

**PATRIOT COAL CORPORATION**  
**COMPENSATION COMMITTEE CHARTER**  
(effective December 15, 2010)

**Statement of Purpose**

This charter governs the operations of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board of Directors”) of Patriot Coal Corporation (the “Company”). The Committee is appointed by the Board of Directors to discharge the Board’s responsibilities relating to the evaluation and compensation of the Company’s executive officers (as defined in Rule 3b-7 under the Securities Exchange Act of 1934, as amended (“Exchange Act”) for all purposes hereof). The Committee has overall responsibility for monitoring the performance of the Company’s executive officers and evaluating and approving the Company’s executive compensation plans, policies and programs. The Committee will also review and approve any benefit plans that directly impact the Company’s executive officers. The Company, under the direction of the Chief Executive Officer (“CEO”), is responsible for overall compensation and benefits plan design for non-executive employees.

The Committee shall produce an annual compensation committee report for inclusion or incorporation by reference in the Company’s proxy statement and annual report on Form 10-K.

**Committee Organization**

The Committee shall be appointed by the Board of Directors and shall consist of at least three directors, each of whom shall meet (1) the independence requirements of the New York Stock Exchange, (2) the “non-employee director” definition of Rule 16b-3 promulgated under Section 16 of the Exchange Act and (3) the “outside director” definition of Section 162(m) of the Internal Revenue Code of 1986, as amended. The Board of Directors must affirmatively determine that a director satisfies the foregoing independence requirements before being appointed to the Committee and at least annually thereafter. In evaluating a member’s independence, the Board of Directors should consider all relevant facts and circumstances, including without limitation, any relationships that such member has with the Company and/or its management, and the potential impact that such relationships could have on the perception of the investment community.

One member of the Committee shall be appointed as its Chairperson by the Board of Directors. The Board of Directors shall have the power at any time to replace any member or fill any vacancy in the Committee. A Committee member may resign by giving written notice to the Board of Directors and may resign Committee membership without resigning from the Board of Directors. The Committee may delegate authority to individuals or subcommittees when it deems appropriate.

## **Meetings**

The Committee shall meet at least quarterly, or more frequently as the Committee may determine. The Chairperson shall preside at each meeting at which he is present and, in the absence of the Chairperson, one of the other members of the Committee shall be designated as the acting chair of the meeting. Meetings of the Committee may be held in person or telephonically, and the Committee shall have the authority to act by written consent. The Chairperson (or acting chair) may direct appropriate members of management and staff to prepare draft agendas and related background information for each Committee meeting. The draft agenda shall be reviewed and approved by the Chairperson (or acting chair) in advance of distribution to the other Committee members. Any background materials, together with the agenda, should be distributed to the Committee members in advance of the meeting. All meetings of the Committee shall be held pursuant to the Company's bylaws with regard to notice and waiver thereof, and written minutes of each meeting, in the form approved by the Committee, shall be duly filed in the Company records. The Committee shall periodically hold executive sessions at their meetings without management present. At the request of the Board of Directors or as the Chairperson determines necessary, reports of meetings of the Committee shall be made to the Board of Directors at its next regularly scheduled meeting following the Committee meeting accompanied by any recommendations to the Board of Directors approved by the Committee.

## **Statement of Responsibilities**

The Committee shall have the following primary responsibilities:

- Review and recommend to the Board of Directors, at least annually, the compensation philosophy for the executive officers and delegate responsibility to executive officers to review the compensation philosophy for other employees.
- The Committee shall review and assess risks arising from the Company's compensation policies and practices for its employees and whether any such risks are reasonably likely to have a material adverse effect on the Company.
- Executive Officers (excluding CEO): The Committee shall annually review the performance of and subsequent determination and approval of the compensation of the executive officers of the Company, including salary, bonus and incentive compensation levels (annual and long-term), deferred compensation, executive perquisites, equity compensation, employment agreements, severance arrangements, retirement and other post-employment benefits, and change-in-control benefits (in each case as and when appropriate). In determining the compensation of the executive officers, the Committee shall review and approve corporate goals and objectives relevant to such compensation and evaluate executive officer

performance in light of those goals and objectives. In determining the long-term incentive component of executive officer compensation, the Committee will consider, among other things, the Company's performance, the value of similar incentive awards to similarly situated executives at comparable companies, and other parameters deemed appropriate by the Committee.

- Prior to determining compensation of the executive officers other than the CEO, the Committee shall review with the CEO the performance of such executive officers. Nothing in this provision shall be construed as precluding discussion of compensation of these executive officers with the full Board of Directors.
- CEO: The Committee, along with the independent members of the Board of Directors, shall annually review the performance of and subsequently determine and approve the compensation of the CEO, including salary, bonus and incentive compensation levels (annual and long-term), deferred compensation, executive perquisites, equity compensation, employment agreements, severance arrangements, retirement and other post-employment benefits, and change-in-control benefits (in each case as and when appropriate). In determining the compensation of the CEO, the Committee and the special committee of the Board shall review and approve corporate goals and objectives relevant to such compensation and evaluate the CEO's performance in light of those goals and objectives. In determining the long-term incentive component of the CEO's compensation, the Committee and the special committee of the Board will consider, among other things, the Company's performance and relative shareholder return, and the value of similar incentive awards to similarly situated CEOs at comparable companies.
- The Committee shall have the sole authority to retain and terminate its compensation consultant to be used to assist in the evaluation of CEO and other executive compensation and shall have the sole authority to approve the consultant's fee structure and other retention terms. The Committee also shall have authority to obtain advice and assistance from internal or external legal, accounting and other advisors. The compensation to be paid to such advisors shall be determined by the Committee or the Chairperson of the Committee, and the Chairperson shall have the authority to bind the Company to pay such compensation.
- The Committee shall administer the Company's annual and long-term incentive compensation plans and programs for the executive officers and the CEO (and shall have the right to terminate those plans). All equity-based plans (and amendments) and other significant incentive plans shall be submitted for approval by the Board of Directors and, to the extent required by the rules of the New York Stock Exchange or other applicable law, by the stockholders of the Company. The Committee shall oversee

the Company's compliance with New York Stock Exchange rules requiring stockholder approval of equity-based plans and programs.

- The Committee shall periodically assess the Company's Board of Directors compensation program and, when appropriate, recommend modifications for consideration by the Board of Directors. In considering the amount of director compensation to be paid, the Board of Directors shall consider, among other factors, the compensation paid to directors of comparable public companies.
- The Committee, working in conjunction with the CEO, as appropriate, shall provide an annual report to the Board regarding the CEO and other executive officers' succession planning and management development. This report should include a recommended short-term succession plan delineating temporary delegation of authority in the event that the CEO or any other executive officer is unexpectedly unable to perform his/her duties.
- The Committee shall oversee the Company's monitoring of compliance with the requirements under the Sarbanes-Oxley Act of 2002 relating to 401(k) plans. The Committee shall also review the status of executive officers' stock ownership relative to the Company's guidelines.
- The Committee shall review and discuss the Compensation Discussion and Analysis ("CD&A"), including compensation relating to named executive officers, required to be included in the Company's proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission with management and, based on such review and discussion, determine whether or not to recommend to the Board of Directors that the CD&A be so included.
- The Committee shall consider and evaluate say on pay resolutions and recommend to the Board of Directors, subject to applicable rules and regulations, the frequency on which the Company should seek shareholder approval on say on pay.
- The Committee may form and delegate authority to subcommittees when appropriate.
- The Committee shall review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board of Directors for approval. The Committee shall annually review its own performance and report the results of this evaluation to the Board of Directors (with input from the Board of Directors). The Committee shall annually review the performance of the Committee's compensation consultants.