

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

)		
In re)	Chapter 11	
Patriot Coal Corporation, <i>et al.</i> ,)	Case No. 12-12900 (SCC)	
)	Jointly Administered	
Debtors.)		
)		

**NOTICE OF FILING BY AP SERVICES, LLC OF THE FIRST
REPORT OF COMPENSATION EARNED AND EXPENSES INCURRED
FOR THE PERIOD FROM JULY 9, 2012 THROUGH SEPTEMBER 30, 2012**

In accordance with the Final Order Under 11 U.S.C. §§ 105(a) and 363 *Granting The Debtors’ Motion To Employ And Retain AP Services, LLC and Designate Kenneth A. Hiltz As Chief Restructuring Officer To The Debtors, Nunc Pro Tunc To The Petition Date*, entered August 16, 2012 [Docket No. 871] and pursuant to the terms of the engagement letter dated July 8, 2012, as amended as of July 17, 2012 (the “Engagement Letter”) notice is hereby given that AP Services, LLC (“APS”) has filed a report of compensation earned and expenses incurred for the period of July 9, 2012 through September 30, 2012 (the “Report”).

Objections, if any, are due on or before 4:00 p.m. on December 5, 2012. At the same time, you must also serve a copy of the response on APS.

A HEARING WILL BE HELD, only if an objection is timely filed and served, before the Honorable Shelley C. Chapman, U.S. Bankruptcy Judge, Alexander Hamilton Custom House, One Bowling Green, New York, NY 10004, at a date and time to be scheduled by the Court.

Dated: November 15, 2012

AP Services, LLC



Kenneth A. Hiltz
AP Services, LLC

UNITED STATES BANKRUPTCY COURT
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Patriot Coal Corporation, <i>et al.</i> ,)	Case No. 12-12900 (SCC)
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**FIRST REPORT BY AP SERVICES, LLC
OF COMPENSATION EARNED AND EXPENSES INCURRED
FOR THE PERIOD FROM JULY 9, 2012 THROUGH SEPTEMBER 30, 2012**

Exhibit A – Summary of Compensation and Expenses

Exhibit B – Summary of Professionals and Fees

Exhibit C – Summary of Expenses

Exhibit D – Summary of Services

Dated: November 15, 2012



Kenneth A. Hiltz
AP Services, LLC

AP Services, LLC
Summary of Compensation and Expenses – Patriot Coal Corporation, et al.
July 9, 2012 through September 30, 2012

Period	Fees	Expenses	TOTAL
July 9, 2012 to July 31, 2012	\$ 624,390.75	\$ 17,874.14	\$ 642,264.89
August 1, 2012 to August 31, 2012	803,888.09	57,622.23	861,510.32
September 1, 2012 to September 30, 2012	601,684.21	32,543.63	634,227.84
Total Accrued	\$ 2,029,963.05	\$ 108,040.00	\$ 2,138,003.05
Less: Travel (50%)	(155,312.55)		(155,312.55)
Sub-Total	1,874,650.50	108,040.00	1,982,690.50
Less: Courtesy Discount	(172,507.35)		(172,507.35)
Total Invoiced	\$ 1,702,143.15	\$ 108,040.00	\$ 1,810,183.15

AP Services, LLC
Summary of Professionals and Fees – Patriot Coal Corporation, et al.
July 9, 2012 through September 30, 2012

Temporary Employees - Individuals With Executive Officer Positions							
Name of Professional	Description of Function	Hourly Rate				Total Hours	Total Compensation
			Jul-12	Aug-12	Sep-12		
Kenneth A. Hiltz	Chief Restructuring Officer	\$ 792.00	101.40	212.60	145.70	459.7	\$ 364,082.40
						459.7	\$ 364,082.40

Additional Temporary Staff Employees ¹							
Name of Professional	Description of Function	Hourly Rate				Total Hours	Total Compensation
			Jul-12	Aug-12	Sep-12		
Joseph Mazzotti	Due Diligence and Interface to Constituent Advisors	\$ 643.50	-	-	88.10	88.1	\$ 56,692.35
Bryan K. Porter	Technical Support for Claims and Contracts Databases	\$ 598.50	-	-	4.10	4.1	\$ 2,453.85
Robb C. McWilliams	SOFAs and Schedules, A/P Cut-off and Supplier Management	\$ 598.50	190.70	208.20	149.30	548.2	\$ 328,097.70
Scott Mell	Due Diligence and Interface to Constituent Advisors	\$ 598.50	178.20	204.00	77.90	460.1	\$ 275,369.85
Christopher Blacker	Cash Flow Forecasting and Liquidity Management	\$ 558.00	206.20	187.00	36.50	429.7	\$ 239,772.60
John Creighton	Supplier Management and Contracts	\$ 454.50	152.80	306.90	224.90	684.6	\$ 311,150.70
Jarod E. Clarrey	First Day Motion Tracking, A/P Cut-off, and Supplier Management	\$ 409.50	208.20	158.10	180.10	546.4	\$ 223,750.80
Dipes Patel	SOFAs and Schedules, A/P Cut-off and Supplier Management	\$ 310.50	172.40	258.40	187.00	617.8	\$ 191,826.90
Wally Li	Code Development and Support for Claims Database and Website	\$ 279.00	-	-	86.70	86.7	\$ 24,189.30
Trevor Wick	Code Development and Support for Contracts Database and Webs:	\$ 243.00	-	-	46.20	46.2	\$ 11,226.60
Amy J. Raciti	File Preparation for Database Upload	\$ 225.00	-	-	6.00	6.0	\$ 1,350.00
			1,108.50	1,322.60	1,086.80	3,517.9	\$ -
Sub Total			1,209.90	1,535.20	1,232.50	3,977.6	\$ 1,665,880.65
Grand Total						4,437.3	\$ 2,029,963.05
Less: 50% Travel							(155,312.55)
Sub Total							\$ 1,874,650.50
Less: Transition Credit							(172,507.35)
Net Total							\$ 1,702,143.15

¹ AP Services may determine, from time to time, to augment its professional staff with independent contractors (each an “Independent Contractor”) in these chapter 11 cases. AP Services standard practice is to charge for an Independent Contractor’s services at the AP Services rate for a professional of comparable skill and experience, which rate typically exceeds the compensation provided by AP Service to such Independent Contractor. AP Services did not use Independent Contractors during this Compensation Period.

AP Services, LLC
Summary of Expenses – Patriot Coal Corporation, et al.
July 9, 2012 through September 30, 2012

Expense Categories	July-12	August-12	September-12	TOTAL
Airfare	\$ 8,905.97	\$ 25,097.64	\$ 17,870.77	\$ 51,874.38
Cab Fare / Ground Transportation	1,776.67	5,590.07	2,427.02	9,793.76
Computer Supplies / Support	370.90	-	-	370.90
Conference Calls	-	184.97	219.43	404.40
Phone - Internet Access	71.88	185.40	87.03	344.31
Lodging	5,184.20	17,101.82	7,911.87	30,197.89
Long Distance Calls	-	2.49	-	2.49
Meals & Tips	744.96	2,726.97	1,317.37	4,789.30
Mileage	-	370.74	-	370.74
Meals - Engagement Team	200.00	722.08	260.00	1,182.08
Other	1.40	31.00	-	32.40
Gas / Fuel	-	36.74	-	36.74
Parking & Tolls	64.00	-	176.00	240.00
Rental Car	554.16	5,572.31	2,274.14	8,400.61
TOTAL	\$ 17,874.14	\$ 57,622.23	\$ 32,543.63	\$ 108,040.00

AP Services, LLC
Summary of Services – Patriot Coal Corporation, et al.
July 9, 2012 through September 30, 2012

- Chief Restructuring Officer:
 - Met regularly with Debtors senior management to coordinate and align restructuring work streams and goals with the Debtors overall business operations and strategies and met with Company’s Board of Directors on various occasions for similar purposes
 - Provided senior-level guidance on the restructuring process, including working with stakeholder groups, together with the Debtors senior management during the initial design and implementation planning of a restructuring strategy
 - Interfaced with counterparties’ professionals to respond, in a timely and inclusive manner, to their inquiries and requests for information about the Debtors financial results and the rationale and support for major restructuring related decisions
 - Provided assistance to management in the assessment and development of business strategy and operational restructuring plans
 - Provided assistance to senior management in assessing needs and developing solutions re labor costs and retiree obligations
 - Provided oversight to AP Services work streams as further described below
- The Contracts Collection & Review Team:
 - Identified and organized over 6,000 contract records from Debtors systems
 - Developed and implemented a secure, single-source contracts database and web portal for contract analysis
 - Leveraged the contract data in the secure database to produce the court required filing and documentation
 - Provided Chapter 11 contract training and ongoing support for Debtors Managers, Senior Business Leaders
 - Established and organized a cross-functional contract governance team to ensure the Chapter 11 assessment process maximizes value for Patriot
 - Developed standardized business case templates for customers, vendors and real property lease contracts which define the level of analysis and due diligence required to arrive at a contract “assume/reject” decision

AP Services, LLC
Summary of Services – Patriot Coal Corporation, et al.
July 9, 2012 through September 30, 2012

- The Vendor/Supplier Management Team:
 - Developed processes and tools to request, review, approve, and track allowed first day motion funds for vendor payments and utility deposits
 - Organized and participated in the Supplier Management Committee to review and resolve requests for use of vendor and utility deposit funds under first day motions
 - Provided consultation on negotiation strategy, as well as ad hoc direct negotiations support to Debtors' personnel with respect to vendors and utilities
 - Improved anticipated liquidity for the Debtors' estate through consultation and assistance on negotiations with suppliers regarding requested payment under first day motions.
- The Claims Management & Chapter 11 Reporting Team:
 - Led the collection, organization, and preparation of information for the Statements of Financial Affairs ("SOFAs" or "Statements") and Schedules of Assets & Liabilities ("Schedules"):
 - Worked with contacts across different functional groups (Accounting, Legal, Treasury, Tax, HR/Benefits, Procurement, Operations, etc.)
 - Analyzed and aggregated information for Debtor legal entities
 - Reviewed and consolidated information from unpaid prepetition invoices owed to vendors
 - Reviewed and analyzed liability ledger accounts to locate additional accrued liabilities to be reported in the Schedules
 - Analyzed checks, wires and ACH payments in the 90 days prior to filing
 - Consolidated payment information for creditors
 - Aggregated the information in a database for the Debtors' Statements and Schedules containing detailed information relating to the Debtors' financial and other information at the time of filing for Chapter 11 protection

AP Services, LLC
Summary of Services – Patriot Coal Corporation, et al.
July 9, 2012 through September 30, 2012

- Reviewed draft documents with the respective Debtor business leaders responsible for the functional areas represented in the content of the reports to ensure accuracy and comprehensiveness
- Led the collection, organization, and preparation for analysis of reclamation claims received by the Debtors
- The Finance and Constituent Support Team:
 - Advised and assisted the Debtors with the development and implementation of the Monthly Operating Reporting (“MOR”) process, as required by the Bankruptcy Court under Chapter 11 reporting guidelines
 - Assessed requirements and developed reporting approach and methodology based on best practices and unique reporting characteristics of the Debtors
 - Interfaced with several key Patriot constituency groups in establishing repeatable monthly preparation processes, ownership and compliance steps, compilation of supporting documentation monitoring and validation of US Trustee concurrence with format and content
 - Worked with Company to coordinate efforts to produce reports within existing reporting and accounting frameworks and timelines, including final preparation of documents, internal review & approval, and assistance with court filing process
 - Advised and assisted the Debtors with the development and implementation of the 13-week cash flow projection models, variance analyses, and processes
 - Assessed requirements and worked with the Debtors’ Finance team to design and develop the 13-week cash flow projection models, including the variance analysis, disbursement analysis, and borrowing base components
 - Assisted the Debtors’ finance team in developing internal processes to create a repeatable and consistent methodology for producing, reviewing, and updating the projections on a weekly basis

AP Services, LLC
Summary of Services – Patriot Coal Corporation, et al.
July 9, 2012 through September 30, 2012

- Organized and facilitated the ongoing working relationship between the Debtors' management team and key outside constituencies, including post-petition lenders and the Unsecured Creditors Committee, and their Legal and Financial Advisors
 - Led efforts to develop internal processes and protocols to receive, manage, and respond to due diligence requests by key outside constituencies, including serving as the collection point for new requests and Debtors' responses, and creating and managing a database of requests and responses
 - Worked closely with the outside constituencies' Financial Advisors and the Debtors' Finance team to establish requirements and delivery of regular supplemental reports