

Hearing Date & Time: October 11, 2012 at 10:00 a.m.. Eastern Standard Time

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
In re: : Chapter 11
: :
PATRIOT COAL CORPORATION, *et al.*, : Case No. 12-12900 (SCC)
: :
: :
Debtors. : Jointly Administered
----- X

**AMENDED APPLICATION OF THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF PATRIOT COAL CORPORATION
ET AL. PURSUANT TO FED. R. BANKR. P. 2014(a) FOR AN ORDER UNDER
SECTION 1103 OF THE BANKRUPTCY CODE AUTHORIZING THE
EMPLOYMENT AND RETENTION OF MESIROW FINANCIAL CONSULTING, LLC
AS FINANCIAL ADVISORS, NUNC PRO TUNC TO JULY 24, 2012**

The Official Committee of Unsecured Creditors (the “**Committee**”) of Patriot Coal Corporation and certain of its subsidiaries, debtors and debtors-in-possession (collectively, the “**Debtors**”)¹ in the above-captioned jointly administered chapter 11 cases (the “**Chapter 11**”

¹ In addition to Patriot Coal Corporation, the Debtors are as follows: (1) Affinity Mining Company; (2) Apogee Coal Company, LLC; (3) Appalachia Mine Services, LLC; (4) Beaver Dam Coal Company, LLC; (5) Big Eagle, LLC; (6) Big Eagle Rail, LLC; (7) Black Stallion Coal Company, LLC; (8) Black Walnut Coal Company; (9) Bluegrass Mine Services, LLC; (10) Brook Trout Coal, LLC; (11) Catenary Coal Company, LLC; (12) Central States Coal Reserves of Kentucky, LLC; (13) Charles Coal Company, LLC; (14) Cleaton Coal Company; (15) Coal Clean LLC; (16) Coal Properties, LLC; (17) Coal Reserve Holding Limited Liability Company No. 2; (18) Colony Bay Coal Company; (19) Cook Mountain Coal Company, LLC; (20) Corydon Resources LLC; (21) Coventry Mining Services, LLC; (22) Coyote Coal Company LLC; (23) Cub Branch Coal Company LLC; (24) Dakota LLC; (25) Day LLC; (26) Dixon Mining Company, LLC; (27) Dodge Hill Holding JV, LLC; (28) Dodge Hill Mining Company, LLC; (29) Dodge Hill of Kentucky, LLC; (30) EACC Camps, Inc.; (31) Eastern Associated Coal, LLC; (32) Eastern Coal Company, LLC; (33)

Cases”), submits this application (the “Application”) for entry of an order, pursuant to 11 U.S.C. §§ 1103(a) and 1103(b), Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure, and Rules 2014-1 and 2016-1 of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Bankruptcy Rules**”) authorizing the retention and employment of Mesirow Financial Consulting, LLC (“**MFC**”) as financial advisors to the Committee nunc pro tunc to July 24, 2012. In support of this Application, the Committee relies upon the declaration of Monty Kehl (the “**Kehl Declaration**”), attached hereto as **Exhibit 1** and incorporated herein by reference, and respectfully represents as follows:

BACKGROUND

1. On July 9, 2012, each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (the “**Bankruptcy Code**”). The Debtors’ Chapter 11 Cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Bankruptcy Rule 1015(b). The Debtors continue to operate their businesses as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

Eastern Royalty, LLC; (34) Emerald Processing, LLC; (35) Gateway Eagle Coal Company, LLC; (36) Grand Eagle Mining, LLC; (37) Heritage Coal Company LLC; (38) Highland Mining Company, LLC; (39) Hillside Mining Company; (40) Hobet Mining, LLC; (41) Indian Hill Company LLC; (42) Infinity Coal Sales, LLC; (43) Interior Holdings, LLC; (44) IO Coal LLC; (45) Jarrell’s Branch Coal Company; (46) Jupiter Holdings LLC; (47) Kanawha Eagle Coal, LLC; (48) Kanawha River Ventures I, LLC; (49) Kanawha River Ventures II, LLC; (50) Kanawha River Ventures III, LLC; (51) KE Ventures, LLC; (52) Little Creek LLC; (53) Logan Fork Coal Company; (54) Magnum Coal Company LLC; (55) Magnum Coal Sales LLC; (56) Martinka Coal Company, LLC; (57) Midland Trail Energy LLC; (58) Midwest Coal Resources II, LLC; (59) Mountain View Coal Company, LLC; (60) New Trout Coal Holdings II, LLC; (61) Newtown Energy, Inc. (62) North Page Coal Corp.; (63) Ohio County Coal Company, LLC; (64) Panther LLC; (65) Patriot Beaver Dam Holdings, LLC; (66) Patriot Coal Company, LP; (67) Patriot Coal Sales LLC; (68) Patriot Coal Services LLC; (69) Patriot Leasing Company LLC; (70) Patriot Midwest Holdings, LLC; (71) Patriot Reserve Holdings, LLC; (72) Patriot Trading LLC; (73) PCX Enterprises, Inc.; (74) Pine Ridge Coal Company, LLC; (75) Pond Creek Land Resources, LLC; (76) Pond Fork Processing LLC; (77) Remington Holdings LLC; (78) Remington II LLC; (79) Remington LLC; (80) Rivers Edge Mining, Inc.; (81) Robin Land Company, LLC; (82) Sentry Mining, LLC; (83) Snowberry Land Company; (84) Speed Mining LLC; (85) Sterling Smokeless Coal Company, LLC; (86) TC Sales Company, LLC; (87) The Presidents Energy Company LLC; (88) Thunderhill Coal LLC; (89) Trout Coal Holdings, LLC; (90) Union County Coal Co., LLC; (91) Viper LLC; (92) Weatherby Processing LLC; (93) Wildcat Energy LLC; (94) Wildcat, LLC; (95) Will Scarlet Properties LLC; (96) Winchester LLC; (97) Winifrede Dock Limited Liability Company; and (98) Yankeetown Dock, LLC. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

2. On July 18, 2012, the United States Trustee for Region 2 (the “**U.S. Trustee**”) pursuant to section 1102 of the Bankruptcy Code, appointed the Committee to represent the interests of all unsecured creditors in these Chapter 11 Cases. The Committee consists of seven members and are: (i) Wilmington Trust Company; (ii) U.S. Bank National Association; (iii) United Mine Workers of America; (iv) United Mine Workers of America 1974 Pension Plan and Trust; (v) Gulf Coast Capital Partners, LLC; (vi) Cecil Walker Machinery and (vii) American Electric Power.

3. At a meeting of the Committee held on July 24, 2012, the Committee interviewed several potential advisors and, after due deliberation and a vote, decided to retain (i) Houlihan Lokey Capital, Inc. (“**Houlihan Lokey**”) as primary financial advisors and (ii) MFC as financial advisors for specific projects. Prior to filing this Application, substantial efforts were undertaken by the Committee to carefully delineate and allocate (the “**Allocation**”) the respective services to be provided by each of Houlihan Lokey and MFC to avoid overlap, duplication and most importantly, to ensure that advice and guidance deemed necessary and appropriate by the Committee in furtherance of its duties is provided in a timely and cost effective manner.

JURISDICTION AND VENUE

4. This Court has jurisdiction to consider this Application under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of this Application in this District is proper under 28 U.S.C. §§ 1408. The statutory predicates for the relief sought herein are sections 1103(a) and 1103(b) of the Bankruptcy Code, Bankruptcy Rules 2014(a) and 2016 and Local Bankruptcy Rule 2014-1 and 2016-1.

RELIEF REQUESTED

5. By this Application, the Committee requests entry of an order authorizing it to retain and employ MFC as financial advisors in these Chapter 11 Cases, nunc pro tunc to July 24,

2012. The Committee requests that MFC be retained to perform those financial advisory services described in the Application on the terms set forth herein.

SERVICES TO BE RENDERED

6. The Committee has requested that MFC provide limited financial advisory services to the Committee in order to advise the Committee in the course of these Chapter 11 Cases. As noted below, the Committee also seeks (by separate application) to retain Houlihan Lokey as its primary financial advisors in these cases. However, the Committee believes that MFC can provide certain supplemental and discrete financial advisory (as opposed to strategic) services, as follows:

- a. Provide litigation support services, which may include but are not limited to assisting with discovery, advising on damages and providing expert testimony, if necessary, to assist the Committee in analyzing potential causes of action (the "Causes of Action"), including potential preferences and fraudulent conveyances, specifically, including the investigation of transactions with Peabody, Arch, and ArcLite;
- b. Analyze existing and proposed employee compensation programs including any proposed annual incentive bonus program/KEIP as well as OPEB²/Pension/Labor obligations, including funding status and financial analysis;
- c. Provide tax analyses and tax advice regarding any proposed Plan of Reorganization, including any post-confirmation trust that may be established; and,
- d. Analyze intercompany claims and transactions, including as set forth on the Debtors' Schedules/Statements of Financial Affairs.

7. Should the Committee prior to confirmation of a chapter 11 plan(s) seek to expand the role of MFC beyond the matters listed above, MFC will file with this Court a notice of expanded role, including a description of such expanded services, and serve such notice and description on (a) the U.S. Trustee, (b) the Debtors, and (c) any other official Committee(s) appointed in these Chapter 11 Cases. All parties shall have seven (7) days from the date of such

² OPEB means "Other Post-Employment Benefits."

notice to object to such expanded role. The timeliness of a disclosure as set forth in this paragraph will be based on the facts and circumstances of each particular matter, including whether the disclosure would reveal privileged information or strategy of the Committee, or otherwise hinder or compromise the Committee's position or ability to discharge its duties and responsibilities in these Chapter 11 Cases. Timeliness shall be as soon as is reasonably practicable under the circumstances.

NO DUPLICATION OF SERVICES

8. The Committee intends to retain Houlihan Lokey as its general advisor in these cases. While Houlihan Lokey will be serving as the primary financial advisors, MFC has specialized expertise that the Committee believed would be beneficial to utilize in the Committee's exercise of its fiduciary duties to all creditors. At the request of the Committee, Houlihan Lokey and MFC have met and conferred about an efficient division of projects and responsibilities. Thereafter, the Committee reviewed the proposed allocation and after further refinements, has approved such allocation.

9. Using existing precedent in this District where dual advisors have been retained to assist officials committees (See, e.g., In re Residential Capital, LLC, et al., Case No. 12-12020 (MG) (Bankr. S.D.N.Y. 2012); In re AMR Corporation, et al., Case No. 11-15463 (SHL) (Bankr. S.D.N.Y. 2012); In re Arcapita Bank B.S.C.(c), et al., Case No. 12-11076 (SHL) (Bankr. S.D.N.Y. 2012); In re Eastman Kodak Co., et al., Case No. 12-10202 (ALG) (Bankr. S.D.N.Y. 2012), the Committee developed the Allocation of responsibilities between MFC and Houlihan set forth in the Allocation found at **Exhibit 2**. The Allocation reflects the fundamentally different roles of the proposed advisors and the nature of their expertise: Houlihan Lokey will be acting as the Committee's strategic, primary financial advisors concerning a diverse variety of matters that the Committee will need to consider in the exercise of its fiduciary duties. MFC, on the other hand, will have very specific tasks intended to supplement the services being provided by Houlihan Lokey

because the Committee felt that MFC's expertise as a financial advisor would be beneficial. Each of Houlihan Lokey and MFC will have different roles on behalf of the Committee – one, as a broader strategic advisor (Houlihan Lokey), and the other providing discrete analyses (MFC). While certain of the general topics may appear to overlap (e.g., employee/retiree matters), the actual roles performed will not. For example, on employee/retiree issues, MFC will be providing actuarial and related assistance to evaluate potential OPEB and multiemployer claims, whereas Houlihan Lokey will be providing strategic advice to assist the Committee in evaluating any proposals developed by the Debtors under section 1113 and/or 1114 of the Bankruptcy Code.

10. The Allocation of services to be provided by Houlihan Lokey and MFC will be supervised by the Committee. While the Committee cannot predict the progress or the issues that may arise in these complex Chapter 11 Cases, the Committee believes that with the well-defined roles for Houlihan Lokey and MFC, there is an efficient and cost-effective division of labor and use of resources which will not create any additional burden on the Debtors and their professionals as compared with a single advisor. Similarly, all of the Committee's professionals will function cohesively to ensure that services provided to the Committee by each firm are not duplicative.

11. The Committee's intention in hiring both Houlihan Lokey and MFC is to efficiently and cost-effectively meet its obligations to protect the interests of and maximize value for all unsecured creditors. To facilitate this goal, the Committee negotiated a reduction in both the monthly and deferred fee of Houlihan Lokey, while creating a limited and discrete role for MFC at a reasonable hourly rate. The Committee believes that the Allocation represents an efficient division of labor and use of resources.

BASIS FOR RELIEF

12. It is necessary and essential that the Committee, as a fiduciary for all general unsecured claims holders, employ a financial advisor to render the foregoing professional services. The Committee has selected MFC as financial advisors because of the firm's significant expertise in providing financial advisory services to debtors and creditors in restructurings and distressed situations.

13. The Committee needs assistance in collecting and analyzing financial and other information in relation to the Chapter 11 Cases. Its selection of a primary financial advisor and a financial advisor was in furtherance of this function with each performing specific tasks within their expertise without overlap or duplication. As discussed above, certain topics with which Houlihan Lokey and MFC have roles may be similar (i.e., labor and benefits analysis), but the specific tasks and nature of services are distinct. MFC has considerable experience with rendering such financial advisory services to committees and other parties in numerous chapter 11 cases with respect to the nature of services it will provide as set forth in the Allocation (as defined below). Accordingly, the Committee submits that MFC is qualified to perform the work that the Committee will require in representing the interests of general unsecured creditors in these cases.

14. MFC is expected to render such financial advisory services as the Committee may consider necessary to discharge the Committee's responsibilities and further the interests of its constituents in these cases. Based upon the foregoing, the Committee submits that the retention of MFC is necessary, appropriate and in the best interests of its constituents.

PROFESSIONAL COMPENSATION

15. MFC's requested compensation for professional services rendered to the Committee will be based upon the hours actually expended by each assigned staff member at each

staff member's hourly billing rate. The Committee has agreed to compensate MFC for professional services rendered at its normal and customary hourly rates.

16. Fees for services to be rendered by MFC will be billed at the rates in effect at the time that the services are rendered. The rates provided below (which reflect MFC's annual revision of its hourly rates) are MFC's normal and customary rates for matters of this sort effective January 1, 2012. MFC shall not bill the Debtors for staff or paraprofessionals performing clerical or administrative services.

Level	Hourly rates
Director, Managing Director, and Senior Managing Director	\$855-\$895
Senior Vice-President	\$695-\$755
Vice President	\$595-\$655
Senior Associate	\$495-\$555
Associate	\$315-\$425
Paraprofessional	\$160-\$250

17. MFC currently does not contemplate utilizing independent contractors or sub-contractors in performing its role in these Chapter 11 Cases. To the extent that the circumstances change to warrant the use of sub-contractors or independent contractors, MFC will file a supplemental notice, as soon as reasonably practicable without disclosing any privileged or otherwise confidential information or strategy, indicating such use and the nature of the services utilizing the same disclosure procedure as set for in paragraph 7 above.

18. MFC will also seek reimbursement for necessary expenses incurred, which shall include, but not be limited to, travel, photocopying, delivery service, postage, vendor charges and other out-of-pocket expenses incurred in providing professional services.

19. MFC intends to apply to the Court for the allowance of compensation for professional services rendered and reimbursement of expenses incurred in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules,

the Fee Guidelines³, and any applicable order of this Court. MFC has agreed to accept as compensation such sums as may be allowed by the Court. MFC understands that interim and final fee awards are subject to approval by this Court.

INDEMNIFICATION

20. By this Application, the Committee requests that the Debtors and their estates agree to indemnify MFC upon those terms set forth in the Kehl Declaration. The Committee believes that the Indemnification Provision is customary and reasonable for advisors, both out-of-court and in chapter 11 proceedings. See In re Joan & David Halpern, Inc., 246 B.R. 42 (Bankr. S.D.N.Y. 2000); Application of Official Committee of Unsecured Creditors for Entry of Order Authorizing the Retention and Employment of Mesirow Financial Consulting LLC as Financial Advisors *Nunc Pro Tunc* to December 6, 2011, In re: AMR Corp., No. 11-15463 (Bankr. S.D.N.Y. February 15, 2012) [Docket No. 1169]; Order Authorizing The Employment And Retention Of Mesirow Financial Consulting, LLC as Financial Advisors To The Official Committee Of Unsecured Creditors *Nunc Pro Tunc* To December 6, 2011 at 3-4, In re: AMR Corp., No. 11-15463 (Bankr. S.D.N.Y. March 8, 2012) [Docket No. 1650].

COMPLIANCE WITH SECTIONS 1103 AND 328(C) OF THE BANKRUPTCY CODE

21. Section 1103(b) of the Bankruptcy Code provides that a professional “employed to represent a committee appointed under section 1102 of this title may not, while employed by such committee, represent any other entity having an adverse interest in connection with the case.” 11 U.S.C. § 1103(b). To the best of the Committee’s knowledge and based upon the Kehl Declaration, (a) MFC’s connections with the Debtors, creditors, any other party in interest, or

³ The Fee Guidelines are comprised of the Order Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals, dated August 2, 2012 [Docket No. 262], the Standing Order Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals [M-412] (Dec. 21, 2010), the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases [M-389] (Nov. 25, 2009), and the U.S. Trustee Guidelines.

their respective attorneys are disclosed on Exhibit C to the Kehl Declaration; and (b) the MFC professionals working on this matter are not relatives of the United States Trustee of Region 2 or of any known employee in the office thereof, or any United States Bankruptcy Judge of the Southern District of New York. MFC has not provided, and will not provide any, professional services to the Debtors, any of the creditors, other parties-in-interest, or their respective attorneys and accountants with regard to any matter related to these Chapter 11 Cases. To the best of the Committee's knowledge and based upon the Kehl Declaration, MFC does not hold or represent an interest adverse to the estates with respect to the matter on which MFC will be employed, in accordance with section 328(c) and 1103(b) of the Bankruptcy Code. To the best of the Committee's knowledge and based upon the Kehl Declaration, MFC is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code.⁴

NUNC PRO TUNC RETENTION

22. The Committee required the immediate assistance of MFC commencing on July 24, 2012. Consequently, the Committee respectfully requests that the retention of MFC be effective nunc pro tunc to July 24, 2012, the date the Committee selected the MFC as financial advisors.

MOTION PRACTICE

23. This Application includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated, and a discussion of their application

⁴ Although section 1103 of the Bankruptcy Code does not contain an express requirement that a professional retained by a committee be disinterested, section 328(c) of the Bankruptcy Code provides that a bankruptcy court "may deny allowance of compensation for services and reimbursement of expenses of a professional employed under section 327 or 1103 of this title if . . . such professional person is not a disinterested person." 11 U.S.C. § 328(c). As a result, notwithstanding the language of section 1103 of the Bankruptcy Code, at least one court has concluded that counsel for a committee must be disinterested in order to be retained. In re Caldor, Inc., 193 B.R. 165 (Bankr. S.D.N.Y. 1996). See also In re Enron Corp. (Exco Resources, Inc. v. Milbank, Tweed, Hadley & McCloy LLP), 2003 WL 223455 (S.D.N.Y.).

to this Application. Accordingly, the Committee submits that this Application satisfies Local Rule 9013-1(a).

NOTICE

24. Consistent with the procedures described in the Court's Order Pursuant to 11 U.S.C. §§ 105(a) and (d) and Bankruptcy Rules 1015(c), 2002(m), and 9007 Implementing Certain Notice and Case Management Procedures [Docket No.84] (the "**Case Management Order**"), this Application has been served on the Standard Parties and the Rule 2002 Parties (as those terms are defined in the Case Management Order). In light of the nature of the Application, the Committee submits that no other and further notice be given and that the notice provided of the Application is sufficient.

NO PRIOR REQUEST

25. No previous application for the relief sought herein has been made to this or any other court.

WHEREFORE, the Committee respectfully requests that the Court enter an Order, substantially in the form attached hereto as **Exhibit 3**, (i) granting this Application, (ii) authorizing the Committee to retain and employ MFC as financial advisors *nunc pro tunc* to July 24, 2012 to perform the services set forth herein, (iii) the payment and reimbursement of MFC's fees and disbursements, subject to interim and final allowance thereof in accordance with sections 328(a), section 330 review by the Office of the United States Trustee and *sua sponte* review of the of the Court, and 1103 of the Bankruptcy Code, Bankruptcy Rules 2014 and 2016, and Local Rules 2014-1 and 2016-1 or as otherwise ordered by the Court; (iv) approving the indemnification as set forth in the Kehl Declaration; and (v) granting such other and further relief as is just and proper.

Dated: New York, New York
October 9, 2012

THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF
PATRIOT COAL CORPORATION, et al.

By: /s/ Steven Cimalore
Steven Cimalore, on behalf of Wilmington
Trust Company Chairperson of the Official
Committee of Unsecured Creditors of Patriot
Coal Corporation, *et al.*

Filed by:

Dated: New York, New York
October 9, 2012

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EXHIBIT 1

KEHL DECLARATION

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
In re: : Chapter 11
: :
PATRIOT COAL CORPORATION, *et al.*, : Case No. 12-12900 (SCC)
: :
: :
Debtors. : Jointly Administered
----- X

DECLARATION OF MONTY KEHL IN SUPPORT OF AMENDED APPLICATION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF PATRIOT COAL CORPORATION *ET AL.* PURSUANT TO FED. R. BANKR. P. 2014(a) FOR AN ORDER UNDER SECTION 1103 OF THE BANKRUPTCY CODE AUTHORIZING THE EMPLOYMENT AND RETENTION OF MESIROW FINANCIAL CONSULTING, LLC AS FINANCIAL ADVISORS, NUNC PRO TUNC TO JULY 24, 2012

I, Monty Kehl, hereby declare that the following is true and correct to the best of my knowledge, information and belief:

1. I am a Senior Managing Director of Mesirow Financial Consulting, LLC (“**MFC**”), a professional services firm engaged in the business of providing financial advisory and related professional consulting services. MFC is a wholly-owned subsidiary of Mesirow Financial Holdings, Inc., a diversified financial services firm which also offers investment management services, insurance services, investment services, investment banking and real estate services (collectively “**Mesirow Financial**”). I submit this declaration on behalf of MFC in support of the application (the “**Application**”)¹ of the Official Committee of Unsecured Creditors (the “**Committee**”) appointed in the above-captioned jointly administered chapter 11 cases (the “**Chapter 11 Cases**”) of Patriot Coal Corporation and certain of its subsidiaries, debtors and debtors-in-possession (collectively, the “**Debtors**”), for entry of an order, pursuant to

¹ Capitalized terms used herein but not otherwise defined shall have those meanings set forth in the Application

sections 1103(a) and 1103(b) of Title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and Rules 2014-1 and 2016-1 of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Bankruptcy Rules**”), authorizing the retention and employment of MFC as financial advisors to the Committee *nunc pro tunc* to July 24, 2012. I have personal knowledge of the matters set forth herein, and if called as a witness, would testify competently thereto.

QUALIFICATIONS OF MFC

2. MFC is a firm offering financial advisory services to financially distressed and troubled companies.

3. MFC understands that the Committee has selected MFC as financial advisors because of the firm's significant expertise in providing financial advisory services to debtors and creditors in restructurings and distressed situations.

4. The Committee requires assistance in collecting and analyzing financial and other information in relation to the Chapter 11 Cases with respect to discrete projects as set forth in the Allocation attached as Exhibit 2 to the Motion. The professionals of MFC have considerable experience with rendering such services to committees and other parties in numerous chapter 11 cases. Certain of the professionals that will be working on this assignment possess specialized training and designations such as CPA. As such, MFC is qualified to perform the work required in these cases and the only entity of Mesirow Financial that will be providing services to the Committee as discussed in this Application.

SERVICES TO BE RENDERED

5. The Committee anticipates that MFC may render the following services in these Chapter 11 Cases:

- a. Provide litigation support services, which may include but are not limited to assisting with discovery, advising on damages and providing expert testimony, if required, to assist the Committee in analyzing potential causes of action (the "Causes of Action"), including potential preferences and fraudulent conveyances, specifically, including the investigation of transactions with Peabody, Arch, and ArcLite;
- b. Analyze existing and proposed employee compensation programs including any proposed annual incentive bonus program/KEIP as well as OPEB²/Pension/Labor obligations, including funding status and financial analysis;
- c. Provide tax analyses and tax advice regarding any proposed Plan of Reorganization, including any post-conformation trust that may be established; and,
- d. Analyze intercompany claims and transactions, including as set forth on the Debtors' Schedules/Statements of Financial Affairs.

6. Should the Committee prior to confirmation of a chapter 11 plan(s) seek to expand the role of MFC beyond the matters listed above, MFC will file with this Court a notice of expanded role, including a description of such expanded services, and serve such notice and description on (a) the U.S. Trustee, (b) the Debtors, and (c) any other official Committee(s) appointed in these Chapter 11 Cases. All parties shall have seven (7) days from the date of such notice to object to such expanded role. The timeliness of a disclosure as set forth in this paragraph will be based on the facts and circumstances of each particular matter, including whether the disclosure would reveal privileged information or strategy of the Committee, or otherwise hinder or compromise the Committee's position or ability to discharge its duties and

² OPEB means "Other Post-Employment Benefits."

responsibilities in these Chapter 11 Cases. Timeliness shall be as soon as is reasonably practicable under the circumstances.

7. Based on their experience and expertise, MFC expects the following professionals to serve as team leader, provide expert analyses and possible testimony if required: Stephen Darr, Monty Kehl, Larry Lattig, and Jack Williams. These experts will be supplemented by additional members of MFC's staff. A brief summary of each of these professionals' qualifications is attached as **Exhibit A**.

8. MFC does not contemplate utilizing independent contractors or sub-contractors in performing its role in these Chapter 11 Cases. To the extent that the circumstances change to warrant the use of sub-contractors or independent contractors, MFC will file a supplemental declaration, as soon as reasonably practicable without disclosing any privileged or otherwise confidential information or strategy, indicating such use and the nature of the services pursuant to the disclosure procedures set forth in the order approving MFC's retention.

NO DUPLICATION OF SERVICES

6. MFC understands that the Committee also seeks to retain Houlihan Lokey as its primary financial advisor. At the request of the Committee, Houlihan Lokey and MFC have met and conferred about an efficient division of projects and responsibilities. As a result of these discussions, the Committee has the proposed allocation and after further refinements, these discussions resulted in the Allocation, as set forth in Exhibit 2 to the Application. Pursuant to this Allocation, Houlihan Lokey will serve as the "primary financial advisor" and will work in coordination with MFC who shall act on limited and discrete projects as a "financial advisor" to

the Committee.³ The Committee has filed or will file a motion to retain and employ Houlihan Lokey to advise the Committee on matters, including but not limited to, analyzing the Debtors' business and operating plans and forecasts, analyzing strategic and restructuring alternatives available to the Debtors, and providing valuation and debt capacity analysis. The allocation of services to be provided by Houlihan Lokey and MFC will be supervised by the Committee. While the Committee cannot predict the progress or the issues that may arise in these complex Chapter 11 Cases, the Committee believes that with their respective well-defined roles, Houlihan Lokey and MFC will not duplicate services that they provide to the Committee and will not create any additional burden on the Debtors and their professionals as compared with a single advisor. Similarly, all of the Committee's professionals will function cohesively to ensure that services provided to the Committee by each firm are not duplicative.

COMPLIANCE WITH SECTIONS 1103 AND 328(C) OF THE BANKRUPTCY CODE

8. Based upon information supplied by Debtors' counsel and counsel to the Committee, MFC searched its records and certain records of Mesirow Financial⁴ subject to the Trading Wall as defined below to identify any connection or relationship with the following entities whose names were provided to MFC by the Debtors' counsel and counsel to the Committee and are set forth in **Exhibit B** attached hereto and incorporated herein by reference. Based upon the database search described above, MFC does not represent any other entity having an adverse interest in connection with these cases and does not hold or represent an

³ For example, Houlihan Lokey will participate as needed in Committee meetings and MFC will also participate in Committee meetings relating directly to their allocated services and to the extent its services are needed.

⁴ MFC does not intend to suggest that Bankruptcy Rule 2014 requires that a professional seeking retention under the Bankruptcy Code must disclose any connections that an *affiliate* of the professional may have to the creditors or other parties-in-interest in the bankruptcy case. Rather, out of an abundance of caution, MFC has searched certain portions of Mesirow Financial's database and made appropriate disclosures of relationships, with the exception of those relationships described in the section titled "Ethical Wall and Trading Wall Procedures."

interest adverse to the interests of the estates with respect to the matter on which MFC will be employed, in accordance with section 328(c) and 1103(b) of the Bankruptcy Code. MFC and its employees are each a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code, given that, to the best of my information and belief, each of MFC and its employees:

- a. is not a creditor, an equity security holder or an insider of the Debtors;
- b. is not and was not within two years before the commencement of these Chapter 11 Cases, a director, officer or employee of the Debtors; and
- c. does not have an interest materially adverse to the interests of the estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with or interest in, the Debtors or for any other reason.

9. To the best of my knowledge, except as set forth herein and in **Exhibit C** attached hereto and incorporated herein by reference and subject to the limitations discussed herein, (a) MFC has no connections with the Debtors, creditors, and any other party-in-interest, or their respective attorneys and accountants; and (b) the employees of MFC are not relatives of the United States Trustee for Region 2 or of any known employee in the offices thereof, or any United States Bankruptcy Judge of the Southern District of New York.

10. MFC, and in some cases Mesirow Financial, has in the past been retained by, and presently and likely in the future will provide services for, certain creditors of the Debtors, other parties-in-interest, and their respective attorneys and accountants in matters unrelated to these Chapter 11 Cases. Each of the past and present matters constituted less than 1% of Mesirow Financial’s revenue for the relevant year. MFC currently performs or has previously performed such services for the entities listed in **Exhibit C**.

11. As part of its practice, MFC appears in many cases, proceedings, and transactions involving many different law firms, financial consultants, and investment bankers in matters unrelated to this bankruptcy. MFC has not identified any material relationships or connections with any law firm, financial consultant or investment banker involved in these Chapter 11 Cases that would cause it to be adverse to the Debtors, the Debtors' estates, any creditor or any other party-in-interest, or that would otherwise affect MFC's judgment or ability to perform services for the Committee.⁵

12. MFC has not provided, and will not provide, any professional services to the Debtors, any of the individual creditors, other parties-in-interest, or their respective attorneys and accountants with regard to any matter related to these Chapter 11 Cases.

13. Prior to the Petition Date, MFC did not receive any payments from the Debtors and is not a prepetition creditor of the Debtors.

⁵ From time to time, MFC and Mesirow Financial retain a number of law firms in the ordinary course of their business. No law firm has been retained by MFC or Mesirow Financial for the purposes of representation with regard to this matter.

ETHICAL WALL AND TRADING WALL PROCEDURES

14. Mesirow Financial has established an “Ethical Wall” between MFC and the other subsidiaries, divisions, and units of Mesirow Financial. The Ethical Wall prohibits MFC from sharing confidential or non-public information concerning the Debtors and these cases with any other employees of Mesirow Financial. Likewise, the Ethical Wall prohibits any employees of Mesirow Financial from sharing confidential or non-public information concerning the Debtors and these cases with any employee of MFC. Mesirow Financial and MFC have informed all employees of the Ethical Wall procedures.

15. In addition to the Ethical Wall, Mesirow Financial has also established a “Trading Wall.” In the ordinary course of business, Mesirow Financial, Inc. (“**MFI**”), Mesirow Financial's affiliated broker-dealer, may purchase or sell securities on a principal or agency basis. MFI also executes securities transactions on behalf of clients of introducing broker-dealers or unaffiliated investment advisors.⁶ In the ordinary course of business, Mesirow Financial's affiliated investment advisor subsidiaries, together with MFI (collectively, the “**Mesirow BD/IA Subsidiaries**”), may purchase securities, sell securities and/or provide investment advice to retail or institutional clients on a non-discretionary or discretionary basis. The securities transacted by the Mesirow BD/IA Subsidiaries may include securities issued by the Debtors, creditors, stakeholders or other parties-in-interest in these cases (“**Related Securities**”).

16. Mesirow Financial has implemented certain “Trading Wall” procedures to ensure that information concerning transactions by the Mesirow BD/IA Subsidiaries in Related Securities, as well as other securities transactions by the Mesirow BD/IA Subsidiaries, will not

⁶ MFI provides clearing services for introducing broker-dealers as well as custodial and execution services for unaffiliated investment advisors. In connection with these services, all investment decisions occur between the introducing broker-dealer and unaffiliated investment advisor and their respective clients.

be available to the employees of MFC. These Trading Wall procedures also permit the Mesirow BD/IA Subsidiaries to act in the best interest of their clients and in accordance with securities laws. The Mesirow BD/IA Subsidiaries are operated as separate and distinct subsidiaries from MFC. Mesirow Financial has informed the employees of the Mesirow BD/IA Subsidiaries and MFC of the Trading Wall procedures.

17. Based upon an email inquiry made of the MFC team, and the lack of any affirmative replies to such inquiry, it is my understanding that no member of the MFC team or their respective immediate family members own Patriot Coal Corporation's stock (Ticker Symbol "PCX") or are creditors of the Debtors. For the avoidance of doubt, no member of the MFC team providing services to the Committee own the Debtors' securities. MFC's professionals invest in a broad array of mutual funds and ETFs, some number of which either currently or may in the future own securities of Patriot Coal Corporation or some of its creditors.

INDEMNIFICATION

18. The Committee has agreed to seek a court order requiring that the Debtors and their estates indemnify, defend and hold harmless MFC, its officers, directors, shareholders, principals, members, managers, employees, affiliates, representatives and agents (collectively, the "**MFC Indemnified Parties**") from and against any and all losses, claims, damages, liabilities, penalties, obligations and expenses, including, without limitation, the costs and expenses for counsel, incurred by or asserted against the MFC Indemnified Parties in connection with or in any way related to MFC's engagement as financial advisors to the Committee.

19. MFC agrees that the above indemnification shall be subject to the following conditions:

- a. all requests by the MFC Indemnified Parties for indemnification by the Debtors and their estates pursuant to the Kehl Declaration and

incorporated herein by reference and in this Order approving this indemnification, shall be made by means of an application filed with the Bankruptcy Court (interim or final as the case may be) and shall be subject to review by the Bankruptcy Court to ensure that payment of such indemnity conforms to the terms of this Order approving this indemnification and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is sought;

- b. in no event shall the MFC Indemnified Parties be indemnified in the case of their own intentional fraud, bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct;
- c. in no event shall the MFC Indemnified Parties be indemnified if the Committee or a representative of the Committee, asserts a claim for, and a court determines by final order that such claim arose out of, MFC's own intentional fraud, bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct;
- d. in the event that the MFC Indemnified Parties seek reimbursement for attorneys' fees from the Debtors and the estates pursuant to this Order, the invoices and supporting time records from such attorneys shall be included in MFC's own applications (both interim and final) and such invoices and time records shall be subject to the Fee Guidelines and the approval of the Bankruptcy Court under the standards of sections 330 and 331 of the Bankruptcy Code without regard to whether such attorney has been retained under sections 1103(a) and 1103(b) of the Bankruptcy Code and without regard to whether such attorneys' services satisfy section 330(a)(3)(C) of the Bankruptcy Code; and
- e. MFC shall not be entitled to reimbursement by the Debtors for any fees, disbursements and other charges of MFC's counsel other than those incurred in connection with a request of MFC for payment of indemnity.

PROFESSIONAL COMPENSATION

18. MFC's requested compensation for professional services rendered to the Committee will be based upon the hours actually expended by each assigned staff member at each staff member's hourly billing rate. The Committee has agreed to compensate MFC for professional services rendered at its normal and customary hourly rates.

19. Fees for services to be rendered by MFC will be billed at the rates in effect at the time that the services are rendered. The rates provided below (which reflect MFC's annual revision of its hourly rates) are MFC's normal and customary rates for matters of this sort effective January 1, 2012.

Level	Hourly rates
Director, Managing Director, and Senior Managing Director	\$855-\$895
Senior Vice-President	\$695-\$755
Vice President	\$595-\$655
Senior Associate	\$495-\$555
Associate	\$315-\$425
Paraprofessional	\$160-\$250

20. MFC will also seek reimbursement for necessary expenses incurred, which shall include, but not be limited to, travel, photocopying, delivery service, postage, vendor charges and other out-of-pocket expenses incurred in providing professional services.

21. MFC intends to apply to the Court for the allowance of compensation for professional services rendered and reimbursement of expenses incurred in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules. MFC has agreed to accept as compensation such sums as may be allowed by the Court. MFC understands that interim and final fee awards are subject to approval by this Court.

22. In accordance with section 504 of the Bankruptcy Code, I hereby state that there is no agreement or understanding between MFC and any other entity for the sharing of compensation received or to be received for services rendered in connection with these cases.

23. This declaration is provided in accordance with section 328(c) and 1103(b) of the Bankruptcy Code and Bankruptcy Rule 2014.

I declare under penalty of perjury under the laws of the United States of America that, to the best of my knowledge and belief, and after reasonable inquiry, the foregoing is true and correct.

Dated: Chicago, Illinois
October 9, 2012

MESIROW FINANCIAL CONSULTING, LLC

By: /s/ Monty Kehl
Monty Kehl
Senior Managing Director
353 North Clark Street
Chicago, Illinois 60654

EXHIBIT A

This information is being provided in connection with the Declaration of Monty Kehl in support of the Application for Order Authorizing the Retention and Employment of Mesirow Financial Consulting, LLC as Financial Advisors to the Official Committee of Unsecured Creditors. The following individuals will be involved in the engagement at a senior management level.

Larry H. Lattig - President

Mr. Lattig has over 30 years of experience advising creditors' committees in bankruptcies, lenders in workout situations, companies and creditors in liquidations, buyers and sellers in mergers and acquisition transactions, and parties in financing and financial transactions.

Mr. Lattig has advised the Official Committee of Unsecured Creditors of AMR Corporation (American Airlines), Sbarro, Inc., Chrysler LLC, Aleris International, Inc., Lyondell Chemical Company, Delta Airlines, Inc., UAL Corporation (United Airlines), The Bombay Company, Inc., Coleman Oil Company, Bethlehem Steel Corp., and many other engagements across a variety of industries.

Mr. Lattig received a Bachelor of Arts from Ohio University.

Stephen B. Darr – Senior Managing Director

Mr. Darr has over 30 years of experience providing accounting, auditing and financial consulting services to business organizations, many of which are experiencing significant financial and operating difficulties. Mr. Darr's experience also includes providing litigation support and expert testimony in bankruptcy and non-bankruptcy matters involving preference and fraudulent conveyance actions, professional liability claims, patent infringement, royalty and intellectual property disputes, construction claims, wrongful employment discharge and lender liability and business tort claims.

Mr. Darr has advised Triax Pharmaceuticals, Oscient Pharmaceuticals, LLC, Androscoggin Energy LLC, Formica Corporation, Caribbean Petroleum LP, and Malden Mills Industry Inc., and many other engagements across a variety of industries.

Mr. Darr holds the following professional certifications: Certified Public Accountant – Massachusetts and New Hampshire, Certified Insolvency & Restructuring Advisor, Certification in Financial Forensics, Certification in Distressed Business Valuation and FINRA 7, 24, 79.

Mr. Darr received his Bachelor of Business Administration from Boston College and his Master of Business Administration from University of Chicago.

Monty Kehl – Senior Managing Director

Mr. Kehl has more than 20 years of experience providing financial advisory services. Mr. Kehl has extensive experience assisting troubled companies and their creditors to identify and

implement optimizing solutions through out-of-court restructurings or Chapter 11 proceedings. He also has significant corporate treasury and planning experience. During his career, Mr. Kehl has served as an executive and officer for several companies.

Mr. Kehl has advised the Official Committee of Unsecured Creditors in the Chapter 11 cases for Sbarro, Inc., Gas City, Ltd., Nebraska Book Company, Inc., The Bombay Company, Inc., and many other engagements across a variety of industries.

Mr. Kehl holds the following professional certifications: Certified Insolvency & Restructuring Advisor, Certification in Distressed Business Valuation and Licensed Engineer, State of Louisiana (inactive).

Mr. Kehl received his Bachelor of Science from University of Wyoming and his Master of Business Administration from The Wharton School at the University of Pennsylvania.

Jack F. Williams – National Co-Leader – Litigation, Investigation & Intelligence Services

Mr. Williams has over 25 years of experience in bankruptcy and insolvency-related matters, providing consultation and expert witness services in the areas of business restructuring, fiduciary duties, governance issues, D&O liability matters, related-party transactions, intercompany transfers, international asset concealments, fraud and fraudulent transfers, Ponzi schemes, and forensic accounting and investigatory services.

Mr. Williams has served as an examiner appointed by the US DOJ and approved by the Bankruptcy Court of the Southern District of New York in one of the largest petrochemical bankruptcy cases in history, a liquidating trustee in an international bankruptcy and insolvency case, an arbitrator and a mediator, and as an expert witness/consultant in international and national bankruptcy and insolvency proceedings.

Mr. Williams holds the following professional certifications: Certified Insolvency & Restructuring Advisor and Certification in Distressed Business Valuation.

Mr. Williams received his Bachelor of Arts from University of Oklahoma, his Juris Doctor from George Washington University College of Law and his Doctor of Philosophy is pending from University of Leicester.

EXHIBIT B

This information is being provided in connection with the Declaration of Monty Kehl in support of the Application for Order Authorizing the Retention and Employment of Mesirow Financial Consulting, LLC as Financial Advisors to the Official Committee of Unsecured Creditors. The following names were compared to MFC's client database and certain records in Mesirow Financial's client database to identify any connection or relationship:

Officers and Directors (2009 to Present)
(includes non-executive officers and general managers of subsidiaries)

Adorjan, J. Joe
Bean, Joseph W.
Bennett, Robert W.
Brandt, Philip A.
Brown, B. R.
Day, Michael D.
Ebetino, Charles A.
Engelhardt, Irl F.
Hartsog, Kent E.
Hatfield, Bennett K.
Hudson, Terry G.
Johnson, Michael P.
Jones, Jacquelyn A.
Jones, John R.
Longoria, Janeice M.
Lucha, Dale F.
Lushefski, John E.
Magro, James N.
Mead, Robert L.
Millburg, Lawrence J.
Scharf, Michael M.
Schnapp, Paul A.
Schroeder, Mark N.
Viets, Robert O.

Affiliations of Directors (Board Memberships, Charitable Organizations, etc.)

Adven Capital
Bates Sales Company
Beaucoup Farms LLC
Buffalo Wild Wings, Inc.
CenterPoint Energy, Inc.
Delta Trust & Bank
Engelhardt Family Foundation
Foundation for Pinckneyville, Illinois
Freedom Group, Inc.
Friends of KWMU
Galveston Bay Foundation

Greater Houston Partnership
Gulf Coast Health Services Steering Committee
Healthcare Service Corporation
Heritage Society
The Hungary-Missouri Educational Partnership
Illinois Rural Heritage Museum
J&A Group
MD Anderson Services Corporation
Ogden, Gibson, Broocks, Longoria & Hall L.L.P.
Oklahoma Conference for Community & Justice
Phillips Theological Seminary
Port of Houston Authority
QuikTrip Corporation
Ranken Technical College
Remington Arms Company, Inc.
Renewable Energy Group, Inc.
The Rumson Country Day School
RLI Corp.
Saint Louis University
Texas Medical Center
Tiger Woods Foundation
UTIMCO
White Walnut Farms LLC

Debtor

Patriot Coal Corporation

Subsidiaries

Affinity Mining Company
Apogee Coal Company, LLC
Appalachia Mine Services, LLC
Beaver Dam Coal Company, LLC
Big Eagle LLC
Big Eagle Rail, LLC
Black Stallion Coal Company, LLC
Black Walnut Coal Company
Bluegrass Mine Services, LLC
Brook Trout Coal, LLC
Catenary Coal Company, LLC
Central States Coal Reserves of Kentucky, LLC
Charles Coal Company, LLC
Cleaton Coal Company
Coal Clean LLC

Coal Properties, LLC
Coal Reserve Holding Limited Liability Company
No. 2
Colony Bay Coal Company
Cook Mountain Coal Company, LLC
Corydon Resources LLC
Coventry Mining Services, LLC
Coyote Coal Company LLC
Cub Branch Coal Company LLC
Dakota LLC
Day LLC
Dixon Mining Company, LLC
Dodge Hill Holding JV, LLC
Dodge Hill Mining Company, LLC
Dodge Hill of Kentucky, LLC
EACC Camps, Inc.
Eastern Associated Coal, LLC
Eastern Coal Company, LLC
Eastern Royalty, LLC
Emerald Processing, L.L.C.
Gateway Eagle Coal Company, LLC
Grand Eagle Mining, LLC
Heritage Coal Company LLC
Highland Mining Company, LLC
Hillside Mining Company
Hobet Mining, LLC
Indian Hill Company LLC
Infinity Coal Sales, LLC
Interior Holdings, LLC
IO Coal LLC
Jarrell's Branch Coal Company
Jupiter Holdings LLC
Kanawha Eagle Coal, LLC
Kanawha River Ventures I, LLC
Kanawha River Ventures II, LLC
Kanawha River Ventures III, LLC
KE Ventures, LLC
Little Creek LLC
Logan Fork Coal Company
Magnum Coal Company LLC
Magnum Coal Sales LLC
Martinka Coal Company, LLC
Midland Trail Energy LLC
Midwest Coal Resources II, LLC
Mountain View Coal Company, LLC
Newtown Energy, Inc.
New Trout Coal Holdings II, LLC
North Page Coal Corp.
Ohio County Coal Company, LLC
Panther LLC
Patriot Beaver Dam Holdings, LLC
Patriot Coal Company, L.P.
Patriot Coal Receivables (SPV), Ltd.
Patriot Coal Sales LLC
Patriot Coal Services LLC
Patriot Leasing Company LLC

Patriot Midwest Holdings, LLC
Patriot Reserve Holdings, LLC
Patriot Trading LLC
Patriot Ventures LLC
PCX Enterprises, Inc.
Pine Ridge Coal Company, LLC
Pond Creek Land Resources, LLC
Pond Fork Processing LLC
Remington Holdings LLC
Remington II LLC
Remington LLC
Rhino Eastern LLC
Rivers Edge Mining, Inc.
Robin Land Company, LLC
Sentry Mining, LLC
Snowberry Land Company
Speed Mining LLC
Squaw Creek Coal Company
Sterling Smokeless Coal Company, LLC
TC Sales Company, LLC
Tecumseh Coal Corporation
The Presidents Energy Company LLC
Thunderhill Coal LLC
Trout Coal Holdings, LLC
Union County Coal Co., LLC
Viper LLC
Weatherby Processing LLC
White Stallion Coal, LLC
Wildcat, LLC
Wildcat Energy LLC
Will Scarlet Properties LLC
Winchester LLC
Winifrede Dock Limited Liability Company
WWMV, LLC
Yankeetown Dock, LLC

***Five Percent and Greater Shareholders
and Beneficial Owners (as of March 15,
2012)***

BlackRock, Inc.
State Street Corporation
The Vanguard Group, Inc.

Significant Business Partners

American Patriot Mining, LLC
RWMV, LLC
Rhino Energy WV LLC

See Significant Suppliers, Shippers, Warehousemen,
Customers and Vendors for list of agents.

***Attorneys, Professionals and Financial
Advisors (Including Accountants and
Investment Banks)***

Allen Guthrie & Thomas
AlixPartners
Arnold & Porter, LLP
American Stock Transfer & Trust Company, LLC
AST Fund Solutions, LLC
Banc of America Securities LLC
Bank of America Corporation
Barclays Capital Inc.
Boehl, Stopher & Graves
Bowen Engineering Corp.
Bowles Rice McDavid Graff & Love LLP
Broadridge Financial Solutions, Inc.
Buchanan, Ingersoll & Rooney
Bryan Cave, LLP
CH2M Hill Engineers
Citibank, National Association
Citigroup CIB
Citigroup Global Markets, Inc.
Computershare
Davis Polk & Wardwell LLP
Depository Trust and Clearing Corporation
Dinsmore & Shohl LLP
Duff & Phelps Corporation
Ernst & Young LLP
Equity Methods
FBR Capital Markets & Co.
Ferreri & Fogle
Fifth Third Securities, Inc.
Flaherty, Sensabaugh & Bonasso
GCG Inc.
Georgeson Inc.
Gordon Law Offices, PSC
Greenberg & Traurig
Greensfelder, Hemker & Gale, P.C.
Husch Blackwell
IBM
Jackson Kelly PLLC
Kohn, Shands, Elbert, Gianoulakis & Giljum, LLP
KPMG LLP
Lewis Glasser Casey & Rollins, PLLC
Mercer
Merrill Lynch
Milliman
Morris, Nichols, Arsht & Tunnell LLP
Natixis Securities Americas LLC
Neal, Gerber & Eisenberg LLP
Ogletree Deakins
Oliver Wyman
PNC Capital Markets, LLC
Protiviti
Robinson & McElwee, PLLC

RR Donnelly
Sandberg Phoenix & Von Gontard P.C.
Santander Investment Securities, Inc.
SG Americas Securities, LLC
Shuman, McCuskey & Slicer, PLLC
Smith Moore Leatherwood LLP
SNR Denton
Sorling, Northrup, Hanna, Cullen & Cochran, Ltd.
Steptoe & Johnson, PLLC
Summit Strategies Group
The Blackstone Group LP
Thompson Coburn
Towers Watson
UBS Investment Bank
Veritas Consulting/Richard Verheij
WebFilings
White & Risse
Wilmington Trust Company
Zenon Environmental Corp d/b/a GE Water
Ziemer, Stayman, Weitzel & Shoulders, LLP

***Significant Financial Institutions
(Including Administrative Agents, Lenders
and Equipment Financing)***

Bank of America, N.A.
Bank of Oklahoma, N.A.
Barclays Bank PLC
Caterpillar Financial Services Corp.
Citigroup Global Markets Inc.
Citicorp North America, Inc.
Comerica
Fifth Third Bank
M&I Bank (Southwest Bank of St Louis)
Natixis, New York Branch
PNC Bank
Raymond James Bank
RZB Bank
Societe Generale (SocGen)
Sovereign Bank
The Private Bank
UBS
United Overseas Bank

Significant Equipment Lessors

AmerCable Incorporated
BancorpSouth Equipment Finance
Bank of America Leasing
Bank of the West
Black Equipment Co, Inc.
BMO Harris Equipment Finance
California First National Bank
Capitalsource Bank
Caterpillar Financial Services Corporation
Cecil I. Walker Machinery Co.

CitiCapital Commercial Leasing Corporation
DBT America Inc.
The Fifth Third Leasing Company
First National Capital Corp.
Fifth Third Bank
First Utah Bank
Flagstar Bank, FSBGelco Corporation DBA GE Fleet
Services
General Electric Capital Corporation
Gibbs Technology Leasing
Hawthorn Bank
The Huntington National Bank
ICON Investments
ICON Magnum, LLC
Joy Technologies Inc.
Key Equipment Finance Inc.
Komatsu Financial Limited Partnership
Macquarie Corporate and Asset Funding, Inc.
Mazuma Capital Corp
Merrill Lynch Capital
Mitel Leasing, Inc.
Motion Industries, Inc.
Nations Fund I, Inc.
PEC Equipment Company, LLC (Peabody)
People's Capital and Leasing Corp.
Prime Alliance Bank
RBS Asset Finance, Inc.
Relco Finance, Inc.
Renaissance Capital Alliance
Republic Bank, Inc.
Rish Equipment Company
Ritchie Bros. Auctioneers (America) Inc.
Rudd Equipment Company
SG Equipment Finance USA Corp
Siemens Financial Services, Inc.
Somerset Capital Group, LTD
United Leasing, Inc.
Wire Rope Industries Ltd.

Significant Landlords and Lessors

ACIN
Alcoa Fuels, Inc.
Alderson Heirs
Allegheny Land
Ark Land KH
Berwind Land Company
BGK –Integrated TIC Management, LLC
Black King
Blue Eagle
Boone East
Boone East Development
CC Dickinson Testamentary Trust
Central WV Energy
Chesapeake Mining
Cole & Crane

Courtney Co.
David Olliver, Agent
Donald Greenwell
Duke Realty
Elk Run
Federal Coal
Gerald Greenwell
Greenbrier Land Co.
Hoover
Hoover LaFollette
Horse Creek Coal Land Co.
Horse Creek Land and Mining
Imperial Coal Company
Jackson Vinson
James M. Greenwell
Johnny Royster
Kay-Ford-JamesLawson Heirs
Lewis Heirs
Little Coal Land Co.
LRPB
LRPB KE
Mariam Peak
Midwest Coal Reserves of Ky., LLC
Miller-Gilman
Mohler Lumber
Mounts & Dannheiser, LLC
Pardee
Payne Gallatin
Penn Virginia f/k/a Penn Virginia Operating Co.,
LLC
Pocahontas Land
Potter Family, LLC
Potter Grandchildren, LLC
Quincy Center
Rowland Land
Shepard Boone
William H. Shields
Shonk
So. Appalachian
Southern Dickinson
Southern Land Co.
SRIR (Pocahontas Land)
Tennessee Valley Authority
Tommy Long
Ward Heirs
Westvarendrag
WPP LLC

Unions

United Mine Workers of America
Bituminous Coal Operators' Association

Bondholders

Cetus

Pinebridge
Northwestern Mutual
Nuveen
Third Point
Smith Barney
Claren Road
Goldman Sachs

***Letter of Credit and Surety Bond Providers
and Beneficiaries***

Department of Labor
Peabody Energy Corp.

Surety Issuers

ACE American Insurance Company
American Casualty Company of Reading,
Pennsylvania
Aspen American Insurance Company
Aspen Specialty Insurance Company
Argonaut Insurance Company
Chubb Group of Insurance Companies
Chubb Surety
CNA Surety
Continental Casualty Company
Bond Safeguard
Federal Insurance Company
Firemen's Insurance Company of Newark, New
Jersey
HCC Surety Group
Indemnity Insurance Company of North America
Indemnity National Insurance Company
Insurance Company of North America
Lexon
Liberty
National Fire Insurance Company of Hartford
Pacific Employers Insurance Company
Rockwood
St. Paul/Seaboard
St. Paul Fire & Marine
Surety Bonding Company of America
The Continental Insurance Company
Travelers Casualty and Surety Company of America
US Specialty
Universal Surety Company of America
Westchester Fire Insurance Company
Western Surety Company

Surety Obligees

Henderson County, Kentucky
Illinois Department of Mines and Minerals
Indiana State Agency
Kentucky Dept. for Natural Resources: Division of
Mine Reclamation & Enforcement
Kentucky State Agency
Missouri State Agency

Ohio Department of Natural Resources; Reclamation
Division
West Virginia Department of Natural Resources
West Virginia, Department of Transportation
West Virginia Division of Environmental Protection
West Virginia State Agency
WV Hwy

Letters of Credit Providers

Bank of America
Fifth Third Bank
PNC

Letters of Credit Beneficiaries

Arch Coal, Inc.
Argonaut Insurance Co
Bond Safeguard/LEXON
CAT Financial Svcs
Clerk of Ct, US Dist Ct for WV
Commonwealth of KY
Commonwealth of PA
Federal Ins Co/CHUBB
First Surety Corp
ILL Workers Comp
Indemnity Natl Ins Co
Ins Commissioner of WV
Kenergy Corp
National Fire Insurance
National Union Fire Ins
Norfolk Southern
Old Republic Insurance
Travelers Casualty
UMWA 1992 Benefit Plan
US Surety Co
Western Surety C.N.A.

Significant Taxing Authorities

Internal Revenue Service
Boone County, WV
Clay County, WV
Commonwealth of Kentucky
Henderson County, KY
Lincoln County, WV
Logan County, WV
Kanawha County, WV
Monongalia County, WV
State of Illinois
State of Indiana
State of Missouri
State of Pennsylvania
State of West Virginia
Union County, KY

Regulatory Agencies (e.g., Department of Interior, Mine Safety Administration, OSHA, and State and Local Regulators)

Environmental Protection Agency
Illinois Department of Natural Resources
Illinois Environmental Protection Agency
Illinois Pollution Control Board
Kentucky Department for Environmental Protection
Kentucky Department for Natural Resources
Kentucky Office of Mine Safety and Licensing
Mine Safety and Health Administration
Occupational Safety and Health Administration
Office of Surface Mining Reclamation and Enforcement
Ohio Department of Natural Resources
Pennsylvania Department of Environmental Protection
U.S. Army Corps of Engineers
U.S. Bureau of Alcohol, Tobacco, and Firearms
U.S. Bureau of Land Management
U.S. Department of Interior
U.S. Department of Labor
West Virginia Department of Environmental Protection
West Virginia Office of Miners' Health Safety & Training

Parties to Significant Litigation

Bridgehouse Capital Limited
Bridgehouse Commodities Trading Limited
Environmental Protection Agency
Keystone Industries, LLC
Sierra Club
Sentrum Holdings Limited
State of Illinois; Illinois Attorney General's Office
State of West Virginia
Ohio Valley Environmental Coalition, Inc.
U.S. Attorney's Office
West Virginia Department of Environmental Protection
West Virginia Highlands Conservancy, Inc.

Significant Suppliers, Shippers, Warehousemen, Customers and Vendors

Alpha Coal Sales Co. LLC
American Electric Power Co., Inc
Anders Williams Resources, Inc.
Appalachian Power Co.
Bayer CropScience LP
Big Rivers Electric Corp.
Blue Cross Blue Shield

Bridgehouse Commodities Trading Limited
Brody Mining, LLC
Carbofer Representacoes Ltda.
Cardinal Operating Company
Caremark
Caterpillar Global Mining America
Cecil I. Walker Machinery Co.
Clay's Trucking
Coal Network Inc.
Constellation Energy Commodities
CSX Transportation, Inc.
Dan River Resources LLC
Dekoven Dock, Incorporated
Drummond Coal Sales, Inc.
DTE Energy Company
Duke Energy Carolinas LLC
Duke Energy Commercial Asset Management
Duke Energy Kentucky, Inc.
E. On Ag
Eagle Valley, Inc.
East Kentucky Power Cooperative
Eastman Kodak Co.
EDF Trading North America, LLC/EDF Trading Limited
Emerald International
GenOn Energy Management, LLC
Gerdau Acominas S.A.
Gulf Power Company
Home Oil & Gas
Hunter Trucking
IBM
ILVA Spa
Jennmar Corporation
JMAC Leasing Inc.
Joy Mining Machinery
Kanawha River Terminals, LLC
Kentucky Utilities Co.
Keystone Industries
Komsa Sarl
Long Branch Energy
Louisville Gas and Electric Comp
Magnum Coal Co.
Mercuria Energy Trading, Inc.
Middletown Coke Company, LLC
Mirant Energy Trading, LLC
Monk Mining

Mountain State Carbon, LLC
Neville Island Fuels Company, LLC
Nelson Brothers LLC
Norfolk Southern Railway Company
Owensboro Municipal Utilities
Peabody COALTRADE, LLC
Peabody Energy Corp.
Peabody Terminals, LLC
Penn Virginia Resource Partners, L.P.

Petroleum Products Inc.
Phillips Machine Service Inc.
PPL EnergyPlus, LLC
PPL Generation, LLC
PowerSouth Energy Cooperative
Production Adjustment
Progress Energy Carolinas, Inc.
Raleigh Mine & Industrial Supply
Reiss Viking Division
Relco Finance, Inc.
Rish Equipment
River Trading Company
RWE Trading Americas Inc.
Sandvik Mining and Construction
Selah Corp.
Shenango Inc.
Shinewarm Resources (HK) Group Limited
Southern Company
SunCoke Energy
Tata Steel UK Limited
ThyssenKrupp CSA Siderurgica
Trafigura AG
United Central Industrial Supply
USIMINAS
U.S. Steel Corp.
The Vanguard Group
Vanomet International AG
Veyance Industrial Services
Vitol, Inc.
Webster Trucking
White River Coal Sales, Inc.
Xcoal Energy & Resources
Zug Island Fuels, LLC

See also Significant Landlords and Lessors,
Significant Attorneys, Professionals and Financial
Advisors and Significant Equipment Lessors

Insurers

Brokers

Aon Risk
Marsh USA
Willis of Tennessee

Underwriters

ACE
AIG
Allied World Assurance Company
Allied World National Assurance Company
Arch Specialty
Argo QS
ARISE Inc.
Aspen Bermuda Ltd
Aspen Specialty Insurance Company
Aspen Insurance UK Limited

Axis Insurance (Bermuda) Ltd
Axis Insurance Company
Axis Surplus Insurance Company
Berkley
Chartis
Chubb
CNA
Endurance American Insurance Company
Hartford
Hiscox
Ironshore
Iron-Starr
HCC
Liberty International Underwriters
Liberty Mutual Insurance Europe Limited
MJB Consulting
RSUI
XL
XL UK
XL Specialty
Zurich

United States Trustee's Office

Office of the United States Trustee for the Districts of
New York, Connecticut & Vermont

Abriano, Victor
Brooks, Catletha
Catapano, Maria
Choy, Danny A.
Crowder, Stephanie B.
Davis, Tracy Hope
Driscoll, Michael
Dub, Elizabeth C.
Felton, Marilyn
Fields, Myrna R.
Gasparini, Elisabetta
Golden, Susan
Khorodovsky, Nazar
Martin, Marylou
Martinez, Anna M.
Masumoto, Brian S.
Mendoza, Ercilia A.
Moroney, Mary V.
Morrissey, Richard C.
Nadkarni, Joseph
Nakano, Serene
Nguyen, Savitri
Porter, Carol A.
Riffkin, Linda A.
Schwartz, Andrea B.
Schwartzberg, Paul K.
Segreto, John
Sharp, Sylvester
Velez-Rivera, Andy
Weston, Jennifer L.

Zipes, Greg M.

Top Five Secured Creditors

BancorpSouth Equipment Finance
Bank of America
Bank of America Leasing
Bank of the West
BMO Harris Equipment Finance Company
Caterpillar Financial Services Corp.
Fifth Third Bank
Fifth Third Leasing Company
General Electric Capital Corp.
Key Equipment Finance Inc.
Komatsu Financial Limited Partnership.
People's Capital & Leasing Corp.
SG Equipment Finance
Siemens Financial Services
Somerset Capital Group, Ltd.
United Leasing, Inc.

Top 50 Unsecured Creditors

AFCO
Allegheny Power
Alley Trucking LLC
Alpha Natural Resources, Inc.
Americable Incorporated
American Electric Power
American Freedom Innovations LLC
Bank of the West
Bentley Badgett II and Linda Badgett
CapitalSource Bank
Caterpillar Global Mining
Cecil I. Walker Machinery Co.
Chisler Brothers Contracting LLC
Chisler Inc.
Coalfield Services Inc.
Cogar Manufacturing Inc.
CSX Transportation Inc.
Dayton Power & Light
Environmine Inc
Fifth Third Leasing Company
Flomin Coal Inc.
GE Capital TMS
I.B.M. Corp.
Industrial Supply Solutions Inc.
J. H. Fletcher & Co.
Jabo Supply Corp
Jennmar Corporation
JMAC Leasing Inc
Joy Mining Machinery
Komatsu Financial Limited Partnership
Logan Corp.
Longwall Associates, Inc.
Mine Equipment & Mill Supply Co.

Monk Mining Supply, Inc.
Nelson Brothers LLC
Penn Virginia Operating Co LLC
Phillips 66 Receivable
Powell Construction Co., Inc.
Raleigh Mine & Industrial
RBS Asset Finance, Inc.
Richard Whiting
Rish Equipment Co.
SGS North America Inc.
Shonk Land Company LLC
Somerset Capital Group, Ltd.
Suncrest Resources LC
United Central Industrial Supply
United Leasing, Inc.
U.S. Bank National Association
Wilmington Trust Company

Utilities

Allegheny Power
American Electric Power
Aquis Communications
AT&T
AT&T Mobility
AT&T Teleconference Services
Buffalo Creek PSD
City of Morganfield
City of Uniontown
Citynet, LLC
Clay-Battelle Public Service District
Dish Network
Dominion Hope
Eldon Gas Company
Fiberlink Communications Corp.
Frontier
Henderson County Water District
Huntington Technology Group Inc.
Kanawha Public Service District
Kenergy Corp.
Kentucky Utilities Co
Lumos Networks Inc
Monongahela Power Company
Mountaineer Gas
Ohio Valley Answering Service
Q Wireless LLC
Rea Energy Cooperative Inc
Republic Services
SouthEastern Illinois Electric
Suddenlink
Tangoe Inc
Telemax Services
Time Warner Cable
Union County Water District
US Cellular
Valley Falls Public Service Dist

Verizon
Verizon North
Waste Management of WV, Inc.
West Penn Power Company
West Side Telecommunications
West Virginia American Water Co
Windstream

Notice of Appearance Parties

GE Energy and GE International
United States Steel Corporation
Hanson Aggregates Davon, LLC
Dickinson Properties Limited Partnership
Quincy Coal Company
Branch Banking & Trust Company
Union Pacific Railroad Company
Banc of America Leasing & Capital, LLC
Continental Crushing & Conveying, Inc.
UMWA 1993 Benefit Plan & Trust
UMWA Combined Benefit Fund
Icon Capital Corp.
Whayne Supply Company
Westchester Surplus Lines Insurance Company
Illinois Union Insurance Company
Hope Gas, Inc., d/b/a Dominion Hope
Bridgestone Americas Tire Operations, LLC

Patricia Willits, William G. Parrott, Jr., and the PPW
Royalty Trust
SITEX Corporation
Environmental Resources Management Consulting
Company, LLC
Security America, Inc.
Kanawha Scales & Systems, Inc.

***Professionals Representing Any of the
Foregoing in Relation to Patriot***

Cleary, Gottlieb, Steen & Hamilton LLP
Latham & Watkins LLP
Ogletree, Deakins, Nash, Smoak & Stewart, P.C.
Weil, Gotshal & Manges

Creditors' Committee Members

Wilmington Trust Company
U.S. National Bank Association, N.A.
United Mine Workers of America
UMWA 1974 Pension Plan and Trust
Gulf Coast Capital Partners, LLC
Cecil Walker Machinery
American Electric Power

EXHIBIT C

This information is being provided in connection with the Declaration of Monty Kehl in support of the Application for Order Authorizing the Retention and Employment of Mesirow Financial Consulting, LLC as Financial Advisors to the Official Committee of Unsecured Creditors. MFC or Mesirow Financial have or had business relationships with, currently render or have previously rendered services in matters unrelated to these Chapter 11 Cases for the following entities:

ACE American Insurance Co.	DBT America Inc.	Owensboro Municipal Utilities
AFCO	Dinsmore & Shohl LLP	Pacific Employers Insurance
Alix Partners	Dish Network	Company
American Casualty Company of	Duke Energy Carolinas LLC	Pennsylvania Department of
Reading Pennsylvania	Endurance American Insurance	Environmental Protection
Arch Specialty	Company	Peoples Capital and Leasing Corp.
Argonaut Insurance Company	Environmental Protection Agency	Petroleum Products Inc.
AT&T Teleconference Services	Ernst & Young LLP	Phillips Machine Service Inc.
Axis Insurance Company	Federal Insurance Company	PNC Bank
Axis Surplus Insurance Company	Fifth Third Bank	Progress Energy Carolinas Inc.
Banc of America Leasing & Capital,	Flagstar Bank	Protiviti
LLC	Frontier	RBS Asset Finance Inc.
Banc of America Securities LLC	General Electric Capital Corp.	Renaissance Capital Alliance
Bank of America	Gulf Power Company	Republic Services
Bank of America Leasing	Hartford	Robinson & McElwee Pllc
Bank of America NA	HCC Surety Group	Rudd Equipment Company
Bank of the West	Husch Blackwell	Siemens Financial Services Inc.
Barclays Bank PLC	IBM Corp.	SNR Denton
Bayer Cropscience LP	Illinois Environmental Protection	Somerset Capital Group Ltd
Blackstone Group LP	Agency	Southern Company
Boehl Stopher & Graves	Internal Revenue Service	Sovereign Bank
Bryan Cave LLP	Joy Technologies Inc.	State of Illinois
Buchanon Ingersoll & Rooney	Key Equipment Finance Inc.	State of Indiana
Caremark	KPMG LLP	Steptoe & Johnson PLLC
Caterpillar Financial Services	Kramer Levin Naftalis & Frankel	Tennessee Valley Authority
Corporation	LLP	The Continental Insurance Company
Chartis	Latham & Watkins LLP	The Huntington National Bank
Chubb	Marsh USA	Time Warner Cable
Chubb Group of Insurance	Mercer	Towers Watson
Companies	Merrill Lynch	UBS
Citicapital Commercial Leasing Corp.	Merrill Lynch Capital	U.S. Bank National Association
Citicorp North America, Inc.	Milliman Inc.	U.S. Cellular
Citigroup Global Markets Inc.	Morris Nichols Arsht& Tunnell LLP	U.S. Department of Labor
Clearly Gottlieb Steen & Hamilton	Motion Industries Inc.	Verizon
LLP	National Fire Insurance Company of	Verizon North
CNA	Hartford	Weil Gotshal & Manges
CNA Surety	Natixis New York Branch	Western Surety Company
Comerica	Norfolk Southern	Windstream
Computershare	Ogletree Deakins Nash Smoak &	XL
Continental Casualty Company	Old Republic Insurance	Zurich
CSX Transportation	Stewart PC	
Davis Polk & Wardwell LLP	Oliver Wyman	

EXHIBIT 2

**ALLOCATION OF COORDINATING RESPONSIBILITIES OF
HOULIHAN LOKEY AND MFC**

**IN RE PATRIOT COAL CORPORATION, ET AL.
CASE NO. 12-12900 (SCC)**

COORDINATION OF RESPONSIBILITIES FOR HOULIHAN LOKEY AND MFC

With respect to the projects listed below, where appropriate the parties may coordinate with each other while avoiding duplication of efforts.

<p align="center"><u>HOULIHAN LOKEY</u> (PRIMARY FINANCIAL ADVISOR)</p>	<p align="center"><u>MESIROW FINANCIAL CONSULTING</u> (FINANCIAL ADVISOR)</p>
<ul style="list-style-type: none"> • Analysis of DIP financing, including historical analysis of negotiations resulting in proposed DIP facility and other options • Monitor and analyze liquidity/cash flow including variances and near-term cash forecast • Analysis of intercompany transactions and payables/receivables, including non-debtor subsidiaries and affiliates • Analysis of first and second day motions • Business plan and operations analysis, including development of improvements • Strategic alternatives/restructuring alternatives • Analysis and review of SEC filings, MORs, other financial reports, SOFAs and schedules (other than intercompany transactions) • Capital structure/debt capacity • Valuation analysis and testimony, including solvency analyses and accompanying valuation in connection with plan, exit strategy, avoidance actions and “NOL preservation” orders • Collateral analysis and review/Committee lien investigation • Section 1113/1114 overall strategic analysis • Executory contracts analysis 	<ul style="list-style-type: none"> • Provide litigation support services, which may include but are not limited to assisting with discovery, advising on damages and providing expert testimony if necessary to assist the Committee in analyzing potential causes of action (the “<u>Causes of Action</u>”), including potential preferences and fraudulent conveyances, specifically, including the investigation of transactions with Peabody, Arch, and ArcLite and specific valuation analyses related thereto • Analyze existing and proposed employee compensation programs including any proposed annual incentive bonus program/KEIP as well as OPEB¹¹/Pension/Labor obligations, including funding status and financial analysis • Provide tax analyses and tax advice regarding any proposed Plan of Reorganization, including any post-confirmation trust that may be established • Analyze intercompany claims and transactions, including as set forth on the Debtors’ Schedules/Statements of Financial Affairs

¹¹ OPEB means “Other Post-Employment Benefits.”

EXHIBIT 3

PROPOSED ORDER

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- x
In re: : Chapter 11
: :
PATRIOT COAL CORPORATION, *et al.*, : Case No. 12-12900 (SCC)
: :
: :
Debtors. : Jointly Administered
----- x

**ORDER UNDER SECTION 1103 OF THE BANKRUPTCY CODE
AUTHORIZING THE EMPLOYMENT AND RETENTION
OF MESIROW FINANCIAL CONSULTING, LLC
AS FINANCIAL ADVISORS TO THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS, NUNC PRO TUNC TO JULY 24, 2012**

Related Docket No. __

Upon the application (the “**Application**”) of the Official Committee of Unsecured Creditors (the “**Committee**”) appointed in the Chapter 11 Cases of the above-captioned debtors and debtors-in-possession herein (the “**Debtors**”), for entry of an order, pursuant to sections 1103(a) and 1103(b) of Title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rules 2014-1 and 2016-1 of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Bankruptcy Rules**”), authorizing the retention and employment of Mesirov Financial Consulting, LLC (“**MFC**”) as financial advisors to the Committee *nunc pro tunc* to July 24, 2012; and upon the Declaration of Monty Kehl in Support of the Application (the “**Kehl Declaration**”); and having heard the statements of counsel in support of the relief requested therein and at the hearing thereon (the “**Hearing**”); and the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. §157(b)(2), (c) MFC does not hold or represent any adverse interest in connection with these Chapter 11 Cases, (d) MFC is a “disinterested person” and has no adverse

interest in connection with these Chapter 11 Cases as contemplated by the Bankruptcy Code, and (e) such retention is necessary and in the best interests of the Committee; and the Court finding that notice of the Application given by the Committee was sufficient under the circumstances and that no other or further notice is necessary; and the Court having determined that the legal and factual bases set forth in the Application, the Kehl Declaration and at the Hearing on the Application establish just cause for the relief herein granted, and after due deliberation and sufficient cause appearing therefore,

IT IS HEREBY ORDERED THAT:

1. The Application is granted to the extent provided herein.
2. The Committee is authorized, pursuant to sections 1103(a) and 1103(b) of the Bankruptcy Code, Bankruptcy Rules 2014(a) and 2016, Local Bankruptcy Rules 2014-1 and 2016-1, to employ and retain MFC as financial advisors, in accordance with the Application, nunc pro tunc to July 24, 2012, to perform the services set forth in the Application and the Kehl Declaration and listed below:

- a. Provide litigation support services, which may include but are not limited to assisting with discovery, advising on damages and providing expert testimony if necessary to assist the Committee in analyzing potential causes of action (the “Causes of Action”), including potential preferences and fraudulent conveyances, specifically, including the investigation of transactions with Peabody, Arch, and ArcLite;
- b. Analyze existing and proposed employee compensation programs including any proposed annual incentive bonus program/KEIP as well as OPEB¹²/Pension/Labor obligations, including funding status and financial analysis;
- c. Provide tax analyses and tax advice regarding any proposed Plan of Reorganization, including any post-confirmation trust that may be established ; and,

¹² OPEB means “Other Post-Employment Benefits.”

3. Analyze intercompany claims and transactions, including as set forth on the Debtors' Schedules/Statements of Financial Affairs. Should the Committee prior to confirmation of a chapter 11 plan(s) seek to expand the role of MFC beyond the matters listed above, MFC will file with this Court a notice of expanded role, including a description of such expanded services, and serve such notice and description on (a) the U.S. Trustee, (b) the Debtors, and (c) any other official Committee(s) appointed in these Chapter 11 Cases. All parties shall have seven (7) days from the date of such notice to object to such expanded role. The timeliness of a disclosure as set forth in this paragraph will be based on the facts and circumstances of each particular matter, including whether the disclosure would reveal privileged information or strategy of the Committee, or otherwise hinder or compromise the Committee's position or ability to discharge its duties and responsibilities in these Chapter 11 Cases. Timeliness shall be as soon as is reasonably practicable under the circumstances.

4. MFC currently does not contemplate utilizing independent contractors or sub-contractors in performing its role in these Chapter 11 Cases. To the extent that the circumstances change to warrant the use of sub-contractors or independent contractors, MFC will file a supplemental notice, as soon as reasonably practicable without disclosing any privileged or otherwise confidential information or strategy, indicating such use and the nature of the services utilizing the same disclosure procedure as set for in paragraph 3 above.

5. MFC shall be compensated for fees and reimbursed for reasonable and necessary expenses and will file interim and final fee applications for allowance of its compensation and expenses in accordance with sections 330 and 331 of the Bankruptcy Code and the Bankruptcy Rules, the Local Rules, the Order Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals, dated August 2, 2012 [Docket

No. 262], the Standing Order Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals [M-412] (Dec. 21, 2010), the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases [M-389] (Nov. 25, 2009), and the U.S. Trustee Guidelines (collectively, the “**Fee Guidelines**”), and any other applicable order of this Court.

6. MFC shall not bill the Debtors for staff or paraprofessionals performing clerical or administrative services.

7. No less than ten (10) business days prior to effecting any increases in the rates set forth in paragraph 12 of the Application and paragraph 20 of the Kehl Declaration, MFC shall file a supplemental affidavit with the Court and provide notices to the Debtors, the United States Trustee and counsel for the Committee. The supplemental affidavit shall explain the basis for the requested rate increases in accordance with section 330(a)(3)(F) of the Bankruptcy Code and state whether the Committee has consented to the rate increase. The United States Trustee retains all rights to object to any rate increases on all grounds including, but not limited to, the reasonableness standard provided for in section 330 of the Bankruptcy Code, and the Court retains the right to review any rate increase pursuant to section 330 of the Bankruptcy Code.

8. The Debtors and their estates shall indemnify, defend and hold harmless MFC, its officers, directors, shareholders, principals, members, managers, employees, affiliates, representatives and agents (collectively, the “MFC Indemnified Parties”) from and against any and all losses, claims, damages, liabilities, penalties, obligations and expenses, including, without limitation, the costs and expenses of counsel, incurred by or asserted against the MFC Indemnified Parties in connection with or in any way related to MFC’s engagement as financial advisors to the Committee.

9. Notwithstanding anything to the contrary in the Kehl Declaration, the indemnification provisions are subject to the following conditions:

- a. all requests by the MFC Indemnified Parties for indemnification by the Debtors and their estates pursuant to the Kehl Declaration and incorporated herein by reference and in this Order approving this indemnification, shall be made by means of an application filed with the Bankruptcy Court (interim or final as the case may be) and shall be subject to review by the Bankruptcy Court to ensure that payment of such indemnity conforms to the terms of this Order approving this indemnification and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is sought;
- b. in no event shall the MFC Indemnified Parties be indemnified in the case of their own intentional fraud, bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct;
- c. in no event shall the MFC Indemnified Parties be indemnified if the Committee or a representative of the Committee, asserts a claim for, and a court determines by final order that such claim arose out of, MFC's own intentional fraud, bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct;
- d. in the event that the MFC Indemnified Parties seek reimbursement for attorneys' fees from the Debtors and the estates pursuant to this Order, the invoices and supporting time records from such attorneys shall be included in MFC's own applications (both interim and final) and such invoices and time records shall be subject to the Fee Guidelines and the approval of the Bankruptcy Court under the standards of sections 330 and 331 of the Bankruptcy Code without regard to whether such attorney has been retained under sections 1103(a) and 1103(b) of the Bankruptcy Code and without regard to whether such attorneys' services satisfy section 330(a)(3)(C) of the Bankruptcy Code; and
- e. MFC shall not be entitled to reimbursement by the Debtors for any fees, disbursements and other charges of MFC's counsel other than those incurred in connection with a request of MFC for payment of indemnity.

10. MFC shall use its best efforts to avoid any duplication of services provided by any of the Committee's other retained professionals in these Chapter 11 Cases.

11. The Committee and MFC are authorized and empowered to take all actions necessary to effectuate the relief granted in and pursuant to this Order in accordance with the Application or Kehl Declaration.

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

13. To the extent the terms of this Order are in any way inconsistent with the Application or the Kehl Declaration, the terms of this Order shall govern.

14. Notwithstanding any provision to the contrary in the Application or Kehl Declaration, the Court shall retain jurisdiction with respect to all matters arising from or related to the interpretation and implementation of this Order.

15. Notice of the Application as provided herein shall be deemed good and sufficient notice of the Application.

Dated: New York, New York
_____, 2012

HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE