
Mr. John E. Lushefski
Patriot Coal Corporation
Senior Vice President and Chief Financial Officer
12312 Olive Blvd.
St. Louis, MO 63141

July 11, 2013

Subject: Addendum to Engagement Letter for Duff & Phelps, LLC Consulting Services dated July 11, 2013

Dear Mr. Lushefski:

This addendum (the "Addendum") to our engagement letter (the "Engagement Letter") dated July 11, 2013 confirms that we, Duff & Phelps, LLC ("Duff & Phelps"), have been retained by you, Patriot Coal Corporation and certain of its subsidiaries (collectively, "Patriot" or the "Company"), to provide the additional services (the "Additional Services") set out below relating to the Company's emergence from Chapter 11 of Title 11 of the U.S. Code (the "Bankruptcy Code"). Our performance of the Additional Services is contingent upon the approval of our retention by the United States Bankruptcy Court for the Eastern District of Missouri (the "Bankruptcy Court"). We understand the results of our analysis will be used by Patriot management ("Management") and their bankruptcy advisors for reorganization purposes. For purposes of this analysis, the valuation date will be as of a recent date ("Valuation Date"). Collectively, this arrangement is the "Liquidation Analysis". This Addendum is subject to the same terms and conditions as presented in the Engagement Letter.

Scope of Additional Services

It is understood that the Additional Services to be provided will include the following:

- Estimate the value of the PP&E and Mineral Interests (as defined in the Engagement Letter) assuming that each asset was to be liquidated individually through an orderly liquidation scenario (the "Orderly Liquidation Value");
- Estimate the value of the PP&E Mineral Interests, Surface Land, and Inventory (as defined in the Engagement Letter) assuming that each asset was to be liquidated individually through a distressed liquidation scenario (the "Distressed Liquidation Value");

Together, the Orderly Liquidation Value and the Distressed Liquidation Value will be referred to as the "Liquidation Values." We understand that the Liquidation Values will be used by the Company as part of their bankruptcy analysis to compare to the estimated reorganization value of the business as a whole, as estimated by the Company and their bankruptcy

advisors. For Surface Land and Inventory assets (as defined in the Engagement Letter), we will assume that the Fair Value is a reasonable estimation of the Orderly Liquidation Value. For our analysis, we anticipate preparing an allocation of the Liquidation Values of the assets to the legal entities that hold the rights to those assets.

Valuation Approaches

In estimating the Liquidation Values, we will rely upon the Cost Approach, Income Approach, and Market Approach.

The **Income Approach** measures the value of an asset by the present value of its future economic benefits. It requires projection of the cash flows which the asset is expected to generate. Value indications are developed in this technique by discounting the expected cash flows to their present value at a rate of return that accounts for the time value of money and the appropriate degree of risks.

The **Market Approach** measures the value of an asset by comparing it to market transactions of similar property and on asking prices for assets available as of the date of valuation. The process is essentially that of comparison and correlation between the subject property and other similar properties. Considerations such as location, time of sale, physical characteristics, terms and conditions of sale are analyzed for comparable assets and are adjusted to indicate a current value of the subject asset.

The **Cost Approach** is based on the premise that the value of any asset cannot exceed the cost to reconstruct or replace it with another of like utility. Replacement cost new (RCN) establishes the highest amount a prudent investor would pay for an asset. To the extent that the assets being valued are not new, the RCN is adjusted for losses in value due to physical deterioration, as well as functional and economic obsolescence.

Form of Report and Timetable

At the conclusion of our analyses, we will provide you with a written report related to the Liquidation Analysis. The "Report" will include a narrative description of the methodologies used to estimate the Liquidation Value of certain assets and exhibits containing calculations leading to our valuation conclusions. Our Report or advice will not consider or provide any conclusion with respect to any federal or other tax matter.

We are ready to begin our work immediately upon our receipt of the signed addendum. We expect, with full cooperation of Management, to provide you with a draft summary of our preliminary results within eight weeks of receiving all requested information. The draft Report, including our final conclusions of value, will follow shortly thereafter.

Once you have read the draft Report, we will issue our final Report bearing the firm's signature. We will liaise closely with you as to this timetable and in the event that we

anticipate that the timetable cannot be met, we shall notify you as soon as reasonably possible to agree upon an adjusted timetable.

Staffing and Fees

Edward Lee, will be the Managing Director in charge of the Additional Services on behalf of Duff & Phelps. Benjamin Stull, Vice President, will oversee the day-to-day aspects of our work program and manage the valuation of the Mineral Interests. Jeffrey Fisher, Vice President, will manage the valuation of the PP&E. We will call upon additional experienced staff when required.

Our fees will be based on the hours incurred by our staff at their discounted hourly rates, which are subject to periodic adjustment. These rates, which are exclusive of direct engagement expenses, are as follows:

<u>Staff Classification</u>	<u>Rate (\$/hour)</u>
Managing Director	\$620
Director	\$560
Vice President	\$445
Senior Associate	\$340
Analyst	\$235
Administrative	\$ 95

Based upon our understanding of the scope of work, we estimate that our fees for the Additional Services will be approximately \$75,000 to \$80,000.

Actual, documented and necessary expenses will be billed in addition to our professional fees. Ultimately, our fee will be a product of the amount and nature of the work requested and the timeframe for its completion. We will request payment of our fees and expenses, in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Local Rules for the United States Bankruptcy Court for the Eastern District of Missouri (the "Local Rules"), the applicable fee and expense guidelines established by the United States Trustee (the "U.S. Trustee Guidelines") (collectively, the "Fee Guidelines") and any relevant administrative orders. Payment of these fees and expenses will be made upon receipt, as quickly as the Bankruptcy Code, the Bankruptcy Rules and the Local Rules and any relevant administrative orders allow. We acknowledge that payment of our fees and expenses hereunder is subject to (i) the jurisdiction and approval of the Bankruptcy Court under Sections 327 and 328 of the Bankruptcy Code and any order of the Bankruptcy Court approving the retention of us, (ii) the Fee Guidelines and/or any applicable orders of the Bankruptcy Court and (iii) any other requirements governing interim and final fee applications. If factors warrant a change in scope or if unforeseen factors arise affecting our level of effort, we will obtain approval from the Bankruptcy Court and you prior to proceeding. We will strive to stay within our initial fee estimate.

The fee estimate does not include any time spent supporting of our draft or final valuation Report and conclusions (and related methodology) upon review by your independent auditor, tax advisor, or bankruptcy advisor. Any additional consultations with your independent auditor, tax advisor, or bankruptcy advisor, or subsequent consultations with the local financial markets regulator, tax authorities, and/or any other authorized third party recipients will be billed on an hourly basis in accordance with the prevailing hourly rates for the individuals involved, subject to Bankruptcy Court approval.

Acknowledgement and Acceptance

In accordance with Duff & Phelps policy, it is necessary that we receive an executed copy of this Addendum prior to commencement of the Additional Services. If the scope and terms of the Addendum are acceptable, please acknowledge your acceptance by signing the confirmation below and returning this addendum to us at the above address and e-mailing (edward.lee@duffandphelps.com) or faxing (415-693-5301) a copy to us.

Please do not hesitate to contact me if you have any questions or amendments.

Sincerely,

VIA EMAIL

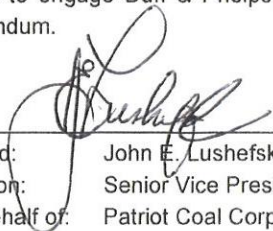
A handwritten signature in black ink, appearing to read "E. Lee", written over a red "VIA EMAIL" stamp.

Edward Lee
Managing Director
Valuation Services

Confirmation of Terms of Engagement

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Having read this Addendum from Duff & Phelps, LLC, we acknowledge acceptance of and agree to engage Duff & Phelps, LLC in accordance with the terms and provisions of this Addendum.



Signed: John E. Lushefski
Position: Senior Vice President and Chief Financial Officer
On behalf of: Patriot Coal Corporation

Date: 7/12/2013

cc:
William Lane, Director – San Francisco Office
Benjamin Stull, Vice President – San Francisco Office
Jeffrey Fisher, Vice President – Philadelphia Office