

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

**In re:**  
  
**PATRIOT COAL CORPORATION, et al.,**  
  
**Debtors.**

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

**Objection Deadline:  
May 14, 2013 at 4:00 p.m.  
(prevailing Central Time)**

**Hearing Date (if necessary):  
May 21, 2013 at 10:00 a.m.  
(prevailing Central Time)**

**Hearing Location:  
Courtroom 7 North**

**SUMMARY SHEET PURSUANT TO UNITED STATES TRUSTEE GUIDELINES  
AND LOCAL RULES FOR REVIEWING APPLICATIONS FOR  
COMPENSATION AND REIMBURSEMENT OF EXPENSES FILED UNDER  
11 U.S.C. §§ 330 AND 331**

**SECOND INTERIM APPLICATION**

<b>NAME OF APPLICANT:</b>	Davis Polk & Wardwell LLP
<b>TIME PERIOD:</b>	October 1, 2012 through and including January 31, 2013
<b>ROLE IN THE CASE:</b>	Counsel to the Debtors
<b>CURRENT APPLICATION<sup>1</sup>:</b>	Total Fees Requested: \$8,935,027.00 Total Expenses Requested: \$220,793.09

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<sup>1</sup> These amounts reflect (i) voluntary reductions of fees and expenses of \$330,336.46, (ii) reductions of fees and expenses on account of the Local Rules and U.S. Trustee guidelines of \$76,156.70 and (iii) \$161,620.00 in further fee concessions agreed to by Davis Polk with respect to certain litigation work, as reflected in Davis Polk's monthly fee statements.

**PRIOR APPLICATIONS:**

**July 9, 2012 – September 30, 2012**

Fees Previously Requested: \$8,145,882.50

Fees Previously Allowed: \$7,974,882.50

Expenses Previously Requested: \$272,375.68

Expenses Previously Allowed: \$272,375.68

**I. Partners/Counsel<sup>2</sup>**

NAME OF PARTNER/ COUNSEL	YEAR ADMITTED	DEPARTMENT	TOTAL HOURS BILLED	HOURLY RATE	TOTAL FEES
<b>Partners</b>					
Sarah E. Beshar	1986-NY	Capital Markets	28.7	\$985	\$28,269.50
John H. Butler	1995-NY	Mergers & Acquisitions	4.1	\$985	\$4,038.50
Kathleen Ferrell	1998-NY	Tax	0.9	\$985	\$886.50
Edmond T. FitzGerald	1992-NY	Executive Compensation and Employee Benefits	69.5	\$985	\$68,457.50
Marshall Huebner	1994-NY	Insolvency & Restructuring	344.9	\$985	\$339,726.50
Benjamin S. Kaminetzky	1996-NY	Litigation	72.5	\$985	\$71,412.50
Elliot Moskowitz	2002-NY	Litigation	446.8	\$975	\$435,630.00
Antonio J. Perez-Marques	2003-NY	Litigation	1.9	\$850	\$1,615.00
Brian M. Resnick	2004-NY	Insolvency & Restructuring	430.4	\$850	\$365,840.00
Brian M. Resnick	2004-NY	Insolvency & Restructuring	109.0	\$975	\$106,275.00
Damian S. Schaible	2002-NY	Insolvency & Restructuring	45.0	\$975	\$43,875.00
Amelia T. R. Starr	1995-NY	Litigation	287.5	\$985	\$283,187.50
Mischa Travers	1998-NY	Corporate	109.5	\$985	\$107,857.50
Waide Warner	1980-NY	Credit	34	\$985	\$33,490.00
<b>Counsel</b>					
Ron M. Aizen	2006-NY	Executive Compensation and Employee Benefits	21.6	\$915	\$19,764.00

<sup>2</sup> Multiple rates listed for individual timekeepers reflect the annual seniority step-up (not an increase in rates).

NAME OF PARTNER/ COUNSEL	YEAR ADMITTED	DEPARTMENT	TOTAL HOURS BILLED	HOURLY RATE	TOTAL FEES
Hayden S. Baker	2003-NY	Environmental	133.3	\$915	\$121,969.50
Ning Chiu	1996-NY	Capital Markets	1.7	\$985	\$1,674.50
Erin K. Cho	1998-NY	Executive Compensation and Employee	74.5	\$985	\$73,382.50
Jonathan D. Martin	2004-NY	Litigation	572.3	\$915	\$523,654.50
James I. McClammy	1998-NY	Litigation: Insolvency & Restructuring	5.2	\$985	\$5,122.00
Michael Russano	2002-NY	Litigation	553.5	\$915	\$506,452.50
David B. Toscano	1993-NY	Litigation: Insolvency & Restructuring	3.0	\$985	\$2,955.00
Erika D. White	1982-NY	Credit	11.4	\$985	\$11,229.00
<b>Total Partners and Counsel</b>			<b>3,361.2</b>		<b>\$3,156,764.50</b>

**II. Associates<sup>3</sup>**

NAME OF ASSOCIATE	YEAR ADMITTED	DEPARTMENT	TOTAL HOURS BILLED	HOURLY RATE	TOTAL FEES
Jessica Agostinho	2011-NY	Executive Compensation and Employee Benefits	58.9	\$575	\$33,867.50
Jessica Agostinho	2011-NY	Executive Compensation and Employee Benefits	32.6	\$675	\$22,005.00
Ron M. Aizen	2006-NY	Executive Compensation and Employee Benefits	96.6	\$795	\$76,797.00
Adam Balin	2012-NY	Litigation	9.2	\$465	\$4,278.00
Adam Balin	2012-NY	Litigation	75.0	\$275/\$575	\$21,075.00
Jeffrey Brenner	2012-NY	Capital Markets	40.5	\$465	\$18,832.50
Jeffrey Brenner	2012-NY	Capital Markets	9.4	\$575	\$5,405.00
Patrick W. Blakemore	Admission Pending	Litigation	178.3	\$325	\$57,947.50
Patrick Blakemore	Admission Pending	Litigation	70.1	\$465	\$32,596.50
Tenley L. Chepiga	2009-NY	Credit	34.5	\$750	\$25,875.00
Tenley L. Chepiga	2009-NY	Credit	6.4	\$795	\$5,088.00
Kevin J. Coco	2010-NY	Insolvency and Restructuring	527.9	\$675	\$356,332.50
Kevin J. Coco	2010-NY	Insolvency and Restructuring	257.7	\$750	\$193,275.00
Deryn Darcy	2010-NJ	Litigation	72.7	\$575	\$41,802.50
Deryn Darcy	2010-NJ	Litigation	58.3	\$675	\$39,352.50
Nicholas J. Dashman	2010-CA	Corporate	48.5	\$575	\$27,887.50
Nicholas J. Dashman	2010-CA	Corporate	28.0	\$675	\$18,900.00
Alexandre de Richemont	2012-NY	Insolvency and Restructuring	28.8	\$465	\$13,392.00
Andrew N. DeLaney	2009-NY	Litigation	50.5	\$750	\$37,875.00

<sup>3</sup> Multiple rates listed for individual timekeepers reflect, as applicable, (a) the annual seniority step-up (not an increase in rates) or (b) the \$275 per hour cap on work performed for certain litigation work, instituted as an accommodation to the Debtors.

NAME OF ASSOCIATE	YEAR ADMITTED	DEPARTMENT	TOTAL HOURS BILLED	HOURLY RATE	TOTAL FEES
Andrew N. DeLaney	2009-NY	Litigation	24.3	\$795	\$19,318.50
Amishi Desai	2012-NY	Litigation	119.9	\$275	\$32,972.50
Lauren Howard Elbert	2010-NY	Litigation	76.4	\$675	\$51,570.00
Lauren Howard Elbert	2010-NY	Litigation	11.0	\$750	\$8,250.00
Richard Estacio	2010-NY	Litigation	357.9	\$675	\$241,582.50
Richard Estacio	2010-NY	Litigation	56.1	\$750	\$42,075.00
Aryeh Falk	2013-NY	Insolvency and Restructuring	176.3	\$325	\$57,297.50
Aryeh Falk	2013-NY	Insolvency and Restructuring	90.8	\$465	\$42,222.00
Joshua Thomas Foust	2009-NY	Litigation	23.2	\$750	\$17,400.00
Joshua Friedman	2012-NY	Litigation	5.0	\$470	\$2,350.00
Joshua Friedman	2012-NY	Litigation	80.5	\$275/\$575	\$33,687.50
Andrew Gehring	2010-NY	Litigation	330.2	\$675	\$222,885.00
Andrew Gehring	2010-NY	Litigation	161.5	\$750	\$121,125.00
Elyse Glazer	2010-NY	Litigation	260.0	\$675	\$175,500.00
Elyse Glazer	2010-NY	Litigation	95.0	\$750	\$71,250.00
Rayiner Hashem	Admission Pending	Litigation	1.2	\$325	\$390.00
Rayiner Hashem	Admission Pending	Litigation	86.2	\$275	\$23,705.00
Wendi Hoeben	2005-NY	Capital Markets	16.9	\$795	\$13,435.50
Wendi Hoeben	2005-NY	Capital Markets	1.4	\$795	\$1,113.00
Alexander Ibrahim	2011-NY	Litigation	23.7	\$575	\$13,627.50
Mhairi Immermann	2012-NY	Credit	8.3	\$465	\$3,859.50
Mhairi Immermann	2012-NY	Credit	4.8	\$575	\$2,760.00
Melissa C. King	2010-NY	Litigation	19.1	\$675	\$12,892.50
Darren S. Klein	2007-NY	Insolvency and Restructuring	129.2	\$795	\$102,714.00
Kevin Klesh	2002-NY	Environmental	28.3	\$795	\$22,498.50

NAME OF ASSOCIATE	YEAR ADMITTED	DEPARTMENT	TOTAL HOURS BILLED	HOURLY RATE	TOTAL FEES
Steven C. Krause	2007-MA 2008-NY	Insolvency and Restructuring	154.7	\$795	\$122,986.50
Angela Libby	2012-NY	Insolvency and Restructuring	391.7	\$465	\$182,140.50
Angela Libby	2012-NY	Insolvency and Restructuring	75.2	\$575	\$43,240.00
Daniel Loss	2005-NY	Litigation	179.3	\$795	\$142,543.50
Christopher Lynch	2008-NY	Litigation	49.3	\$795	\$39,193.50
Ferrell Maguire	Admission Pending	Executive Compensation and Employee Benefits	24.2	\$325	\$7,865.00
Rebecca L. Martin	2012-NY	Litigation	5.8	\$465	\$2,697.00
Tracy Matlock	2013-NY	Litigation	11.4	\$465	\$5,301.00
Michelle M. McGreal	2007-NJ 2008-NY	Insolvency and Restructuring	599.6	\$795	\$476,682.00
Adam Mehes	2011-NY	Litigation	104.8	\$575	\$60,260.00
Adam Mehes	2011-NY	Litigation	7.2	\$675	\$4,860.00
Dworkin C. Meyer	2006-NY	Credit	1.0	\$795	\$795.00
Gerald M. Moody	2010-MA 2010-NY	Litigation	125.9	\$675	\$84,982.50
Gerald M. Moody	2010-MA 2010-NY	Litigation	83.2	\$750	\$62,400.00
Gina Y. Pak	2011-NY	Credit	37.1	\$575	\$21,332.50
Gina Y. Pak	2011-NY	Credit	5.8	\$675	\$3,915.00
Lina Peng	Admission Pending	Litigation	91.9	\$325	\$29,867.50
Lina Peng	Admission Pending	Litigation	60.2	\$465	\$27,993.00
Saga K. Ravi	Admission Pending	Litigation	73.7	\$675	\$49,747.50
Saga K. Ravi	Admission Pending	Litigation	50.9	\$750	\$38,175.00
Craig Reiser	Admission Pending	Litigation	298.4	\$575	\$171,580.00
Craig Reiser	Admission Pending	Litigation	147.8	\$275/\$675	\$89,485.00

NAME OF ASSOCIATE	YEAR ADMITTED	DEPARTMENT	TOTAL HOURS BILLED	HOURLY RATE	TOTAL FEES
Christopher Robertson	Admission Pending	Insolvency and Restructuring	182.5	\$465	\$84,862.50
Lara Samet	2008-NJ 2009-NY	Litigation	220.2	\$750	\$165,150.00
Lara Samet	2008-NJ 2009-NY	Litigation	170.5	\$795	\$135,547.50
Daniel Silberger	2012-NY	Insolvency and Restructuring	176.7	\$465	\$82,165.50
Daniel Silberger	2012-NY	Insolvency and Restructuring	136.3	\$575	\$78,372.50
Eugene Sokoloff	2013-NY	Litigation	193.9	\$325	\$63,017.50
Eugene Sokoloff	2013-NY	Litigation	43.0	\$465	\$19,995.00
Steve Sorkin	2010-NY	Real Estate	1.9	\$675	\$1,282.50
Jillian Stillman	2010-NY	Litigation	49.7	\$675	\$33,547.50
Marc Tobak	2009-NY	Litigation	200.5	\$750	\$150,375.00
Marc Tobak	2009-NY	Litigation	77.1	\$795	\$61,294.50
Natasha Tsiouris	2011-NY	Insolvency and Restructuring	28.7	\$575	\$16,502.50
Amy E. Turner	2009-NY	Environmental	125.7	\$750	\$94,275.00
Amy E. Turner	2009-NY	Environmental	46.9	\$795	\$37,285.50
Rob van den Sigtenhorst	Admission Pending	Insolvency and Restructuring	31.4	\$325	\$10,205.00
Adam Van Wagner	Admission Pending	Insolvency and Restructuring	111.0	\$325	\$36,075.00
Adam Van Wagner	Admission Pending	Insolvency and Restructuring	86.4	\$465	\$40,176.00
Eli James Vonnegut	2008-NY	Insolvency and Restructuring	10.8	\$795	\$8,586.00
Amit Vora	2011-NY	Litigation	1.1	\$575	\$632.50
Amit Vora	2011-NY	Litigation	59.0	\$275	\$16,225.00
Kahlil Williams	2013-NY	Litigation	18.9	\$465	\$8,788.50
Daniel T. Young	Admission Pending	Litigation	25.6	\$275/\$465	\$7,287.00
Bernard Chen Zhu	2008-NY	Litigation	368.0	\$795	\$292,560.00
<b>Total Associates</b>			<b>8,816.0</b>		<b>\$5,481,315.00</b>



**Attorney Blended Rates**

	<b>ATTORNEY BLENDED RATE</b>	<b>TOTAL ATTORNEY HOURS BILLED</b>	<b>TOTAL ATTORNEY FEES</b>
<b>Partners and Counsel</b>	\$939.10	3,361.20	\$3,156,764.50
<b>Associates</b>	\$621.70	8,816.00	\$5,481,315.00
<b>Total</b>	<b>\$709.30</b>	<b>12,177.20</b>	<b>\$8,638,079.50</b>

**III. Paraprofessionals**

NAME OF PARAPROFESSIONAL	DEPARTMENT	TOTAL HOURS BILLED	HOURLY RATE	TOTAL FEES
Jen Eum	Legal Assistant Corporate	48.0	\$325	\$15,600.00
Elliot Law	Legal Assistant Corporate	124.5	\$400	\$49,800.00
Marguerite Melvin	Legal Assistant Corporate	86.7	\$400	\$34,680.00
Michael Pucci	Legal Assistant Litigation	125.7	\$325	\$40,852.50
Megan Teixeira	Legal Assistant Corporate	5.6	\$325	\$1,820.00
Theresa Volano	Legal Assistant Corporate	19.3	\$400	\$7,720.00
E. Echevarria	Document Analyst - Litigation	74.9	\$275/\$325	\$20,637.50
Eileen Kim	Document Analyst - Litigation	42.9	\$275/\$325	\$11,837.50
Christopher O'Connell	Document Analyst - Litigation	96.9	\$275	\$26,647.50
Anthony Sanfilippo	Document Analyst - Litigation	157.8	\$275/\$325	\$43,435.00
Edward Seiden	Document Analyst - Litigation	128	\$275/\$325	\$35,240.00
Maria Sicuranza	Document Analyst - Litigation	177.6	\$275/\$325	\$48,880.00
Avery Strickoff	Document Analyst - Litigation	51.1	\$275/\$325	\$14,187.50
Mohamed Ismail	Document Clerk	6.0	\$105	\$630.00
Gomatie Narayan	Document Clerk	3.9	\$105	\$409.50
Katherine Thorstad	Document Clerk	3.1	\$105	\$325.50
Robert L. Jones	Managing Attorney's Office	6.4	\$310	\$1,984.00
Edgar Halford	Research Services	18.5	\$290	\$5,365.00

<b>NAME OF PARAPROFESSIONAL</b>	<b>DEPARTMENT</b>	<b>TOTAL HOURS BILLED</b>	<b>HOURLY RATE</b>	<b>TOTAL FEES</b>
Marlon Oliva	Research Services	10.5	\$290	\$3,045.00
<b>Total Paraprofessionals</b>		<b>1,187.4</b>		<b>\$363,096.50</b>

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MISSOURI  
EASTERN DIVISION

**In re:**

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**SECOND INTERIM APPLICATION OF DAVIS POLK & WARDWELL LLP  
FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF  
EXPENSES**

Davis Polk & Wardwell LLP (“**Davis Polk**”), counsel to Patriot Coal Corporation and its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the “**Debtors**”), for its second interim application (the “**Application**”), pursuant to sections 330(a) and 331 of title 11 of the United States Code (the “**Bankruptcy Code**”) and rule 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), for allowance of compensation for professional services performed by Davis Polk during the period commencing October 1, 2012 through and including January 31, 2013 (the “**Compensation Period**”), and for reimbursement of its

actual and necessary expenses incurred during the Compensation Period, respectfully represents:

**PRELIMINARY STATEMENT**

1. The Debtors' chapter 11 cases are exceedingly complex. The Debtors' January Monthly Operating Report listed consolidated assets of almost \$3.8 billion and consolidated liabilities of approximately \$4.0 billion. The Debtors sent their notice of commencement to more than 41,500 entities, and they are party to thousands of contracts. As of the Petition Date, the Debtors employed more than 4,000 people in active status. Approximately 42% of these employees were unionized and represented by the United Mine Workers of America under collective bargaining agreements.

2. As lead bankruptcy counsel, it has been necessary for Davis Polk to expend considerable amounts of time, energy and resources in efforts to help the Debtors continue operating their businesses, address the various and complex issues that arise in chapter 11 cases and begin the process of reorganization. In the nearly ten months since the Petition Date, Davis Polk has provided assistance and counsel to the Debtors in connection with the Debtors' efforts on multiple fronts to stabilize their businesses, address their unsustainable cost structure and preserve jobs and benefits for thousands of families. During the Compensation Period, the Debtors and Davis Polk dedicated significant time and resources to, among other things, (a) contesting and coordinating the transfer of venue of these chapter 11 cases to this Court; (b) analyzing and taking significant steps to address costs associated with the Debtors' labor and retiree obligations, including extensive (and ongoing) negotiations with the United Mine Workers of America (the "UMWA"); (c) commencing and prosecuting multiple

adversary proceedings related to coal sale contracts that are expected to generate significant benefits for the Debtors' estates; (d) continuing to negotiate and enter into coal supply agreement stipulations that are also expected to result in substantial savings; (e) continuing the process of analyzing thousands of executory contracts to identify those that are beneficial to the Debtors' estates and seeking to reject those that are not; (f) undertaking a comprehensive review of the Debtors' real property leases, and obtaining court authority to assume hundreds of leases and reject several leases, negotiating with certain landlords to consensually extend the assumption/rejection decision deadline and/or consensually resolving objections to the assumption or rejection of certain leases (g) responding to various automatic stay issues (including with respect to significant environmental obligations); (h) addressing a multitude of creditor, supplier and customer inquiries; (i) defending against a motion to appoint an official committee of equityholders; (j) finalizing and filing the Debtors' schedules of assets and liabilities, income and expenditures and executory contracts and unexpired leases, and their statements of financial affairs; (k) establishing a bar date for the filing of claims and working to reconcile the more than 3,990 proofs of claim filed in these cases; (l) establishing procedures for settlements of, and objections to, proofs of claim; (m) negotiating and entering into settlement agreements with certain claimants, (including with respect to significant environmental obligations); (n) researching and analyzing potential claims against certain counterparties; and (o) evaluating the Debtors' compensation programs and developing, and seeking Court approval of, an annual incentive program and critical retention program.

3. Through all of this, Davis Polk has worked as efficiently as possible to minimize cost to the Debtors' estates.

4. A core group of approximately 10 Davis Polk attorneys accounted for more than 50% of the attorney time expended on these cases. Moreover, three partners and two counsel accounted for approximately 75% of the partner and counsel hours worked. In addition to the efficient core teams, due to the large number of varied issues in these cases, attorneys from different practice areas were called on to assist with discrete issues within their areas of expertise. Many, of course, billed only a limited number of hours.

### **BACKGROUND**

5. On July 9, 2012 (the "**Petition Date**"), each Debtor commenced with the United States Bankruptcy Court for the Southern District of New York (the "**SDNY Bankruptcy Court**") a voluntary case under chapter 11 the Bankruptcy Code. On December 19, 2012, the SDNY Bankruptcy Court entered an order transferring these chapter 11 cases to this Court (the "**Transfer Order**") [ECF No. 1789].<sup>1</sup> The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. These chapter 11 cases are being jointly administered pursuant to Rule 1015(b) of the Bankruptcy Rules and the SDNY Bankruptcy Court's Joint Administration Order entered on July 10, 2012 [ECF No. 30].

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<sup>1</sup> Pursuant to the Transfer Order, all orders previously entered in these chapter 11 cases remain in full force and effect in accordance with their terms notwithstanding the transfer of venue.

6. Pursuant to the Order Authorizing the Employment and Retention of Davis Polk & Wardwell LLP as Attorneys for the Debtors *nunc pro tunc* to the Petition Date entered by the SDNY Bankruptcy Court on August 2, 2012 [ECF No. 265] (the “**Retention Order**”), the Debtors were authorized to retain Davis Polk as their attorneys to render legal services in the prosecution of their chapter 11 cases *nunc pro tunc* to the Petition Date.

7. On July 18, 2012, the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”) appointed the Creditors’ Committee pursuant to sections 1102(a) and 1102(b) of the Bankruptcy Code. No trustee or examiner has been appointed in the Debtors’ chapter 11 cases.

8. This Court has subject matter jurisdiction to consider and determine this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

9. The Debtors filed monthly operating reports each month since the Petition Date. The Debtors have advised Davis Polk that, to date, they have paid all quarterly fees due to the U.S. Trustee.

10. On November 15, 2012, the Court entered an Order extending the Debtors’ exclusive periods within which to file a plan of reorganization and solicit votes thereon to May 5, 2013 and July 4, 2013, respectively. On April 2, 2013, the Debtors filed their Second Motion for an Order Extending Debtors’ Exclusive Periods Within Which to File a Plan of Reorganization and Solicit Votes Thereon, in which the Debtors



seek to extend the exclusive periods within which to file a plan of reorganization and solicit votes thereon to July 4, 2013 and November 1, 2013, respectively.

11. On November 16, 2012, Davis Polk filed its first interim application for the allowance of compensation and reimbursement of expenses incurred for the period from July 9, 2012 through and including September 30, 2012 (the “**First Interim Fee Period**”), in which it requested total fees in the amount of \$8,145,882.50 and expenses in the amount of \$272,375.68. The SDNY Bankruptcy Court entered an order on December 19, 2012 allowing fees in the amount of \$7,974,882.50 and expenses in the amount of \$272,375.68 and authorizing the immediate payment of 100% of such allowed fees and expenses.

**SUMMARY OF REQUESTED PROFESSIONAL COMPENSATION  
AND REIMBURSEMENT OF EXPENSES**

12. This Application has been prepared in accordance with (a) the Local Rules of the Bankruptcy Court for the Eastern District of Missouri (the “**Local Rules**”), (b) the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 adopted on January 30, 1996 (the “**UST Guidelines**”) and (c) the Order to Establish Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals entered by the Court on August 2, 2012 [ECF No. 262] (the “**Interim Compensation Order**” and, collectively with the Local Rules and the UST Guidelines, the “**Guidelines**”).

13. In accordance with the Interim Compensation Order, Davis Polk filed a monthly fee statement covering the period from October 1, 2012 through October 31, 2012 on November 20, 2012 [ECF No. 1611], a monthly fee statement covering the

period from November 1, 2012 through November 30, 2012 on December 20, 2012 [ECF No. 2395], a monthly fee statement covering the period from December 1, 2012 through December 31, 2012 on January 22, 2012 [ECF No. 2402], and a monthly fee statement covering the period from January 1, 2013 through January 31, 2013 on March 8, 2013 [ECF No. 3139].

14. By this Application, Davis Polk seeks allowance in full of interim compensation for professional services rendered to the Debtors during the Compensation Period, in the aggregate amount of \$8,935,027.00, and for reimbursement of actual, necessary expenses incurred in connection with such services in the aggregate amount of \$220,793.09. During the Compensation Period, Davis Polk attorneys and paraprofessionals expended a total of 13,364.6 hours for which compensation is sought.

15. In accordance with the Interim Compensation Order, Davis Polk will have received payments to date totaling \$7,372,373.89 (\$7,148,430.40<sup>2</sup> of which is for services rendered and \$223,943.49<sup>2</sup> of which is for reimbursement of expenses) for the Compensation Period. By this Application, Davis Polk seeks payment of the remaining \$1,783,446.20, which amount represents the Court-ordered 20% holdback of Davis Polk's requested fees during the Compensation Period.<sup>3</sup> These amounts reflect the more than \$400,000 that Davis Polk has already "written off" during the Compensation

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<sup>2</sup> After the October 2012 fee statement was filed, Davis Polk's expenses were reduced by \$57.30 pursuant to additional voluntary reductions. After the December 2012 fee statement was filed, Davis Polk's fees were voluntarily reduced by \$511.00 and its expenses were reduced by \$3,073.34, \$2,220.90 of which was pursuant to additional voluntary reductions. After the January 2013 fee statement was filed, Davis Polk's expenses were reduced by \$19.76 pursuant to additional voluntary reductions.

<sup>3</sup> For the reasons detailed in Note 1 above, Davis Polk has reduced the requested holdback amount by \$3,661.40 pursuant to an additional voluntary fee and expense reduction and certain corrections.

Period and the approximately \$160,000 in fee concessions agreed to by Davis Polk with respect to the first review of certain litigation documents.

16. During the Compensation Period, other than pursuant to the Interim Compensation Order, Davis Polk has received no payment and no promises of payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered by this Application. There is no agreement or understanding between Davis Polk and any other person, other than partners of the firm, for the sharing of compensation to be received for services rendered in these cases.

17. The fees charged by Davis Polk in these cases are billed in accordance with its agreed-upon billing rates and procedures in effect during the Compensation Period. The rates charged by Davis Polk for the services rendered in these chapter 11 cases do not (and will not) exceed the rates Davis Polk customarily charges for services rendered in comparable matters. Such fees are reasonable based on the customary compensation charged by comparably skilled practitioners in comparable assignments in a competitive national legal market.

18. Prior to the filing of this Application, Davis Polk filed with the Court and served on the Debtors, the U.S. Trustee, counsel to the Creditors' Committee and counsel to the Debtors' postpetition lenders monthly fee statements setting forth Davis Polk's fees for professional services rendered and expenses incurred from October 1, 2012 through January 31, 2013. No objections were received to any of these monthly fee statements. In connection with preparing each of the three monthly statements and this Application, Davis Polk has voluntarily adjusted its fees and expenses in favor of the

estates. Specifically, Davis Polk voluntarily reduced its fees and expenses for the Compensation Period by \$330,336.46.

19. Pursuant to the UST Guidelines and the Local Rules, annexed to the U.S. Trustee summary section preceding this Application is a schedule setting forth all Davis Polk professionals and paraprofessionals who have performed services in these chapter 11 cases during the Compensation Period, the capacities in which each such individual is employed by Davis Polk, the department in which each individual practices, the hourly billing rate charged by Davis Polk for services performed by such individual, the year in which each professional was first licensed to practice law and the year in which each professional was licensed to practice in New York, if different and applicable, and the aggregate number of hours expended in this matter and fees billed therefor.

20. Annexed hereto as Exhibit A is a schedule specifying the categories of actual, necessary expenses for which Davis Polk is seeking reimbursement and the total amount for each such expense category.

21. Pursuant to the UST Guidelines and the Local Rules, annexed hereto as Exhibit B is a summary of the number of hours and amounts billed by Davis Polk during the Compensation Period, organized by project categories.

22. Davis Polk maintains computerized records of the time spent by all Davis Polk attorneys, summer associates and paraprofessionals in connection with the Debtors' chapter 11 cases.<sup>4</sup>

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<sup>4</sup> Detailed time records were filed with Davis Polk's monthly fee statements. Detailed expense records are not being publicly filed but are being provided to the Debtors, the Court, the U.S. Trustee and the Creditors' Committee. Parties in interest required to be served with monthly fee statements pursuant to

23. As of the date hereof, Davis Polk does not hold a retainer.

24. To the extent that time or disbursement charges for services rendered or expenses incurred relate to the Compensation Period, but were not processed prior to the preparation of this Application, Davis Polk reserves the right to request compensation for such services and reimbursement of such expenses in a future application.

### **SUMMARY OF SERVICES**

25. Throughout the Compensation Period, Davis Polk was required to render substantial professional services, in some cases under extraordinary time constraints, to assist the Debtors in dealing with numerous matters that must be resolved before the Debtors can formulate and negotiate a successful plan of reorganization. Recitation of each and every item of professional services performed by Davis Polk during the Compensation Period would be extremely burdensome. Hence, the following summary highlights the major areas to which Davis Polk devoted time and attention during the Compensation Period. This summary is organized in accordance with Davis Polk's internal system of project categories. Exhibit B provides a detailed breakdown of the time devoted and fees allocable to each project category.

(a) Asset Dispositions (Project Category 1)

The total number of hours billed for this project was 200.0. The total fees related to this project were \$153,501.00.

Under this project category, Davis Polk worked on matters including:

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the Interim Compensation Order have previously received such records. Copies of these records will be made available to other parties in interest upon reasonable request.

- Advising the Debtors and coordinating with the Debtors' financial professionals and the Creditors' Committee with respect to various actual and potential asset dispositions and numerous inquiries regarding the same.

(b) Automatic Stay / Litigation (Project Category 2)<sup>5</sup>

The total number of hours billed for this project was 1,941.5. The total fees related to this project were \$1,393,070.50.

Davis Polk provided services in connection with enforcing the automatic stay against creditors seeking to contravene the mandate of the Bankruptcy Code and in connection with venue-related and numerous additional litigation matters. In these regards, Davis Polk performed services including:

- Defending against and developing strategies with respect to parties filing motions seeking to lift the automatic stay.
- Coordinating and communicating with the Debtors and various parties regarding potential violations of the automatic stay.
- Seeking declaratory judgments regarding the Debtors' contractual rights under various royalty agreements.
- Defending against and developing strategies regarding parties seeking to change venue.
- Participating in numerous teleconferences with the Debtors and other parties regarding critical vendor issues.
- Preparing for and participating in all bankruptcy court hearings in connection with the above-referenced litigation matters.

(c) Claims Investigations (Project Category 3)

The total number of hours billed for this project was 1,540.7. The total fees related to this project were \$1,095,469.50.

Davis Polk assisted the Debtors in connection with an investigation to determine, *inter alia*, whether the spinoff from Peabody Energy Corporation ("**Peabody**") that created Patriot constituted an actual or constructive fraudulent transfer. Such a claim against Peabody, if cognizable and if successfully asserted, could result in

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<sup>5</sup> Davis Polk began recording time spent on litigation activities in a separate project category (Litigation (Project Category 12)) in January of 2013.

sizeable recoveries for the Debtors and their creditors. In connection with the investigation, Davis Polk worked on matters including:

- Collecting the e-mails of 11 custodians for the period of April 2006 through June 2009, and creating a database of the resulting 188,757 documents.
- Collecting and cataloguing hardcopy documents stored at Patriot's headquarters.
- Interviewing Patriot employees who have significant familiarity with aspects of Patriot's spinoff from Peabody, or of Patriot's acquisition of Magnum Coal Company.
- Reviewing and analyzing precedent spinoff cases.
- Researching issues pertaining to potential claims, including applicable limitations periods and the effects of the transfer of venue.

(d) Creditor / Equity Holder / UCC Issues (Project Category 4)

The total number of hours billed for this project was 773.2. The total fees related to this project were \$546,007.00.

Davis Polk assisted the Debtors with various claims-related issues. In addition, this project category includes communications with the Creditors' Committee or creditors and creditor issues that do not fall into a more specific category. In these regards, Davis Polk worked on matters including:

- Responding to numerous telephone calls and letters from creditors, equity holders and other parties in interest concerning the Debtors' chapter 11 cases, the filing of claims against the Debtors and the rights of creditors under the Bankruptcy Code and conducting associated legal research.
- Responding to and negotiating with various mechanic's lien claimants.
- Assisting the Debtors with the reclamation process, including preparation and filing of the Debtors' Reclamation Report and negotiation with creditors regarding related issues.
- Research for and coordination with the Debtors regarding 503(b)(9) claims, including preparation of the Debtors' 503(b)(9) Report.
- Coordinating with the Creditors' Committee regarding various pleadings and administration of the Debtors' estates generally, and responding to comments and concerns of the Creditors' Committee.

- Negotiating a consensual resolution to a motion to allow or amend certain proofs of claims.
- Researching, developing, extensively negotiating and obtaining court approval of procedures for settlements of, and objections to, proofs of claim.
- Participating in discovery relating to motion of certain interested shareholders requesting the appointment of an official equity committee including document productions, arranging for witness interviews and appearing at a discovery conference.

(e) Davis Polk Retention and Fee Issues (Project Category 5)<sup>6</sup>

The total number of hours billed for this project was 390.7. The total fees related to this project were \$218,154.50.

Davis Polk assisted the Debtors with issues surrounding the Debtors' retention of Davis Polk in connection with these cases. Davis Polk also worked to ensure its compliance with applicable guidelines, court rules and orders. In these regards, Davis Polk performed services including:

- Reviewing the monthly bills submitted for October, November and December of 2012 in these cases to prevent disclosure of confidential information and to ensure compliance with applicable rules and guidelines.
- Responding to the U.S. Trustee's objection regarding interim compensation sought by retained professionals, including with respect to fee holdbacks.
- Research, drafting and filing the October, November and December monthly fee statements pursuant to the Interim Compensation Order and all applicable guidelines and rules.
- Conducting checks for conflicts of interest and correspondence regarding the same.

(f) Employee Labor Issues (Project Category 6)

The total number of hours billed for this project was 3,208.2. The total fees related to this project were \$2,359,730.00.

The Employee Labor Issues project category encompasses the services necessary to deal with the Debtors' unionized and non-unionized employees. Entry into

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<sup>6</sup> Davis Polk began recording time spent preparing its fee statements and fee applications in a separate project category (Preparation of Fee Statements/Applications (Project Category 16)) in January of 2013.



chapter 11 mandates analysis of an entirely new set of issues applicable to employees, particularly union workers. To ensure that the Debtors' workforce remains functioning, Davis Polk has worked on matters including:

- Researching and analyzing labor and retiree issues, including related to sections 1113 and 1114 of the Bankruptcy Code.
- Participating in numerous meetings and teleconferences to provide advice to the Debtors' management concerning financial matters (*e.g.*, cost reductions), union negotiations, union and non-union communications, and litigation and non-litigation strategy with respect to labor issues.
- Preparing proposals in connection with section 1113 and 1114 of the Bankruptcy Code and advising the Debtors with respect to the same.
- Communicating and negotiating with professionals engaged by the Debtors' union concerning collective bargaining agreements and various other matters.
- Researching, analyzing and drafting a motion to approve a settlement of certain MSHA proceedings.
- Reviewing certain employee compensation and benefit issues, conducting related legal research and advising the Debtors regarding the same.
- Researching, drafting and seeking court approval of motions to terminate the Debtors' supplemental 401(k).
- Negotiating a consensual agreement to appoint an official committee of non-union retirees (the "**Retiree Committee**").
- Analyzing, researching and drafting a motion to terminate substantially all non-union retiree benefits.
- Evaluating the Debtors' compensation programs and developing, and seeking Court approval of, an annual incentive program and critical retention program.

(g) Executory Contacts (Project Category 7)

The total number of hours billed for this project was 1,002.6. The total fees related to this project were \$716,526.50.

During the Compensation Period, Davis Polk provided substantial services with respect to the Debtors' executory contracts. Under this project category, Davis Polk worked on matters including:

- Research and analysis related to the Debtors' rights and obligations under coal supply agreements and other commercial contracts.
- Analyzing, preparing, filing and defending a motion to assume substantially all of the Debtors' hundreds of real property leases, and rejecting several of the Debtors' real property leases.
- Analyzing and researching issues related to numerous executory contracts and advising the Debtors regarding the assumption, rejection and extending the time to assume or reject the same.
- Filing and defending numerous notices rejecting executory contracts.
- Filing and defending multiple motions and stipulations assuming executory contracts, including advising the Debtors with respect to the renegotiation of such contracts.
- Responding to numerous inquiries from contractual counterparties regarding assumption, rejection and other issues.

(h) Financing (Project Category 8)

The total number of hours billed for this project was 193.0. The total fees related to this project were \$146,816.50.

During the Compensation Period, Davis Polk attorneys devoted substantial resources to ensuring that the Debtors' liquidity needs were satisfied so that the Debtors' business operations could continue running smoothly and customer expectations would be met. To that end, Davis Polk worked on matters including:

- Numerous telephone conferences with the lenders, counsel to lenders and other parties in connection with the debtor-in-possession credit facilities.
- Adding an additional subsidiary guarantor and grantor under the debtor-in-possession financing facilities.
- Providing advice generally to the Debtors about the debtor-in-possession financing facilities.

(i) First Review (Project Category 9)

The total number of hours billed for this project was 1,222.7. The total fees related to this project were \$356,648.50.

During the Compensation Period, Davis Polk attorneys conducted an extensive first review of the documents collected from Patriot in connection with its

investigation of Peabody, reviewing the documents for privilege and relevance. As an accommodation to the Debtors, Davis Polk agreed to cap all rates at \$275 per hour for work performed in this project category.

(j) General Case Administration (Project Category 10)

The total number of hours billed for this project was 1,013.6. The total fees related to this project were \$618,297.00.

General Case Administration encompasses a multitude of tasks that do not fall within the other project categories. The specific tasks associated with General Case Administration include:

- Participating in numerous meetings and telephone conferences with the Debtors' management and employees covering topics such as the chapter 11 cases generally, interpretation of court orders, determination of the status of claims, contract and lease rejection issues, operational issues and general business issues.
- Participating in numerous telephone conferences with the Office of the U.S. Trustee regarding various procedural, case management and other issues.
- Preparing for, attending and taking part in bankruptcy court hearings.
- Electronic filing and coordinating with the Debtors' claims agent regarding service of court papers.
- Participating in numerous telephone conferences with the advisors to the Creditors' Committee regarding procedural, case management and other issues.
- Maintaining document archives and disseminating substantive project lists, a case calendar and various emails summarizing and discussing documents filed with the Court.
- Maintaining a case calendar and coordinating meetings and scheduling of bankruptcy court hearings.
- Coordinating the transfer of the Debtors' chapter 11 cases to the U.S. Bankruptcy Court for the Eastern District of Missouri pursuant to an Order of the Court.
- Review and filing monthly operating reports.
- Analysis of the Local Rules of the Bankruptcy Court for the Eastern District of Missouri and the Procedures Manual and drafting and negotiating a revised case management order.

(k) Governance Communications (Project Category 11)

The total number of hours billed for this project was 52.5. The total fees related to this project were \$48,687.00.

As part of its representation of the Debtors, Davis Polk analyzed many of the Debtors' disclosure and governance issues. To that end, Davis Polk worked on matters including:

- Advising the Patriot Coal Corporation board of directors regarding fiduciary duty issues, disclosure obligations, business and reorganization issues, the bankruptcy process and its options regarding all of the above.
- Advising the Debtors on corporate communications issues, including responding to press inquiries.

(l) Litigation (Project Category 12)

The total number of hours billed for this project were 403.7. The total fees related to this project were \$303,179.50.

Davis Polk began recording time to the Litigation project category in January of 2013. Time dedicated to litigation activities was previously recorded to the Automatic Stay / Litigation project category. Davis Polk performed a variety of litigation services, including:

- Pursuing adversary proceedings regarding the Debtors' contractual rights under several royalty agreements. Litigation services performed in these adversary proceedings included:
  - Researching and drafting several pleadings, motions, and supporting briefing regarding various contractual and bankruptcy law matters.
  - Negotiating and drafting stipulations with opposing counsel regarding procedural and other matters.
  - Participating in numerous teleconferences with the Debtors' retention and incentive plans.
- Preparing for and participating in all bankruptcy court hearings in connection with the above-referenced litigation matters.

(m) Non-Davis Polk Retention (Project Category 13)

The total number of hours billed for this project was 145.2. The total fees related to this project were \$87,538.50.

Davis Polk assisted the Debtors with issues surrounding the Debtors' retention of professionals retained specifically for these cases and other professionals retained in the ordinary course of the Debtors' businesses. Davis Polk also worked to ensure compliance of such professionals with applicable guidelines, court rules and orders. In these regards, Davis Polk performed services including:

- Assisting with the Debtors' retention of professionals in the Debtors' chapter 11 cases and in the ordinary course of business.
- Reviewing, commenting upon and filing retention applications for the professionals separately retained by the Debtors in these cases.
- Communication and consultation with other retained professionals regarding monthly fee statement requirements, scheduling and procedures.
- Responding to the other retained professionals' retention, monthly fee statement and interim fee application inquiries and various assistance to those professionals.
- Communication with and advice to the Debtors regarding monthly billing schedules and procedures.
- Communication with the Debtors' retained professionals related to establishing the schedule for the second interim fee application process.
- Compiling, filing and serving monthly fee statements on all appropriate parties, pursuant to the terms of the Interim Compensation Order.

(n) Non-Working Travel (Project Category 14)

The total number of hours billed for this project was 164.3. The total fees related to this project were \$66,149.00.

The Non-Working Travel project category isolates Davis Polk's non-working travel time. It includes traveling to and from various destinations as part of Davis Polk's representation of the Debtors, including, but not limited to, this Court and the Debtors' offices in St. Louis, Missouri and Charleston, West Virginia. Per the Guidelines, adjustments in the aggregate amount of \$66,149.00 were made to Davis Polk's monthly statements during the Compensation Period to reflect a 50% reduction in time billed for non-working travel time.

(o) Plan/Disclosure Statement (Project Category 15)

The total number of hours billed for this project was 95.8. The total fees related to this project were \$64,170.50.

The Debtors have not yet filed a disclosure statement or a plan of reorganization. However, Davis Polk rendered services regarding the same, including:

- Researching, drafting and filing two motions to extend the period in which the Debtors have the exclusive right to file a plan of reorganization.
- Communications regarding emergence planning.

(p) Preparation of Fee Statements/Applications (Project Category 16)

The total number of hours billed for this project was 56.1. The total fees related to this project were \$30,798.00.

Davis Polk began recording time to the Preparation of Fee Statements/Applications project category in January of 2013. Time dedicated to these activities was previously recorded to the Davis Polk Retention and Fee Issues project category. The Preparation of Fee Statements/Applications project category is dedicated to time spent preparing Davis Polk's monthly and interim fee statements and applications and related tasks. In connection therewith, Davis Polk performed services including:

- Drafting and reviewing the monthly bill submitted for December of 2012 and January of 2013 in these cases to prevent disclosure of confidential information and to ensure compliance with applicable rules and guidelines.

(q) Regulatory and Environmental (Project Category 17)

The total number of hours billed for this project was 851.0. The total fees related to this project were \$644,677.50.

Davis Polk has assisted the Debtors with numerous environmental, regulatory and tax issues. In connection therewith, Davis Polk performed services including:

- Researching and analyzing environmental and regulatory issues, including with respect to the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Mine Safety and Health Administration, and advising the Debtors regarding the same.

- Advising the Debtors in connection with their participation in environmental and mining legal proceedings and negotiations.
- Researching and preparing pleadings with respect to the Debtors' pre- and post-petition selenium-related environmental obligations.
- Researching and analyzing tax issues and advising the Debtors regarding the same.
- Preparation and filing of Exchange Act filings.

(r) Securities Class Action (Project Category 18)

The total number of hours billed for this project was 109.8. The total fees related to this project were \$85,606.00.

Under this project category, Davis Polk worked on matters including:

- Preparing and filing motions to permit certain former Patriot Coal Corporation executives who are named as defendants in two securities class action lawsuits to access the proceeds of Patriot's Directors & Officers Liability Insurance in order to fund their defense.
- Research and analysis relating to the extent to which the automatic stay might apply to the securities class action lawsuits.

26. The foregoing professional services performed by Davis Polk were necessary and appropriate to the administration of the Debtors' chapter 11 cases. These services were in the best interests of the Debtors and other parties in interest.

Compensation for the foregoing services as requested is commensurate with the complexity, importance and nature of the problems, issues and tasks involved. The services were performed in an efficient manner.

**ACTUAL AND NECESSARY EXPENSES**

27. As set forth in Exhibit B hereto, Davis Polk has incurred or disbursed \$220,793.09<sup>7</sup> in expenses in providing professional services to the Debtors during the Compensation Period. These expense amounts are intended to cover Davis Polk's direct operating costs, which costs are not incorporated into the Davis Polk hourly billing rates. Only clients who actually use services of the types set forth in Exhibit A are separately charged for such services. The effect of including such expenses as part of the hourly billing rates would unfairly impose additional costs upon clients who do not require extensive photocopying, delivery and other services.

28. In accordance with the Guidelines, Davis Polk is seeking reimbursement for standard photocopying expenses at the lesser of \$0.20 per page or cost and has capped all overtime meals at \$20.00.

29. On several occasions, overnight delivery of documents and other materials was required as a result of circumstances necessitating the use of such express services. These expenses are not included in Davis Polk's overhead for the purpose of setting billing rates. Per the Guidelines, Davis Polk is not seeking reimbursement of the expenses it has incurred delivering documents to Davis Polk attorneys at their homes by radio car or taxi. Davis Polk has made every effort to minimize its expenses in these cases. The actual expenses incurred in providing professional services to the Debtors were necessary, reasonable and justified under the circumstances to serve the needs of the Debtors, their estates and their creditors.

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<sup>7</sup> This amount does not include certain additional amounts that Davis Polk voluntarily wrote off during the Compensation Period.



**THE REQUESTED COMPENSATION AND EXPENSE REIMBURSEMENT  
SHOULD BE ALLOWED**

30. Section 331 of the Bankruptcy Code provides for compensation of professionals and incorporates the substantive standards of section 330 to govern the Court's award of such compensation. 11 U.S.C. § 331. Section 330 provides that a court may award a professional employed under section 327 of the Bankruptcy Code "reasonable compensation for actual, necessary services rendered . . . and reimbursement for actual, necessary expenses." Id. § 330(a)(1). Section 330 also sets forth the criteria for the award of such compensation and reimbursement:

In determining the amount of reasonable compensation to be awarded . . . , the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including –

- (A) the time spent on such services;
- (B) the rates charged for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;
- (E) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the bankruptcy field; and
- (F) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title.

Id. § 330(a)(3).

31. Local Rule 2016(1)(B) requires that all professional fee applications analyze the 12 factors for allowance of compensation set forth in *Johnson v.*

*Georgia Highway Express*, 388 F.2d 714 (5th Cir. 1974) (the “**Johnson Factors**”); *see also P.A. Novelly v. Palans*, 960 F.2d 728 (8th Cir. 1992); *Chamberlain v. Kula*, 213 B.R. 729, 736-739 (B.A.P. 8th Cir. 1997).

32. Davis Polk respectfully submits that its Application satisfies all of the *Johnson* Factors, as discussed below.

(a) The time and labor required. Davis Polk’s representation of the Debtor as debtor-in-possession required extensive time and effort during a critical period in the Debtors’ cases.

(b) The novelty and difficulty of questions. More than 3,600 motions, notices, applications, petitions, orders and other pleadings have been filed in the nearly ten months since the Petition Date (including roughly 1,900 during the Compensation Period). Addressing these motions, negotiations and a multitude of creditor, supplier and customer inquiries has required extensive time and resources, and such efforts have been largely successful. However, the sheer number and scope of issues that have arisen during these cases demonstrate their size and complexity.

(c) The skill required to perform legal services properly. Each of the myriad novel and difficult issues presented in this case have required the dedicated and diligent attention of Davis Polk’s attorneys. Davis Polk believes that its attorneys have demonstrated the skill levels necessary for the vigorous representation of the Debtors’ interests in this case.

(d) The preclusion of employment due to acceptance of the case. It cannot be known whether this assignment has precluded Davis Polk from

other employment, but the professionals involved in this case devoted significant portions (and, with respect to the core members of the team, the overwhelming majority) of their time to the Debtors' affairs and were, to that extent, unable to address other matters.

(e) The customary fee. The rates charged by Davis Polk in this matter are commensurate with rates it charges for similar clients on similar matters.

(f) Whether the fee is fixed or contingent. The fees requested herein are requested on an hourly basis.

(g) Time limitations imposed by the client or the circumstances. This case posed time pressures due to the need for the Debtors to reduce their cost structure and emerge from chapter 11 expeditiously.

(h) The amount involved and the results obtained. As discussed above, the Debtors and their professionals have taken numerous positive steps in these reorganization proceedings. Taking into account the size and complexity of the Debtors' cases, the Debtors have made successful progress toward reducing their cost structure and reorganizing. As would be expected of companies as large as and with businesses as complex as the Debtors', there is more that needs to be done, and Davis Polk anticipates that progress will continue to be made. Davis Polk believes that the amounts involved are commensurate with the successful results obtained and the foundation for future resolutions laid during the Compensation Period.

(i) The experience, reputation, and ability of the attorneys.

Davis Polk is widely recognized as one of the premier law firms in the country, particularly in the area of restructuring. The Davis Polk attorneys working on this matter have substantial experience with highly complex restructuring matters.

(j) The undesirability of the case. Davis Polk was and is

privileged to have the opportunity to represent the Debtors.

(k) The nature and length of the professional relationship with

the client. As discussed in its employment application, Davis Polk has rendered legal services to the Debtors since 2007.

(l) Awards in similar cases. Both the rates charged and hours

incurred in this case are proportionate to, and in some instances less than, fees requested in similar large chapter 11 cases throughout the U.S.

33. In the instant case, for the reasons set forth above, Davis Polk respectfully submits that the services for which it seeks compensation and the expenditures for which it seeks reimbursement in this Application were necessary for and beneficial to the orderly administration of the Debtors' estates and their rehabilitation and reorganization effort. Davis Polk worked assiduously to anticipate or respond to the Debtors' needs and assist in the Debtors' chapter 11 process. Such services and expenditures were necessary to and in the best interests of the Debtors' estates and creditors. Davis Polk further submits that the compensation requested herein is reasonable in light of the nature, extent, and value of such services to the Debtors, their estates and all parties in interest.

34. Whenever possible, Davis Polk sought to minimize the costs of its services to the Debtors by utilizing talented junior attorneys and paraprofessionals to handle more routine aspects of case administration. A small group of the same Davis Polk attorneys was utilized for the vast majority of the work in these cases to minimize the costs of intra-Davis Polk communication and education about the Debtors' circumstances. For example, as mentioned above, a core group of approximately 10 Davis Polk attorneys accounted for more than 50% of the attorney hours worked, and a core group of three partners and two counsel accounted for approximately 75% of the partner and counsel hours worked during the Compensation Period.

35. In sum, approval of the compensation for professional services and reimbursement of expenses sought herein is warranted.

**CONCLUSION**

WHEREFORE Davis Polk respectfully requests (i) an allowance of compensation for professional services rendered during the Compensation Period in the amount of \$8,935,027.00 and reimbursement of actual and necessary expenses Davis Polk incurred during the Compensation Period in the amount of \$220,793.09; (ii) authorization for the Debtors to pay to Davis Polk that portion of the compensation amount not yet paid; (iii) that the allowance of such compensation for professional services rendered and reimbursement of actual and necessary expenses incurred be without prejudice to Davis Polk's right to seek additional compensation for services performed and expenses incurred during the Compensation Period that were not processed at the time of this Application and (iv) such other and further relief as is just.

Dated: St. Louis, Missouri  
April 15, 2013

By: /s/ Brian M. Resnick

Marshall S. Huebner  
Damian S. Schaible  
Brian M. Resnick  
Michelle M. McGreal

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*Counsel to the Debtors  
and Debtors in Possession*

**INDEX OF EXHIBITS**

Exhibit A	Schedule of Expenses
Exhibit B	Summary of Hours and Amounts Billed by Project Category

**EXHIBIT A**

**ACTUAL AND NECESSARY EXPENSES  
INCURRED BY DAVIS POLK & WARDWELL LLP ON  
BEHALF OF THE DEBTORS DURING THE COMPENSATION PERIOD**

<b>CATEGORY OF EXPENSES</b>	<b>AMOUNTS</b>
Computer research	\$130,619.23
Duplication	\$20,835.75
Litigation Support	\$454.35
Postage, courier & freight	\$1,132.93
Outside Document Retrieval (transcript, PACER, etc.)	\$14,910.48
Court and related fees	\$1,495.35
Electronic Discovery Services	\$60.50
Filing, registration, fees & taxes	\$200.00
Securities registration fees	\$352.00
Travel	\$38,461.56
Miscellaneous disbursements	\$508.00
Office Charges	\$43.55
Meals	\$11,719.39
<b>TOTAL</b>	<b>\$220,793.09</b>



**EXHIBIT B**

**SUMMARY OF HOURS AND AMOUNTS BILLED DURING  
THE COMPENSATION PERIOD BY DAVIS POLK & WARDWELL LLP,  
ORGANIZED BY INTERNAL PROJECT CATEGORY**

<b>PROJECT CATEGORY</b>	<b>DESCRIPTION</b>	<b>HOURS</b>	<b>AMOUNT</b>
1.	Asset Dispositions	200.0	\$153,501.00
2.	Automatic Stay / Litigation	1,941.5	\$1,393,070.50
3.	Claims Investigations	1,540.7	\$1,095,469.50
4.	Creditor/EquityHolder/UCC Issues	773.2	\$546,007.00
5.	Davis Polk Retention and Fee Issues	390.7	\$218,154.50
6.	Employee Labor Issues	3,208.2	\$2,359,730.00
7.	Executory Contracts	1,002.6	\$716,526.50
8.	Financing	193.0	\$146,816.50
9.	First Review	1,222.7	\$356,648.50
10.	General Case Administration	1,013.6	\$618,297.00
11.	Governance Communications	52.5	\$48,687.00
12.	Litigation	403.7	\$303,179.50
13.	Non-Davis Polk Retention	145.2	\$87,538.50
14.	Non-Working Travel	164.3	\$66,149.00
15.	Plan/Disclosure Statement	95.8	\$64,170.50
16.	Preparation of Fee Statements/Applications	56.1	\$30,798.00
17.	Regulatory and Environmental	851.0	\$644,677.50
18.	Securities Class Action	109.8	\$85,606.00
<b>Total Hours and Compensation Requested:</b>		<b>13,364.6</b>	<b>\$8,935,027.00</b>