

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

PATRIOT COAL CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 12-12900 (SCC)

(Jointly Administered)

**FINAL TRADING ORDER ESTABLISHING
NOTIFICATION PROCEDURES
AND APPROVING RESTRICTIONS ON
CERTAIN TRANSFERS OF CLAIMS AGAINST
AND INTERESTS IN THE DEBTORS' ESTATES**

Upon the motion dated July 9, 2012 (the “**Motion**”)² of Patriot Coal Corporation and its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the “**Debtors**”) for an interim order (the “**Interim Trading Order**”) and a final order (this “**Order**”) establishing notification procedures and approving restrictions on certain transfers of claims against and interests in the Debtors’ estates, as more fully described in the Motion; and upon consideration of the Declaration of Mark N. Schroeder, Patriot Coal Corporation’s Senior Vice President and Chief Financial Officer, filed in support of the Debtors’ first-day pleadings; and the Court having jurisdiction to consider the Motion and

¹ The Debtors are the entities listed on Schedule 1 attached to the Motion. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

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

the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984 (Ward, Acting C.J.) as amended by Standing Order M-431, dated February 1, 2012 (Preska, C.J.); and consideration of the Motion and the requested relief being a core proceeding the Bankruptcy Court can determine pursuant to 28 U.S.C. § 157(b); and the Court having entered the Interim Trading Order on July 12, 2012; and due and proper notice of the Interim Trading Order and the Motion having been provided to (a) the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”), (b) those creditors holding the five largest secured claims against the Debtors’ estates on a consolidated basis, (c) those creditors holding the 50 largest unsecured claims against the Debtors’ estates on a consolidated basis, (d) any identified Substantial Equityholders and Substantial Claimholders, (e) attorneys for the administrative agents for the Debtors’ proposed postpetition lenders, (f) the Internal Revenue Service, (g) the Securities and Exchange Commission, (h) the United States Environmental Protection Agency and (i) the United States Attorney’s Office for the Southern District of New York; and it appearing that no other or further notice need be provided; and the relief requested in the Motion being in the best interests of the Debtors and their estates and creditors; and the Court having reviewed the Motion and having held a hearing with appearances of parties in interest noted in the transcript thereof (the “**Hearing**”); 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

final relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

FOUND that the Debtors' consolidated net operating loss ("NOL") carryforwards are property of the Debtors' estates and are protected by the automatic stay prescribed in section 362 of the Bankruptcy Code; and it is further

FOUND that unrestricted trading in claims against and equity interests in the Debtors before the Debtors' emergence from chapter 11 could severely limit the Debtors' ability, in connection with their eventual emergence from bankruptcy, to utilize their NOL carryforwards and certain other tax attributes for U.S. federal income tax purposes, pursuant to the rules under section 382 of the Internal Revenue Code; and it is further

FOUND that the trading procedures and restrictions set forth herein are necessary and proper in order to preserve such NOL carryovers and other tax attributes and are therefore in the best interests of the Debtors, their estates, and their creditors, and the Court having determined that immediate relief is necessary to avoid irreparable harm; and it is further

FOUND that the relief requested in the Motion is authorized under sections 362 and 541 of the Bankruptcy Code.

THEREFORE, IT IS:

ORDERED that the Motion is granted *nunc pro tunc* to the Petition Date as set forth herein; and it is further

ORDERED that effective as of the Petition Date the following procedures and restrictions are imposed and approved:

1. Notice of Substantial Equityholder Status. Any Person who is or becomes a Tax Owner of at least 4,500,000 shares, which represent approximately 4.85% of the issued and outstanding Stock as of the Petition Date (a “**Substantial Equityholder**”), must, on or before the later of: (A) 15 days after the Court’s entry of the Interim Trading Order or (B) 10 days after that Person becomes a Substantial Equityholder, serve on the Debtors, the attorneys for the Debtors and the attorneys for the Creditors’ Committee a notice (the “**Substantial Equityholder Notice**”) containing the Tax Ownership information substantially in the form of Exhibit C attached to the Motion. For the avoidance of doubt, this Order does not extend the time for serving on the Debtors and their counsel a Substantial Equityholder Notice as required by the Interim Trading Order.

2. Restrictions and Procedures for Trading in Stock. Any Person that, after the Effective Time,

- (i) is not a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of an amount of Stock that would cause the Person to become a Substantial Equityholder;
- (ii) is a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of any additional Stock; or

- (iii) is a Substantial Equityholder and wishes to sell or otherwise dispose of Tax Ownership of any Stock,

must, prior to the consummation of any such transaction, file with the Court (at the holder's election, in a redacted form that does not include such holder's taxpayer identification number and the aggregate principal amount of Stock that such holder beneficially owns) and serve on the Debtors, their counsel and counsel for the Creditors' Committee an unredacted notice in the form of Exhibit D attached to the Motion, in the case of a proposed acquisition of Stock, or Exhibit E attached to the Motion, in the case of a proposed disposition of Stock (either such notice, a "**Proposed Stock Transaction Notice**"). The Debtors shall consult with counsel for the Creditors' Committee prior to responding to any Proposed Stock Transaction Notice. If written approval of the proposed transaction is filed with the Court by the Debtors within 15 calendar days following the receipt of a Proposed Stock Transaction Notice, the transaction may proceed. If written approval of the proposed transaction is not filed by the Debtors with the Court within such period, the transaction may not be consummated unless approved by an order of the Court. Further transactions within the scope of this Section 2 must be the subject of additional notices as set forth herein with additional waiting periods.

3. Restrictions and Procedures for Trading in Covered Claims.

- (a) Any Person that, after the Effective Time,

- (i) is not a Substantial Claimholder and purchases or otherwise acquires Tax Ownership of an amount of Covered Claims that causes the Person to become a Substantial Claimholder; or
- (ii) is a Substantial Claimholder and purchases or otherwise acquires Tax Ownership of any additional Covered Claims,

will have an obligation, in the event that the Court issues a Sell Down Order at the request of the Debtors or any other proponent of a plan (collectively, a “**Plan Proponent**”) pursuant to Section 4, to sell or otherwise transfer Tax Ownership of an aggregate amount of Covered Claims sufficient to prevent such Person from having Tax Ownership of an amount of the reorganized Debtors’ stock as a result of the implementation of the 382(l)(5) Plan that exceeds the greater of (a) the Applicable Percentage or (b) the percentage specified in the Sell Down Notice applicable to such Person pursuant to Section 4; *provided, however*, that such Person shall not be required to make any sale or other transfer of Tax Ownership of Covered Claims that would result in such Person having Tax Ownership of an aggregate amount of Covered Claims that is less than either (x) the Threshold Amount, as revised from time to time, or (y) such Person’s Protected Amount.

(b) Any Person that participates in formulating any chapter 11 plan of reorganization of or on behalf of the Debtors (which shall include, without limitation, making any suggestions or proposals to the Debtors or their advisers with regard to such a plan), shall not do so in a manner that makes evident to the

Debtors that any Covered Claims of which such Person has Tax Ownership are Newly Traded Covered Claims (the “**Participation Restriction**”). For this purpose, the Debtors acknowledge and agree that the following activities alone shall not constitute a violation of the Participation Restriction: filing an objection to a proposed disclosure statement or to confirmation of a proposed plan of reorganization, voting to accept or reject a proposed plan of reorganization, reviewing or commenting on a proposed business plan, membership on the Creditors’ Committee or an *ad hoc* Committee, providing information to the Debtors’ counsel on a confidential basis or taking any action required by this Order. Any Person found by the Court to have violated the Participation Restriction willfully shall be required to dispose of Newly Traded Covered Claims of which such Person has Tax Ownership (subject to the Equity Forfeiture Provision described in Section 6) to the extent necessary to protect the Debtors’ ability to effect successful implementation of the 382(l)(5) Plan. For the avoidance of doubt, (i) such Person shall not be permitted to retain Tax Ownership of any Newly Traded Covered Claims if a Sell Down Order has been or is subsequently issued pursuant to Section 4, and (ii) if a Claims Trading Notice Order has been issued pursuant to Section 4(e), such Person shall only be permitted to retain Tax Ownership of Newly Traded Covered Claims to the extent that such retention would not impair any reasonable “cushions” used by the Debtors in making determinations regarding satisfaction of the ownership requirements of section 382(l)(5). Prior to taking any action to enforce the

foregoing two sentences, the Debtors shall consult with counsel for the Creditors' Committee.

4. Sell Down Procedures.

(a) *Reporting of Substantial Claimholder Status.* In order to assess the feasibility of implementing a 382(l)(5) Plan and the need for petitioning the Court for a Sell Down Order, a Plan Proponent, after consultation with counsel for the Creditors' Committee, may file with the Court and further publish and serve in the manner specified in Section 8 a notice (the "**Reporting Notice**") requiring each Substantial Claimholder, within 30 calendar days of the Debtors' filing of the Reporting Notice with the Court, to serve on the Debtors, their counsel and counsel for the Creditors' Committee, a notice in the form of Exhibit F attached to the Motion (a "**Substantial Claimholder Notice**"). A Person that is uncertain whether it is a Substantial Claimholder may serve a Substantial Claimholder Notice in the manner described above in order to preserve its rights under this Order. A Person serving a Substantial Claimholder Notice in the manner described above shall not be required to file the Substantial Claimholder Notice with the Court. For the avoidance of doubt, a Plan Proponent will not be precluded from filing more than one Reporting Notice pursuant to this subsection (a). However, no Reporting Notice may be served until after a Disclosure Statement has been filed which contains information required in Section 4(b)(1)&(3) for a Sell-Down Order.

(b) *Petition for Sell Down Order and Notification Procedures.* No later than the expiration of the 75-day period beginning with the date on which a Plan Proponent files a Reporting Notice with the Court, the Plan Proponent may, in consultation with counsel for the Creditors' Committee, file a motion with the Court for the issuance of an order (the "**Sell Down Order**") that (i) authorizes the Plan Proponent to issue Sell Down Notices to each Person that has timely filed a Substantial Claimholder Notice showing Tax Ownership of Covered Claims that, pursuant to the terms of the 382(l)(5) Plan (and prior to giving effect to the Sell Down Order), would entitle such Person to acquire Tax Ownership of more than the Applicable Percentage of the equity of the reorganized Debtors (a "**Potentially Substantial New Equityholder**") and (ii) provides that any Person other than a Potentially Substantial New Equityholder shall not be entitled to acquire Tax Ownership of more than the Applicable Percentage of the equity of the reorganized Debtors (or consideration in lieu thereof) if the 382(l)(5) Plan is consummated. The motion for a Sell Down Order shall provide evidence regarding:

- (1) the reasonably expected range of tax attributes available to be carried over under the 382(l)(5) Plan to reduce the future U.S. federal income tax liabilities of the Debtors, taking into account, among other things, anticipated reductions in tax attributes under sections 108(b) and 382(l)(5)(B) of the Internal Revenue Code that will occur as a result of the

implementation of the 382(l)(5) Plan and anticipated deductions arising from payments made under the 382(l)(5) Plan;

- (2) the basis for the Plan Proponent's belief that the reduction in holdings required by the Sell Down Order (and implemented by the Sell Down Notices) are reasonably necessary and appropriate to ensure that the ownership requirements of section 382(l)(5) will be satisfied in connection with the 382(l)(5) Plan; and
- (3) the basis for the Plan Proponent's belief that there is a reasonable possibility that utilization of section 382(l)(5) will be more beneficial to the Debtors and their estates than utilizing section 382(l)(6).

Such motion shall be published and served in the manner described in Section 8. Each Potentially Substantial New Equityholder shall be served with a copy of the motion and the Sell Down Notice applicable to such Person. Counsel for the Creditors' Committee shall be served with a copy of the motion and all Sell Down Notices. For the avoidance of doubt, a Plan Proponent will not be precluded from filing more than one motion for the issuance of a Sell Down Order pursuant to this subsection (b).

Each Sell Down Notice shall indicate (i) the Plan Proponent's calculation of the percentage of the equity of the reorganized Debtors of which the Potentially Substantial New Equityholder would otherwise acquire Tax Ownership under the terms of the 382(l)(5) Plan, based on the Substantial Claimholder Notice filed by such person (such person's "**Preliminary Percentage**"), and (ii) the percentage of equity of the reorganized Debtors of which such person will be permitted to acquire Tax Ownership under the 382(l)(5) Plan, based on a proportionate reduction to the Preliminary Percentage of each Potentially Substantial New Equityholder (except to the extent that the Plan Proponent determines that such a reduction would result in the requirement that a Potentially Substantial New Equityholder sell or otherwise transfer Covered Claims that are not Newly Traded Covered Claims). For instance, if Potentially Substantial New Equityholders are required to reduce their Preliminary Percentage by 20%, a Potentially Substantial New Equityholder whose Preliminary Percentage was 15% generally would be required to sell Covered Claims such that it would be entitled to receive no more than 12% of the equity of the reorganized Debtors under the 382(l)(5) Plan. If a Potentially Substantial New Equityholder holds more than one category of Covered Claims, the category or categories of Covered Claims to be sold in order to comply with the Sell Down Notice will be left to the discretion of the Potentially Substantial New Equityholder.

(c) *Procedures for Objection to a Sell Down Notice.* A Potentially Substantial New Equityholder in receipt of a Sell Down Notice will be permitted

to object on any one or more of the following grounds: (i) the Sell Down Notice applicable to it contains a mathematical error, (ii) compliance with the Sell Down Notice applicable to it would require the Potentially Substantial New Equityholder to reduce its Tax Ownership of Covered Claims below the Threshold Amount (so long as it has complied and continues to comply with the Participation Restriction) or below its Protected Amount or would require it to transfer Tax Ownership of Covered Claims that are not Newly Traded Covered Claims and (iii) there is not a reasonable possibility that utilization of section 382(l)(5) will be more beneficial to the Debtors' and their estates than utilization of section 382(l)(6); the Creditors' Committee may also object to a Sell-Down Notice on this ground. If an objection described in clause (i) or (ii) is filed, the Plan Proponent will be permitted to serve new Sell Down Notices in its discretion.

Unless the Court determines otherwise for good cause shown, a Sell Down Order and the related Sell Down Notices will remain effective notwithstanding amendments to the 382(l)(5) Plan; *provided, however*, that if the Plan Proponent withdraws the 382(l)(5) Plan, the Sell Down Notices will have no further effect; *provided further* that a Potentially Substantial New Equityholder in receipt of a Sell Down Notice, or the Creditors' Committee, will be permitted to petition the Court to vacate or reverse a Sell Down Order on the grounds that a 382(l)(5) Plan is no longer a reasonable possibility.

(d) *Procedures for Implementing a Sell Down Order.* Each transfer of Covered Claims required by a final Sell Down Notice shall occur prior to the later

of (i) the date that is 10 calendar days after the date of confirmation of the 382(l)(5) Plan, (ii) the date that is 30 calendar days after receipt of the Sell Down Notice and (iii) the date specified in all of the Sell Down Notices.

Once a Potentially Substantial New Equityholder has transferred its Covered Claims in accordance with the preceding paragraph, such Person (i) shall, no later than one business day following the latest date for completing such transfer in accordance with the preceding paragraph, serve on the Debtors, the Plan Proponent (if other than the Debtors), their respective counsel and counsel for the Creditors' Committee a notice in the form of Exhibit G attached to the Motion (a "**Notice of Completed Sell Down**") and (ii) under no circumstances shall acquire additional Covered Claims in a manner that would increase the amount of the reorganized Debtors' equity to which such Person would be entitled pursuant to the implementation of the 382(l)(5) Plan above the percentage specified in the Sell Down Notice applicable to such Person.

(e) *Procedure If No Sell Down Notices Are Required.* If a Plan Proponent determines, based on the Substantial Claimholder Notices filed in response to the Reporting Notice, that no Sell Down Notices appear necessary in order to implement the 382(l)(5) Plan, the Plan Proponent after consultation with counsel for the Creditors' Committee may move the Court for an order requiring advance notice of certain acquisitions of Covered Claims (the "**Claims Trading Notice Order**"). Under the Claims Trading Notice Order,

(i) any Potentially Substantial New Equityholder proposing to acquire Covered Claims in a transaction following which such Person would have Tax Ownership of Covered Claims that,

pursuant to the terms of the 382(l)(5) Plan, would entitle such Person to receive equity of the reorganized Debtors in excess of the amount of equity to which such Person would have been entitled based on the holdings reported on such Person's Substantial Claimholder Notice, and

(ii) any Person that would become a Potentially Substantial New Equityholder by virtue of a proposed acquisition of Covered Claims

will be required, prior to the consummation of any such transaction, to serve on the Debtors, the Plan Proponent (if other than the Debtors), their respective counsel and counsel for the Creditors' Committee, a notice in the form of Exhibit H attached to the Motion (a "**Proposed Covered Claim Transaction Notice**").

The same procedures applicable to a Proposed Stock Transaction Notice (described in Section 2) will apply with respect to a Proposed Covered Claim Transaction Notice. If the Debtors or Plan Proponent (if other than the Debtors) do not give written consent to the proposed transaction and the Person that has delivered the Proposed Covered Claim Transaction Notice requests a hearing, the procedures described in Subsection (c) of this Section 4 will apply.

In addition, the Claims Trading Notice Order will require any Person that has acquired Tax Ownership of Covered Claims for which it did not file a Substantial Claimholder Notice and as to which a motion would have been required under the preceding paragraph, but for the fact that such acquisition occurred prior to the entry of the Claims Trading Notice Order, to serve notice of such fact on the Debtors and the Plan Proponent (if other than the Debtors), their respective counsel and counsel for the Creditors' Committee within 15 calendar days of the entry of the Claims Trading Notice Order. If the Plan Proponent

determines that the retention by such Person of such Covered Claims could jeopardize the implementation of the 382(l)(5) Plan, it will serve a Sell Down Notice on such Person, in which case the procedures described in Subsection (c) of this Section 4 will apply.

5. Confidentiality.

The Debtors, any Plan Proponent (if other than the Debtors), their respective counsel and the Creditors' Committee shall keep all information provided in all notices delivered pursuant to this Order strictly confidential and shall not disclose the contents thereof to any person, except (i) to the extent necessary to respond to a petition or objection filed with the Court, (ii) to the extent otherwise required by law, or (iii) to the extent that the information contained therein is already public; *provided, however*, that the Debtors and any other Plan Proponent, if applicable, may disclose the contents thereof to their professional financial advisers, who shall keep all such notices strictly confidential and shall not disclose the contents thereof to any other person, subject to further Court order. To the extent confidential information is necessary to respond to a petition or objection filed with the Court, such confidential information shall be filed under seal or in redacted form. For the avoidance of doubt, the foregoing provisions shall not preclude the Debtors or any other Plan Proponent, if applicable, from including in their unredacted, unsealed filings with the Court summary information regarding the amount of equity of the reorganized Debtors that Potentially Substantial New Equityholders (not identified by name or

otherwise) would be expected to receive under the terms of the 382(l)(5) Plan before and after the implementation of the Sell Down Order.

6. Sanctions for Noncompliance.

(a) *Noncompliance Relating to Stock.* Acquisitions and dispositions of Tax Ownership of Stock in violation of the restrictions and procedures set forth in Section 2 shall be void *ab initio*, and the sanction for violating Section 2 shall be reversal of the noncompliant transaction or such other (or additional) measures as the Court may consider appropriate.

(b) *Noncompliance Relating to a Sell Down Notice or a Claims Trading Notice Order.* In the event that any Person fails to comply with a final Sell Down Notice applicable to it, such Person shall not be entitled to acquire Tax Ownership of any equity of the reorganized Debtors (or consideration in lieu thereof) in connection with the implementation of the 382(l)(5) Plan in excess of the greater of (i) the Applicable Percentage (which, only with respect to such Person, shall be deemed to be zero unless such Person has complied and continues to comply with the Participation Restriction) or (ii) the percent specified on such Sell Down Notice. Any Person that did not file a Substantial Claimholder Notice shall not be entitled to acquire Tax Ownership of any equity of the reorganized Debtors (or consideration in lieu thereof) in excess of the Applicable Percentage in connection with the implementation of the 382(l)(5) Plan. Any Person that acquires Covered Claims in violation of a Sell Down Order or a Claims Trading Notice Order shall not be entitled to acquire Tax Ownership of any equity of the reorganized Debtors (or consideration in lieu thereof) in connection with the

implementation of the 382(l)(5) Plan in excess of the percentage of equity to which such Person would have been entitled had it not acquired such Covered Claims. The foregoing sanctions (the “**Equity Forfeiture Provisions**”) shall be effective without any further order of the Court. Any purported acquisition of Tax Ownership of stock of the reorganized Debtors pursuant to the implementation of the 382(l)(5) Plan that is precluded by the Equity Forfeiture Provisions (such stock the “**Forfeited Equity**”) shall be void *ab initio*. Any Person that receives Forfeited Equity shall, immediately upon becoming aware of such fact, return such Forfeited Equity to the Debtors or, if all of the shares properly issued to such Person and all or any portion of such Forfeited Equity have been sold prior to the time such Person becomes aware of such fact, such Person shall return to the Debtors (i) any Forfeited Equity still held by such Person and (ii) the proceeds attributable to the sale of Forfeited Equity, calculated by treating the most recently sold shares as Forfeited Equity. Any Person that receives Forfeited Equity and deliberately fails to comply with the preceding sentence shall be subject to such additional sanctions as the Court may determine. In no event, however, shall an acquisition or disposition of Tax Ownership of Covered Claims be rendered void or unenforceable by reason of this Order.

7. Discretionary Waiver by Debtors. The Debtors, after consultation with counsel for the Creditors’ Committee, may, in their sole discretion, waive any sanctions, remedies or notification procedures imposed by this Order.

8. Notice Procedures. If the Debtors file a Reporting Notice, a motion for a Sell Down Order or a change to the definition of the term Threshold Amount with the Court, within five business days of such filing, the Debtors shall (i) submit a notice of the filing for publication on the Bloomberg newswire service and the Depository Trust Company Legal Notice System (also known as, and hereinafter referred to as, LENS), (ii) post such notice together with a copy of the filing on the case information website (<http://www.PatriotCaseInfo.com>) and (iii) serve such notice of the filing on (a) the Office of the United States Trustee for the Southern District of New York, (b) all indenture trustees or transfer agents for the Covered Claims or Stock, as applicable, (c) counsel for the Creditors' Committee, (d) any identified Substantial Equityholders and Substantial Claimholders, (e) the Internal Revenue Service, (f) the Securities and Exchange Commission, (g) the United States Environmental Protection Agency and (h) the United States Attorney's Office for the Southern District of New York. Upon receipt of such notice, counsel for the Creditors' Committee shall send such notice to their respective committee members. Upon receipt of such notice and at least once every three months during the pendency of these chapter 11 cases, all indenture trustees and transfer agents shall submit the notice for publication on LENS in connection with the Debt Securities (as defined in Section 10) for which they are the indenture trustee or transfer agent. Upon receipt of such notice, including electronic receipt through LENS, any holder or Agent (other than an indenture trustee) who holds Covered Claims or Stock on behalf of another Person and has actual knowledge that such other Person has

Tax Ownership of Covered Claims of more than \$15 million or at least 2,000,000 shares of Stock, as applicable, shall provide a copy of such notice to the other Person. Any Person, or broker or agent acting on such Person's behalf, that sells Covered Claims in the aggregate amount of \$15 million or sells an aggregate amount of at least 2,000,000 shares of Stock (or an option with respect thereto) to another Person (other than pursuant to a transaction consummated on the New York Stock Exchange) shall provide a copy of the notice to such purchaser or to any broker or agent acting on such purchaser's behalf.

9. Continued Compliance with Other Applicable Laws and Rules.

The requirements set forth in this Order are in addition to the requirements of Bankruptcy Rule 3001(e) and applicable securities, corporate, and other laws, and do not excuse compliance therewith.

10. Special Rules. A Person acquiring or disposing of Tax Ownership of Stock or Covered Claims in the capacity of Agent of another Person shall not be treated as a Substantial Equityholder or Substantial Claimholder solely to the extent acting in the capacity of Agent, and shall not have an affirmative duty to inquire whether the account, customer, investment fund, principal, trust or beneficiary is subject to any restrictions or requirements under this Order, including without limitation the application of any Equity Forfeiture Provisions; *provided, however,* that the account, customer, fund, principal, trust or beneficiary shall not be excluded from this Order by reason of this Section. Specifically and for the avoidance of doubt, the trustee of any trust, any indenture trustee, owner trustee, pass-through trustee, subordination agent, registrar, paying agent or

transfer agent, in each case for any ownership interests, bonds, debentures, notes or other debt securities (collectively, “**Debt Securities**”) (i) issued by any of the Debtors, (ii) issued by any governmental or quasi-governmental authority for the benefit of any of the Debtors, (iii) secured by assets of any of the Debtors or agreements with respect to such assets or (iv) secured by assets leased to any of the Debtors (any such person, an “**Indenture Trustee**”), shall not be treated as a Substantial Claimholder solely to the extent acting in the capacity described above; *provided, however*, that neither any transferee of Covered Claims nor any Person for whom an Indenture Trustee acts shall be excluded solely by reason of this provision.

11. Definitions. For purposes of this Order:

“**382(l)(5) Plan**” means a plan of reorganization for the Debtors under chapter 11 of the Bankruptcy Code, accompanied by a Disclosure Statement containing adequate information as to the reasonable possibility that section 382(l)(5) will be beneficial to the reorganized Debtors, and which provides that transfers of Tax Ownership of the reorganized Debtors’ equity will be subject to reasonable restrictions for not less than two years after the reorganization.

“**Agent**” means a broker, account manager, agent, custodian, nominee, prime broker, clearinghouse or trustee (including an Indenture Trustee, but not including a trustee of a trust qualified under section 401(a) of the Internal Revenue Code solely to the extent acting in connection with such trust).

“**Applicable Percentage**” means, if only one class of common equity of the reorganized Debtors is to be issued pursuant to the terms of a 382(l)(5) Plan, 4.85% of the number of such shares that the Debtors reasonably estimate will be issued at the effective time of such 382(l)(5) Plan. If more than one class of equity of the reorganized Debtors is to be distributed pursuant to the terms of a 382(l)(5) Plan, the Applicable Percentage shall be determined by the Debtors in their reasonable judgment in a manner consistent with the estimated range of values for the

equity to be distributed reflected in the valuation analysis set forth in the Disclosure Statement, and shall be expressed in a manner that makes clear how many shares of common equity would constitute the Applicable Percentage.

“Bankruptcy Code” means title 11 of the United States Code.

“Claims Trading Notice Order” has the meaning given in Section 4(e).

“Covered Claims” means any claims within the meaning of section 101(5) of the Bankruptcy Code against one or more Debtors that are not secured claims or claims arising under the debtor in possession financing approved in these cases, *provided that*

(i) if a holder of a claim is uncertain as to the extent to which such claim is a Covered Claim, such holder may serve upon the Debtors and Debtors’ counsel (or upon a Plan Proponent and its counsel, if applicable), written notice of the requesting holder’s uncertainty along with a description of the underlying claim, and within 10 calendar days after actual receipt of such notice, the Debtors (or other Plan Proponent, if applicable) shall, in consultation with the requesting holder, reasonably determine, solely for purposes of this Order, the portion of the applicable claim at such time that is a Covered Claim; and

(ii) if a holder of claims is uncertain as to the extent to which this Order applies to it, it can consult counsel for the Creditors’ Committee.

For purposes of clause (i), the Debtors’ determination (or the determination of a Plan Proponent) is not binding on the holders and shall not preclude a holder from seeking a determination from the Court.

“Creditors’ Committee” means the official committee of unsecured creditors appointed in these cases.

“Debtors” has the meaning given in the first paragraph hereof.

“Debt Securities” has the meaning given in Section 10.

“Disclosure Statement” means a disclosure statement filed with the Court relating to a proposed plan of reorganization for the Debtors under chapter 11.

“**Effective Time**” means the time of effectiveness of the Interim Trading Order.

“**Equity Forfeiture Provision**” has the meaning given in Section 6(b).

“**Forfeited Equity**” has the meaning given in Section 6(b).

“**Hearing**” has the meaning given in the first paragraph hereof.

“**Indenture Trustee**” has the meaning given in Section 10.

“**Internal Revenue Code**” means the Internal Revenue Code of 1986, as amended.

“**Motion**” has the meaning given in the first paragraph hereof.

“**Newly Traded Covered Claims**” means Covered Claims (i) of which a Person acquired Tax Ownership after the date that was 18 months before the Petition Date and (ii) that are not “ordinary course” claims, within the meaning of section 1.382-9(d)(2)(iv) of the Treasury regulations, of which the same Person has always had Tax Ownership. For the avoidance of doubt, a transferee will be deemed to have owned such Covered Claims for the period that such Covered Claims were owned by the transferor if such Covered Claims were transferred in a “qualified transfer” within the meaning of section 1.382-9(d)(5) of the Treasury regulations.

“**NOL**” has the meaning given in first paragraph of the findings hereof.

“**Notice of Completed Sell Down**” has the meaning given in Section 4(d).

“**Participation Restriction**” has the meaning given in Section 3(b).

“**Person**” means a person or Entity (as such term is defined in section 1.382-3(a) of the Treasury regulations).

“**Petition Date**” means July 9, 2012.

“Plan Proponent” has the meaning given in Section 3(a).

“Potentially Substantial New Equityholder” has the meaning given in Section 4(b).

“Preliminary Percentage” has the meaning given in Section 4(b).

“Proposed Covered Claim Transaction Notice” has the meaning given in Section 4(e).

“Proposed Stock Transaction Notice” has the meaning given in Section 2.

“Protected Amount” means the amount of Covered Claims of which a Person has Tax Ownership at the Effective Time,

- (i) *increased by* (A) the amount of Covered Claims of which such Person acquires Tax Ownership pursuant to contracts entered into before the Effective Time and (B) the amount of Covered Claims of which such Person acquires Tax Ownership after the Effective Time pursuant to the exercise of rights under a secured debt instrument (including a voluntary foreclosure) of which such Person has Tax Ownership before the Effective Time, *minus* the amount of Covered Claims of which such Person disposes pursuant to contracts entered into before the Effective Time;
- (ii) *increased by* the amount of Covered Claims of which such Person acquires Tax Ownership from another Person that are Newly Traded Covered Claims in the hands of the transferor if either
 - (x) both the transferor and the transferee are Substantial Claimholders immediately before the transfer; or
 - (y) the transferor is a Substantial Claimholder immediately before the transfer and the transferee becomes a Substantial Claimholder as a result of the transfer, but the transferor ceases to be a Substantial Claimholder as a result of the transfer, and the transferor has complied and continues to comply with the Participation Restriction; *provided* that the transferee’s Protected Amount shall only be increased to the extent that the aggregate amount of Newly Traded

Covered Claims of which the transferor has Tax Ownership immediately before the transfer exceeds the aggregate amount of Newly Traded Covered Claims of which the transferee has Tax Ownership immediately before the transfer, and the transferor has complied and continues to comply with the Participation Restriction; and

provided that, in the case of (x) and (y), the transferee's Protected Amount shall only be increased to the extent that (i) the amount transferred to the transferee does not exceed the transferor's Protected Amount immediately before the transfer and (ii) the transferee can demonstrate that the transferor is bound by a written agreement to reduce its Protected Amount by a corresponding amount; and

- (iii) *decreased* by the amount of Covered Claims held by such Person as of the Effective Time that are not Newly Traded Covered Claims in the hands of such Person and that are subsequently disposed of by such Person.

“Reporting Notice” has the meaning given in Section 4(a).

“section 382(l)(5)” means section 382(l)(5) of the Internal Revenue Code.

“section 382(l)(6)” means section 382(l)(6) of the Internal Revenue Code.

“Sell Down Notice” means a notice to a Potentially Substantial New Equityholder requiring the Potentially Substantial New Equityholder to transfer Covered Claims in accordance with Sections 3 and 4.

“Sell Down Order” has the meaning given in Section 4(b).

“Stock” means the common stock of Patriot Coal Corporation.

“Substantial Claimholder” means a Person that has Tax Ownership of an aggregate amount of Covered Claims measured where applicable by principal and accrued interest as of the Petition Date, that equals or exceeds the Threshold Amount (as determined from time to time).

“**Substantial Claimholder Notice**” has the meaning given in Section 4(a).

“**Substantial Equityholder**” has the meaning given in Section 1.

“**Substantial Equityholder Notice**” has the meaning given in Section 1.

“**Tax Ownership**” means beneficial ownership of a Covered Claim or of Stock as determined in accordance with the applicable rules under section 382 and, to the extent provided in those rules shall include, but not be limited to, direct and indirect ownership (*e.g.*, a holding company would be considered to have Tax Ownership of all shares owned or acquired by its 100% owned subsidiaries), ownership by members of a person’s family and Persons acting in concert and, in certain cases, the creation or issuance of an option (in any form). Any variation of the term Tax Ownership shall have the same meaning and an “option” to acquire stock or claims shall include any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable. Tax Ownership of Covered Claims shall be determined as if such Covered Claims were stock of the Debtors.

“**Threshold Amount**” means, as an initial matter, \$20 million. The Debtors will periodically review the definition of the Threshold Amount, in consultation with the Creditors’ Committee, with a view to ensuring the reasonableness thereof, but in no event shall the Threshold Amount be decreased with retroactive effect. Any changes to the definition of the term Threshold Amount will be filed with the Court and served and published in the manner described in Section 8.

ORDERED that nothing in this Order shall preclude any party-in-interest from seeking appropriate relief from the provisions of this Order or be deemed to prejudice, limit or waive the rights or claims of parties-in-interest to object to, or be heard in connection with, any request for the issuance of a Sell Down Notice, including the right to request limits on the duration (and effect) of such Sell Down Notice or any Equity Forfeiture Provision in connection therewith, all of which rights, claims and objections are expressly reserved; and it is further

ORDERED that notwithstanding the applicability of Bankruptcy Rule 6003 and the possible applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that, the final relief provided in this Order is in addition to, and not in lieu of, any and all other rights and remedies available to the Debtors.

Dated: September 6, 2012
New York, New York

/s/ Shelley C. Chapman
HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE