

June 13, 2013

Judge Kathy A. Surratt-States

No doubt the judgments you recently rendered re Patriot Coal/UMWA were difficult at best.

I suppose I always thought a covenant was a binding agreement.

Literally, my husband never worked for Patriot Coal. His covenant was with Peabody working 33 years for Peabody enduring the elements associated with working in a coal mine. In turn Peabody 'gave' those who worked for them to Patriot.

Because of your decision to give Patriot management the money, per their contract, the retired miners, as of July 1, will no longer have the health care that was afforded them through their covenant/contract.

Where is the justice in that?

This whole contract affair is a disgrace and unjust. The miners worked very hard in keeping their part in this covenant only to be slapped with this unjust ruling.

Since Patriot has decided the importance of monies for managers, negotiations have broken off between Patriot and the UMWA. Therefore, that leaves nothing for these men and women who have worked long hours, often enduring harsh weather as strip miners and the underground miners working conditions

and coming from that the black lung. Because of their efforts they all signed contracts to assure them of medical insurance and assurance.

It's hard to believe that any judge would be so unjust in rewarding management their contract thus denying the working class man/woman their contract.

I wish I could say that your judgment was fair on all points. I can't.

why?

Because you've upheld management's contract and thrown our contract out the window, thus making this issue yet another big money win!

Sincerely,

*Beverly Groeninger*  
Beverly Groeninger

(Enclosure)

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Patriot breaks off negotiations with UMWA; union schedules meetings with local unions in preparation for vote

[TRIANGLE, VA] Negotiators from Patriot Coal walked out of talks with the United Mine Workers of America (UMWA) yesterday, threatening health care for thousands of retirees. The company also cancelled negotiations that were scheduled for the remainder of this week and into next week.

“We are very disappointed by this action,” UMWA President Cecil E. Roberts said. “We had made significant progress toward reaching an agreement that provided a workable alternative to the severe terms Patriot asked for last spring and that were approved by the bankruptcy court in St. Louis. The union had agreed to more than \$400 million in savings for the company over the life of the current contract, which gives them the money they say they need to survive. But that still wasn’t enough for them.

“When the company walked out, we were only about \$30 to 35 million apart, which given the scope of this problem really isn’t all that much,” Roberts said. “A big chunk of that money is in bonuses the company wants to pay management personnel into the future.

“I can only conclude at this point that there is no end to the depths of sacrifices our members and retirees are expected to make, even while hundreds of managers and executives are thinking about how they will spend the bonus money they’ll be getting in their bank accounts,” Roberts said, referring to a recent decision by the bankruptcy court to allow the company to pay millions in bonuses to already highly compensated personnel.

“The company now says it will implement the terms and conditions approved by the judge, effective July 1,” Roberts said. “I have consistently made it clear to management that I could not recommend to our membership that they work under those terms, because the

sacrifices they require from our active and retired members are too great.”

Under the ruling made by Judge Kathy Surratt-States, Patriot is allowed to cut off the current system that provides health care for some 23,000 retirees, their dependents and surviving spouses and replace it with a Voluntary Employee Benefit Association (VEBA) that only has guaranteed funding of just \$15 million, along with a royalty payment of 20 cents per ton of coal produced. The company would transfer a 35 percent ownership stake to the UMWA, which could be sold to raise money for the VEBA, but only after a value for the company is established. There is no way of knowing what the level of that funding would be.

The ruling also allows Patriot to deny retiree health care benefits entirely to some 40 percent of currently active workers who have already worked enough years to earn those benefits. In addition, Patriot can substantially reduce the pay, benefits, paid time off and other terms and conditions of the active workforce.

At the same time that Patriot is threatening to implement these cuts, the company plans to pay \$25 million more in management bonuses in each of the next three years.

“We have repeatedly said that we are willing to make the sacrifices needed to keep this company operating,” Roberts said. “We are working to preserve these jobs and preserve retiree health care. We also believe that those sacrifices should be shared by all, and that once the company gets through the short-term cash problem it has and begins to make money again in a few years, our sacrifices should be recognized.

“If we’re going to share the pain, we should share the gain,” Roberts said. “That’s only reasonable. But Patriot refuses to make that commitment to the people who actually mine the coal.

“We are going to explain all this, including the terms and conditions the judge approved and Patriot plans to implement, directly to our members,” Roberts said. “This is a democratic union, and our members will have their say about whether they want to work under it or not.” Roberts added that the vote would likely be held sometime during the week prior to July 1.

Under the UMWA Constitution, all active members working at Patriot operations, including those who are laid off or on sick or disability leave, have the right to vote on the terms and conditions of employment.

Roberts also pledged to continue the union’s efforts to get Peabody Energy and Arch Coal, the true architects of the Patriot bankruptcy, to live up to their obligations to the retirees to whom Peabody and Arch promised health care benefits.

“We find ourselves in this position today because Peabody and Arch made promises that they didn’t keep,” Roberts said. “We are not letting them off the hook. We are airing a new round of television spots that feature the voices of the victims of their scheme. Thousands of us will be back in front of Peabody’s offices next week, and more events are planned in St. Louis and throughout the coalfields in the coming months.

“No matter what the events of the next few weeks may bring, this struggle is a long, long way from being over,” Roberts said.

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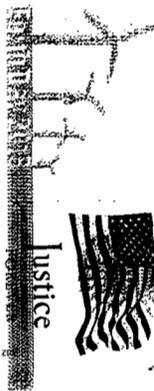
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