

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MISSOURI  
EASTERN DIVISION

In re:

PATRIOT COAL CORPORATION, *et al.*,

Debtors.<sup>1</sup>

Chapter 11  
Case No. 12-51502-659  
(Jointly Administered)

#4164

**ORDER AUTHORIZING AND APPROVING THE  
PAYMENT OF FEES AND REIMBURSEMENT OF EXPENSES  
OF POTENTIAL RIGHTS OFFERING BACKSTOP PARTIES**

Upon the motion dated June 18, 2013 (the “**Motion**”)<sup>2</sup> of Patriot Coal Corporation and its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the “**Debtors**”), for entry of an order pursuant to section 363(b)(1) of title 11 of the United States Code (the “**Bankruptcy Code**”), and Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334; and consideration of the Motion and the requested relief being a core proceeding that this Court can determine pursuant to 28 U.S.C. § 157(b); and due and proper notice of the Motion having been provided in accordance with the Order Establishing Certain Notice, Case Management and Administrative Procedures entered on March 22, 2013 [ECF No. 3361]; and it appearing that no other or further notice need

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<sup>1</sup> The Debtors are the entities listed on Schedule 1 attached to the Motion (as defined herein). The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ Chapter 11 petitions.

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

be provided; and the Court having reviewed the Motion; and having held a hearing with appearances of parties in interest noted on the record thereof (the “**Hearing**”); and the relief requested in the Motion being in the best interests of the Debtors and their respective estates and creditors; and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The relief requested in the Motion is hereby granted as set forth herein.
2. The Debtors are authorized to pay the Potential Backstop Fees and Expenses incurred on and after May 1, 2013, up to the aggregate amount of \$2 million, subject to the terms and conditions set forth herein (the “**Potential Backstop Fees and Expenses Cap**”).
3. Knighthead and Aurelius shall provide reasonably detailed monthly invoices of any Potential Backstop Fees and Expenses (each, an “**Invoice**”),<sup>3</sup> to (i) the Debtors; (ii) the Creditors’ Committee, on a professionals’ eyes only basis; and (iii) the United States Trustee (collectively, the “**Notice Parties**”).
  - (a) Any objection (any “**Objection**”) served by a Notice Party to an amount requested pursuant to an Invoice on the ground(s) such amount is unreasonable or outside the scope of the relief granted by this Order (any “**Contested Amount**”) must be in writing and served on the Notice Parties no later than 30 days after receipt thereof (the “**Objection Deadline**”); *provided, however*, that the Objection Deadline for any Invoice on account of Potential Backstop Fees and

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<sup>3</sup> The Invoices may be redacted as needed to prevent the disclosure of legally privileged or confidential information.

Expenses incurred on or before the date hereof shall be 45 days after the receipt of such Invoice.

- (b) If no Objections are timely served in accordance with this Order by the Objection Deadline, the Debtors shall pay the applicable Invoice promptly thereafter.
- (c) Notwithstanding whether an Objection has been served, the Debtors shall pay all amounts that are not Contested Amounts promptly after expiration of the Objection Deadline for the applicable Invoice.
- (d) If an Objection is timely served in accordance with this Order, and such Objection has not been consensually resolved by the parties, the Debtors or Knighthood and Aurelius shall schedule the matter for the next available Status Hearing.
- (e) If an Objection is timely served in accordance with this Order by the Objection Deadline, and such Objection is subsequently consensually resolved by the parties, any Contested Amounts subject to such resolved Objection shall be paid promptly thereafter by the Debtors.

4. The Potential Backstop Fees and Expenses Cap may be increased

- (i) without further Court approval by written agreement among the Debtors and the Creditors' Committee, effective after 20 days' notice in writing (the "**Proposed Increase Notice Period**") to the United States Trustee and each of the administrative agents for the Debtors' post-petition lenders (the "**DIP Agents**") and their respective counsel; or (ii) in the event that the Debtors and Creditors' Committee do not reach such an agreement, or in the event the United States Trustee and/or either of the DIP Agents files a written objection to such proposed increase prior to the expiration of the Proposed Increase Notice Period, upon further order of the Court after notice and a hearing.

5. Any accrued and unpaid Potential Backstop Fees and Expenses shall constitute allowed administrative expenses of the Debtors pursuant to Section 503(b) of the Bankruptcy Code up to the then applicable Potential Backstop Fees and Expenses Cap.

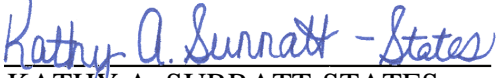
6. Nothing in this Order shall prejudice the Debtors' rights to file a motion to seek similar relief from the Court with respect to a competing exit financing bid or bidder.

7. Notwithstanding anything in this Order to the contrary, in the event that (i) Knighthead and Aurelius do not provide to the Debtors a written commitment to backstop a rights offering or otherwise sponsor a chapter 11 plan of reorganization for the Debtors; and (ii) the Debtors do not pursue a chapter 11 plan of reorganization with a rights offering backstopped by, or otherwise sponsored by, one or more investors other than Knighthead and Aurelius, the United States Trustee reserves the right to file a motion on good cause shown to seek an order from this Court ordering the non-payment or disgorgement, as applicable, of up to ten percent (10%) of any accrued Potential Backstop Fees and Expenses.

8. Notwithstanding the possible application of Bankruptcy Rule 6004(h) or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

9. Proper, timely, adequate, and sufficient notice of the Motion has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules and the Local Rules, and no other or further notice of the Motion or the entry of this Order shall be required.

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

  
KATHY A. SURRATT-STATES  
Chief United States Bankruptcy Judge

DATED: July 26, 2013  
St. Louis, Missouri  
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**Order prepared by:**  
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