



A bold voice for transportation workers

SUPPORT FOR UMWA PATRIOT CAMPAIGN

Last year Patriot Coal Company, a creation of Peabody Energy, filed for Chapter 11 bankruptcy in an effort to exploit our legal code for financial gain by shedding responsibility for retiree health and pension obligations it inherited from Peabody and from Arch Coal.

Unfortunately, using bankruptcy to get out of obligations to workers is not a new tactic. We have seen too many corporations, many in the transportation sector, use similar legal maneuvers to dump their responsibilities and vacate the promises they made to workers. We condemn these disturbing tactics that are decimating to working Americans.

But this case is far from typical. Patriot Coal's filing is the culmination of a lengthy process orchestrated by Peabody Energy and Arch Coal to strip workers of their benefits and preserve profits for industry executives. Patriot Coal is a spin-off company created in 2007 and clearly underfunded by Peabody. Patriot is also responsible for the obligations of a company called Magnum Coal, which was a creation of Arch that Patriot acquired in 2008.

Peabody and Arch transferred responsibility for employee retirement benefits to these new companies to evade paying retiree benefits. Peabody is the largest coal producer in the world and Arch is another large coal company.

Now the obligation to fund these retirement benefits belongs to Patriot Coal even though 90 percent of the retirees currently receiving benefits from Patriot never even worked for the company. They are former employees of Peabody and Arch whose benefits were transferred to Patriot, which now claims it cannot pay its debts. While trying to walk away from its obligations through bankruptcy, Patriot Coal has referred to these hard-earned worker benefits as "unsustainable labor-related liabilities." These sanitized words are creations of lawyers. To most Americans these benefits are the backbone of a secure retirement.

The United Mine Workers of America (UMWA), an affiliate of the Transportation Trades Department, AFL-CIO (TTD), represents the unionized workers threatened by this case. The union has been appointed to the Creditor's Committee in the bankruptcy proceeding to ensure employees have a voice during this process. The UMWA has launched a campaign to expose the moral issues of this case and ensure that Peabody and Arch, and their straw man Patriot Coal, are held accountable for the benefits owed to these workers.

TTD and its affiliated unions stand in solidarity with the UMWA and echo the union's demand that these employers be prevented from manipulating our laws and deliberately setting up weak companies for the purpose of evading contractual obligations. We urge the bankruptcy court to reject this poorly veiled attempt to exploit our bankruptcy laws and to stop Peabody and Arch from carrying out this sinister plan. It is unconscionable to allow these hard-working mine workers, retirees and their families to suffer while these corporations enrich themselves.

Policy Statement No. W13-07
Adopted February 24, 2013