

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

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In re: : Case No. 12-51502-659
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PATRIOT COAL CORPORATION, *et al.*, : JOINTLY ADMINISTERED
: UNDER CHAPTER 11
Debtors. : :
: Relates to: Docket No. 1919
: :
: Hearing Date and Time:
: February 26, 2013 at 10:00 a.m. (CST)
: :
: Objection Deadline:
: February 19, 2013 at 4:00 p.m. (EST)
: :
: Hearing Location:
: Courtroom 7 North
: :
: :
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**STATEMENT OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
IN SUPPORT OF PROPOSED CONSENSUAL RESOLUTION
TO THE MOTION TO APPOINT
OFFICIAL RETIREE COMMITTEE PURSUANT TO 11 U.S.C. § 1114(d)**

The Official Committee of Unsecured Creditors (the “**Committee**”) of the above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”)¹ hereby submits this Statement in Support (“**Statement in Support**”) of the entry of the proposed consensual Order Directing Appointment of Committee of Retired Employees Pursuant to 11 U.S.C. § 1114 (the “**Stipulated Order**”) in connection with the Motion to Appoint Official Retiree Committee Pursuant to 11 U.S.C. § 1114(d) [ECF No. 1919] (the “**Motion**”)² and respectfully represents as follows:

¹ In addition to Patriot Coal Corporation, there are 98 other Debtors in these jointly administered proceedings. A complete list of the Debtors in these chapter 11 cases may be found at Exhibit 1 of the Declaration of Mark N. Schroeder (Docket No. 4). The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

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

STATEMENT

1. The Committee is sympathetic to the plight of retirees and mindful of the impact that the Debtors' proposed termination of certain healthcare and life insurance benefits (the "**Covered Benefits**") could have on the Debtors' non-union retiree community (the "**Covered Retirees**"). Nevertheless, the Committee supports the Debtors' goal of (i) achieving necessary cost savings that will benefit all creditors and (ii) doing so in a manner that does not create a dilutive claim.

2. In furtherance of that goal, the Committee supports the entry of the parties' proposed Stipulated Order. The proposal will expedite the adjudication of the Debtors' anticipated motion to discontinue and modify certain non-union Covered Benefits pursuant to section 363(b) of the Bankruptcy Code (the "**363 Motion**").³ Based upon information received by the Committee to date, it appears that the non-union Covered Benefits are not vested and may be terminated by the Debtors at will. The Committee believes that a protracted and potentially expensive litigation regarding the applicability of section 1114 is not in the best interest of all creditors or these estates.

3. The proposed Stipulated Order provides for the prompt formation of a Retiree Committee whose scope will be limited to addressing the factual and legal assertions regarding the Debtors' ability under the plan documentation and applicable non-bankruptcy law to discontinue or modify the benefits at issue. The proposal caps the legal fees of the Retiree Committee at \$250,000 (subject to modification by the Bankruptcy Court under specified conditions). Moreover, the proposal avoids the time, expense and uncertainty of litigation over

³ The Committee has been, and will continue, monitoring all issues concerning the Debtors' anticipated 363 Motion. As negotiations and discovery regarding the 363 Motion proceeds, the Committee expressly reserves its rights to supplement the record by filing any and all pleadings that it deems appropriate and necessary.

the predicate issue of whether appointment of an official retiree committee is required under section 1114 of the Bankruptcy Code. While the proposed Stipulated Order provides the Covered Retirees with an unsecured claim for the loss of terminable benefits during the pendency of these Bankruptcy Cases, the Committee believes that, on balance, allowance of such an unsecured claim is reasonable, particularly as compared with the overall cost savings to the estates that the proposed Stipulated Order otherwise provides.

4. For all of the foregoing reasons, the relief provided by the proposed Stipulated Order is appropriate, reasonable and in the best interests of these estates and unsecured creditors.

Dated: February 22, 2013

CARMODY MACDONALD P.C.

/s/ Gregory D. Willard

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*Counsel for the Official
Committee of Unsecured Creditors*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing *Statement of the Official Committee of Unsecured Creditors In Support of Proposed Consensual Resolution to the Motion to Appoint Official Retiree Committee Pursuant to 11 U.S.C. § 1114(d)* was filed on February 22, 2013 using the Court's CM/ECF system, which sent a copy to all parties receiving electronic notices in this case.

/s/ Gregory D. Willard
Gregory D. Willard