$2.1 million plus a success fee of 50,000 shares of stock):

Performance-based or success-factor bonuses are a normal part of compensation arrangements for management restructure consultants and ... such bonuses generally far exceed the time value of the consultant's services on a lodestar basis. Indeed, the time value component is referred to as the base salary, apparently payable to the consultant even if success is not achieved.

In re Cardinal Indus., Inc., 151 B.R. at 847. See also, *In re Busy Beaver Building Center, Inc.*, 19 F.3d 833 (3rd Cir. 1993) (the basis for requested compensation should be based on the market rate that professional would charge and collect from a client in a non-bankruptcy setting); *In re UDC Homes, Inc.*, 203 B.R. 218 (Bankr. D. Del. 1996).

19. Courts review transaction fees or success fees under the “reasonableness standard” of section 330 of the Bankruptcy Code. *In re XO Communications Inc.*, 398 B.R. 106 (Bankr. S.D.N.Y. 2008); *In re Northwest Airlines Corporation*, 400 B.R. 393 (Bankr. S.D.N.Y. 2009). In considering a success fee, courts consider (i) whether the financial advisor's services were necessary and beneficial to the debtors' estates at the time the services were rendered; and (ii) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases outside of bankruptcy. *XO Communications* at 18. In determining the reasonableness of a success fee and whether the services were necessary and beneficial to the debtor's estate, courts will look “at the nexus between what was achieved, i.e.

the restructuring of the debt, and the impact of the advisor's effort in that regard." *XO Communications* at 116.

20. When Congress passed the Bankruptcy Reform Act of 1978, it decided to remove the "spirit of frugality" as a factor in bankruptcy fees. The standard is now the cost of comparable services in a non-bankruptcy setting. Inasmuch as success fees are a normal part of the fee structures of APS and other turnaround and management restructuring firms, both within and outside of bankruptcy, approval of the Contingent Success Fee is appropriate to assure comparable compensation for comparable services.

21. Recent bankruptcy cases involving success fees awarded to APS and its affiliates include the following:

- Dana Corporation, a Chapter 11 case in the Southern District of New York. APS was crisis manager to the Debtors and in 2008 was awarded a success fee of \$4.0 million. [Case No. 06-10354, Docket No. 8108].
- Dura Corporation, a Chapter 11 case in the District of Delaware. AlixPartners, LLP (an affiliate of APS) was financial advisor to the Debtors and in 2008 was awarded a success fee of \$2.1 million. [Case No. 06-11202, Docket No. 4020].
- Verasun, a Chapter 11 case in the District of Delaware before Judge Shannon. In 2009, the Bankruptcy Court approved a contingent success fee of \$1.75 million. [Case No. 08-12606, Docket No. 1796].
- MotorCoach, a Chapter 11 case in the District of Delaware before Judge Shannon. In 2009, the Bankruptcy Court approved a contingent success fee of \$700,000 [Case No. 08-12136, Docket No. 1149].
- BearingPoint, a Chapter 11 case in the Southern District of New York before Judge Gerber. APS was crisis manager to the Debtors and in 2009, the Bankruptcy Court approved a contingent success fee of \$4.5 million [Case No. 09-10691, Docket No. 1296].
- SemGroup, a Chapter 11 case in the District of Delaware before Judge Shannon. In 2010, the Bankruptcy Court approved a contingent success fee of \$6,825,000 to APS [Case No. 08-11525, entered on March 4, 2010, at Docket No. 7408].

- Stallion Oilfield Services Ltd., a Chapter 11 case in the District of Delaware before Judge Shannon. In 2010, the Bankruptcy Court approved a contingent success of \$675,000 to APS [Case No. 09-13562, Docket No. 444].
- Readers Digest, a Chapter 11 case in the Southern District of New York before Judge Drain. AlixPartners, LLP acted as financial advisor to the Debtors and in 2010, the Bankruptcy Court approved a contingent success fee of up to \$5.0 million. AlixPartners ultimately received a success fee of \$3.0 million [Case No. 09-23529, Docket No. 744].
- Lyondell Chemical Co., a chapter 11 case in the Southern District of New York before Judge Gerber. APS was crisis manager to the Debtors and in 2010, the Bankruptcy Court approved a contingent success fee of \$7.0 million [Case No. 09-10023 Docket No. 4814].
- The Newark Group, Inc., a chapter 11 case in the District of New Jersey before Judge Winfield. AlixPartners was financial advisor to the Debtors and in 2010, the Bankruptcy Court approved a contingent success fee of \$250,000 [Case No. 10-27694 Docket No. 247].
- The Nebraska Book Company, Inc., a chapter 11 case in the District of Delaware before Judge Walsh. AlixPartners was financial advisor to the Debtors and in 2012, the Bankruptcy Court approved a contingent success fee of \$500,000 [Case No. 11-12005, Docket No.1446].

22. In addition, in Interstate Bakeries Corp., a Chapter 11 case in the Western District of Missouri, Alvarez & Marsal was retained as crisis managers, and two individuals were appointed as officers, for the Debtors. In 2009, Alvarez & Marsal was awarded a success fees of \$3.8 million. [Case No. 04-45814, Docket No. 12171].

23. In sum, performance fees or success fees are a normal part of compensation for firms such as APS, which provide crisis management and turnaround services to debtors, and may be approved on that basis alone. Further, the amount of the Contingent Success Fee in this case is reasonable under the standards outlined in section 330 of the Bankruptcy Code and was negotiated by the Debtors. In addition, approval of the Contingent Success Fee in these Chapter 11 Cases is particularly warranted because the services provided by APS and the CRO resulted in tangible, measurable and significant incremental value to the

Debtors and their estates. APS' efforts contributed to staving off liquidation, avoiding administrative insolvency, improving efficiency and liquidity, retaining employees and permanent jobs and preserving critical relationships. APS' efforts and contributions were key enablers of the successful outcome of these Chapter 11 Cases.

24. APS recognizes that its efforts are not the sole cause of the Debtors' successful reorganization, and that the efforts of the Debtors, their employees and other professionals were extraordinary under the circumstances. However, the general economic environment and the specific challenges facing the Debtors and its businesses were also extraordinary. Moreover, APS accepted these challenges and risks under the conditions described earlier. APS made an important difference by providing the guidance, stewardship and professional expertise that drove the outstanding results in these Chapter 11 Cases.

25. The Hiltz Declaration supports this request. The Hiltz Declaration, among other matters, that APS and other turnaround firms regularly require and receive success fees as part of their normal compensation structure, both inside and outside of bankruptcy cases.

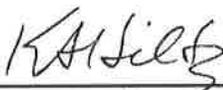
26. APS respectfully submits that the approval of the Contingent Success Fee is both warranted and appropriate. The Engagement Letter provides for the payment of the Contingent Success Fee based upon defined criteria, and such criteria have been attained. A fee, such as the requested Contingent Success Fee, is a normal part of the compensation structure of APS and other similar firms both inside and outside of bankruptcy, and APS played a pivotal role in the extraordinary results of these Chapter 11 Cases. Accordingly, this Application should be approved.

27. Notice of the Application has been or will be provided to those parties entitled to receive notice hereof in accordance with the provisions of the Confirmation Order.

CONCLUSION

WHEREFORE, APS respectfully requests that this Court enter an order awarding APS the Contingent Success Fee in the amount of \$2,000,000.00 and such other and further relief as is just or appropriate.

Dated: January 31, 2014
AP Services, LLC
300 N. LaSalle Street
Suite 1900
Chicago, IL 60654
Tel: 312.762.3377

By 

Kenneth A. Hiltz
Authorized Representative
AP Services, LLC

EXHIBIT A

Engagement Letter



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

July 9, 2012

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

Re: Agreement for the Provision of Interim Management Services

Dear Mr. Engelhardt:

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

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

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

OBJECTIVE AND TASKS

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



Mr. Irl F. Engelhardt

July 9, 2012

Page 2 of 23

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

Restructuring Activities

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

Preparation for Chapter 11 Filing and On-Going Administration Tasks

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



Mr. Irl F. Engelhardt
July 9, 2012
Page 3 of 23

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

Treasury & Cash Management

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

STAFFING

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

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



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

TIMING, FEES AND RETAINER

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

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

* * *

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

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

We look forward to working with you.

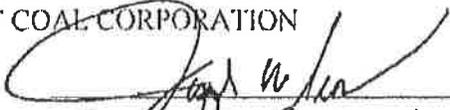
Sincerely yours,

AP SERVICES, LLC

Ted Stenger
Authorized Representative

Acknowledged and Agreed to:

PATRIOT COAL CORPORATION

By: 
Its: Senior Vice President - Law & Administration
Dated: July 9, 2012



AP Services, LLC

Exhibit A

Temporary Staff
Individuals with Officer Positions

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

Additional Temporary Staff

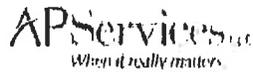
Name	Description	Standard Hourly Rate ¹	Commitment Full ² or Part ³ Time
Dipes Patel	Associate	\$345	Full Time
Christopher Blacker	Director	\$620	Full Time
Scott Mell	Director	\$665	Full Time
Robb McWilliams	Director	\$665	Full Time

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

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

² Full time is defined as substantially full time.

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



SCHEDULE 1

FEES AND EXPENSES

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

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

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

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

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



SCHEDULE 2

DISCLOSURES

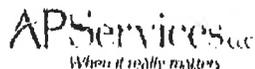
APS has completed a thorough check of the parties in interest with regard to the Company, based on the list of the parties in interest that APS received from the Company. For the purpose of these Disclosures, and unless otherwise expressly provided herein, the term "AlixPartners" shall mean AlixPartners,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

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

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

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

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



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

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

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



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



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

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



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



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

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



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

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



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



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

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



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

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



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



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

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



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

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

AP SERVICES, LLC
GENERAL TERMS AND CONDITIONS

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

Section 1. Company Responsibilities.

The Company will undertake responsibilities as set forth below:

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

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

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

Section 2. Billing, Retainer and Payments.

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

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

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

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

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

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

Section 3. Relationship of the Parties.

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

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

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

AP SERVICES, LLC
GENERAL TERMS AND CONDITIONS

Section 4. Confidentiality.

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

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

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

Section 5. Intellectual Property.

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

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

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

Section 6. Framework of the Engagement.

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

Section 7. Indemnification and Other Matters.

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

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

AP SERVICES, LLC
GENERAL TERMS AND CONDITIONS

the parties reasonably satisfactory to APS and the Company.

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

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

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

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

Section 8. Governing Law and Arbitration.

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

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

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

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

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

Section 9. Termination and Survival.

The Agreement may be terminated at any time by written notice by one party to the other; provided, however, that notwithstanding such termination APS will be entitled to any fees and expenses due under the provisions of the Agreement (for fixed fee engagements, fees will be pro rata based on the amount of time completed), in accordance with Schedule 1. Such payment obligation shall inure to the benefit of any successor or assignee of APS.

Sections 2, 4, 5, 7, 8, 9, 10, 11 and 12 of these Terms, the provisions of Schedule 1 and the obligation to pay accrued fees and expenses shall survive the expiration or termination of the Agreement.

Section 10. Non-Solicitation of Employees

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

AP SERVICES, LLC
GENERAL TERMS AND CONDITIONS

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

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

Section 11. Limit of Liability.

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

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

Section 12. General.

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

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

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

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

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

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

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

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



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

July 17, 2012

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

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

Dear Mr. Engelhardt:

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

STAFFING

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

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

We look forward to working with you.

Sincerely yours,

AP SERVICES, LLC

Kenneth A. Hiltz
Authorized Representative

Acknowledged and Agreed to:

PATRIOT COAL CORPORATION

By:

Its:

Dated:

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



AP Services, LLC

Exhibit A – Revised July 17, 2012

**Temporary Staff
Individuals with Officer Positions**

Name	Description	Hourly Rate³	Commitment Full¹ or Part² Time
Kenneth A. Hiltz	Chief Restructuring Officer	\$880	Full Time

Additional Temporary Staff

Name	Description	Hourly Rate¹	Commitment Full² or Part³ Time
Dipes Patel	Associate	\$345	Full Time
Christopher Blacker	Director	\$620	Full Time
Scott Mell	Director	\$665	Full Time
Robb McWilliams	Director	\$665	Full Time

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

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

² Full time is defined as substantially full time.

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

EXHIBIT B

Retention Order

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

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

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 All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Application.

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

1. The Application is granted to the extent set forth herein.

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

3. APS is authorized to provide the following services to the Debtors:

Restructuring Activities

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

liquidity and negotiate new contracts and relationships as appropriate.

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

On-Going Chapter 11 Administration Tasks

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

Treasury & Cash Management

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Dated: August 15, 2012
New York, New York

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

EXHIBIT C

Hiltz Declaration

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)

Hearing Date: March 25, 2014
Objection Deadline: February 17, 2014

DECLARATION OF KENNETH A. HILTZ

I, Kenneth A. Hiltz, make this declaration and state as follows:

28. I am a Managing Director of AlixPartners, LLP and an Authorized Representative of AP Services, LLC (“APS”), which maintains offices at, among other locations, 2000 Town Center, Suite 2400, Southfield, Michigan 48075.

29. APS has served as crisis managers to Patriot Coal and its affiliated debtors (collectively, the “Debtors”) since the commencement of their Chapter 11 Cases. I served as the Chief Restructuring Officer (“CRO”) to the Debtors from July 17, 2012 until December 18, 2013. I have worked at APS since 1991 and have been in the turnaround and restructuring industry for over 25 years.

30. This declaration is submitted pursuant to section 504 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) in connection with and in support of APS’ application (the “Application”) for allowance of the Contingent Success Fee (as defined in the Application). I have read the Application, and the facts contained therein are true and correct to the best of my knowledge, information and belief. Capitalized terms used but not defined herein have the meanings given them in the Application.

31. The Application requests that this Court enter an order awarding APS a Contingent Success Fee of \$2,000,000.00.

32. No agreement or understanding exists between APS and any other persons or parties to share in any compensation received in connection with these Chapter 11 Cases other than as among members of APS.

33. Throughout the Debtors' bankruptcy cases, APS has been called on to perform many critical tasks expected of crisis managers and has facilitated certain projects that were critical to the Debtors' successful restructuring, as more specifically set forth in the Application. For example, in its capacity as crisis manager, APS:

- Assisted the due diligence effort interacting with the advisors to all of the various constituents requesting information related to Patriot Coal which provided management the opportunity to focus its efforts on running its business and supported a successful conclusion to the Debtors' efforts to modify labor agreements, an essential component of future viability.
- Gathered and organized all of the relevant information necessary for the first day motions so that Patriot was prepared to file these Chapter 11 Cases efficiently and effectively and minimize the disruption that is sometimes common with Chapter 11 filings.
- Assisted the Debtors in the design and implementation a 13 week cash flow forecast model that provided Patriot Coal's management team with comprehensive controls related to liquidity.
- Assisted in the collection of information for the Schedules of Assets and Liabilities and Statements of Financial Affairs for all 101 Debtors.
- Guided the effort related to stabilize the vendor base as a result of the Chapter 11 process.
- Facilitated the effort to reconcile and resolve claims filed in these Chapter 11 cases.
- Organized and managed a comprehensive contract assessment website and coordinated the assumption and rejection of over 4600 contracts.

34. In addition to restructuring work that is typical to crisis managers in most bankruptcies, APS faced many challenges in the Debtors' Chapter 11 Cases. The current industry climate and credit environment might well have precluded the Debtors' successful emergence as a viable, self-sustaining reorganized enterprise. APS professionals addressed these challenges by bringing to bear levels of professionalism, fortitude, and expertise demanded by this exceedingly difficult assignment.

35. In addition to time charges, performance-based fees are a normal part of compensation for APS and other turnaround and management restructuring consulting firms. APS priced the engagement and negotiated the Contingent Success Fee as part of its total compensation package, including discounts to our hourly rates. APS took the Contingent Success Fee into account in accepting the engagement from the Debtors. The Contingent Success Fee is fair, reasonable and comparable to success fees charged by APS and other advisors in similar engagements both in and out of Chapter 11.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: January 31, 2014



Kenneth A. Hiltz
Authorized Representative
AP Services, LLC