UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Form 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 1-13105

Arch Coal, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**43-0921172**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
One CityPlace Drive, Ste. 300, St. Louis, Missouri	**63141**
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: **(314) 994-2700**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, $.01 par value	OTC Pink

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such filed). Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer x	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The aggregate market value of the voting stock held by non-affiliates of the registrant (excluding outstanding shares beneficially owned by directors, officers, other affiliates and treasury shares) as of **June 30, 2015** was approximately $72.4 million.

At February 12, 2016 there were 21,446,233 shares of the registrant's common stock outstanding.

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If you are not familiar with any of the mining terms used in this report, we have provided explanations of many of them under the caption "Glossary of Selected Mining Terms" on page 36 of this report. Unless the context otherwise requires, all references in this report to "Arch," "we," "us," or "our" are to Arch Coal, Inc. and its subsidiaries.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This report contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, such as our expected future business and financial performance, and are intended to come within the safe harbor protections provided by those sections. The words "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "predicts," "projects," "seeks," "should," "will" or other comparable words and phrases identify forward-looking statements, which speak only as of the date of this report. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Actual results may vary significantly from those anticipated due to many factors, including:

- our ability to continue as a going concern;
- our ability to successfully complete a reorganization under Chapter 11 and emerge from bankruptcy;
- potential adverse effects of the Chapter 11 Cases (as defined below) on our liquidity and results of operations;
- our ability to obtain timely Bankruptcy Court approval with respect to motions filed in the Chapter 11 Cases;
- objections to the Company's plan of reorganization that could protract the Chapter 11 Cases;
- employee attrition and our ability to retain senior management and key personnel due to the distractions and uncertainties, including our ability to provide adequate compensation and benefits during the Chapter 11 Cases;
- market demand for coal and electricity;
- geologic conditions, weather and other inherent risks of coal mining that are beyond our control;
- competition, both within our industry and with producers of competing energy sources;
- excess production and production capacity;
- our ability to acquire or develop coal reserves in an economically feasible manner;
- inaccuracies in our estimates of our coal reserves;

- availability and price of mining and other industrial supplies;
- availability of skilled employees and other workforce factors;
- disruptions in the quantities of coal produced by our contract mine operators;
- our ability to collect payments from our customers;
- defects in title or the loss of a leasehold interest;
- railroad, barge, truck and other transportation performance and costs;
- our ability to successfully integrate the operations that we acquire;

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- our ability to secure new coal supply arrangements or to renew existing coal supply arrangements;
- our relationships with, and other conditions affecting our customers;
- the deferral of contracted shipments of coal by our customers;
- our ability to service our outstanding indebtedness;
- our ability to comply with the restrictions imposed by our DIP Credit Agreement, our Securitization Facility and other financing arrangements;
- the availability and cost of surety bonds;
- our ability to manage the market and other risks associated with certain trading and other asset optimization strategies;
- terrorist attacks, military action or war;
- our ability to obtain and renew various permits, including permits authorizing the disposition of certain mining waste;
- existing and future legislation and regulations affecting both our coal mining operations and our customers' coal usage, governmental policies and taxes, including those aimed at reducing emissions of elements such as mercury, sulfur dioxides, nitrogen oxides, particulate matter or greenhouse gases;
- the accuracy of our estimates of reclamation and other mine closure obligations;
- the existence of hazardous substances or other environmental contamination on property owned or used by us; and
- other factors, including those discussed in "Legal Proceedings", set forth in Item 3 of this report and "Risk Factors," set forth in Item 1A of this report.

All forward-looking statements in this report, as well as all other written and oral forward-looking statements attributable to us or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements contained in this section and elsewhere in this report. These factors are not necessarily all of the important factors that could affect us. These risks and uncertainties, as well as other risks of which we are not aware or which we currently do not believe to be material, may cause our actual future results to be materially different than those expressed in our forward-looking statements. These forward-looking statements speak only as of the date on which such statements were made, and we do not undertake to update our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by the federal securities laws.

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PART I

ITEM 1. BUSINESS

Introduction

We are one of the world's largest coal producers. For the year ended December 31, 2015, we sold approximately 128 million tons of coal, including approximately 1.4 million tons of coal we purchased from third parties. We sell substantially all of our coal to power plants, steel mills and industrial facilities. At December 31, 2015, we operated, or contracted out the operation of, 16 active mines located in each of the major coal-producing regions of the United States. The locations of our mines and access to export facilities enable us to ship coal worldwide.

Our History

We were organized in Delaware in 1969 as Arch Mineral Corporation. In July 1997, we merged with Ashland Coal, Inc., a subsidiary of Ashland Inc. that was formed in 1975. As a result of the merger, we became one of the largest producers of low-sulfur coal in the eastern United States.

In June 1998, we expanded into the western United States when we acquired the coal assets of Atlantic Richfield Company. This acquisition included the Black Thunder and Coal Creek mines in the Powder River Basin of Wyoming, the West Elk mine in Colorado and a 65% interest in Canyon Fuel Company, which operated three mines in Utah. In October 1998, we acquired a leasehold interest in the Thundercloud reserve, a 412-million-ton federal reserve tract adjacent to the Black Thunder mine.

In July 2004, we acquired the remaining 35% interest in Canyon Fuel Company. In August 2004, we acquired Triton Coal Company's North Rochelle mine adjacent to our Black Thunder operation. In September 2004, we acquired a leasehold interest in the Little Thunder reserve, a 719-million-ton federal reserve tract adjacent to the Black Thunder mine.

In December 2005, we sold the stock of Hobet Mining, Inc., Apogee Coal Company and Catenary Coal Company and their four associated mining complexes (Hobet 21, Arch of West Virginia, Samples and Campbells Creek) and approximately 455 million tons of coal reserves in Central Appalachia to Magnum Coal Company, which was subsequently acquired by Patriot Coal Corporation.

In October 2009, we acquired Rio Tinto's Jacobs Ranch mine complex in the Powder River Basin of Wyoming, which included 345 million tons of low-cost, low-sulfur coal reserves, and integrated it into the Black Thunder mine.

In June 2011, we acquired International Coal Group, Inc., which owned and operated mines primarily in the Appalachian Region of the United States.

In August 2013, we sold the equity interests of Canyon Fuel Company, LLC ("Canyon Fuel"), which owned and operated our Utah operations.

Filing Under Chapter 11 of the United States Bankruptcy Code

On January 11, 2016 (the "Petition Date"), Arch and substantially all of Arch's wholly owned domestic subsidiaries (the "Filing Subsidiaries" and, together with Arch, the "Debtors") filed voluntary petitions for reorganization (collectively, the "Bankruptcy Petitions") under Chapter 11 of Title 11 of the U.S. Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Eastern District of Missouri (the "Court"). The Debtor's Chapter 11 Cases (collectively, the "Chapter 11 Cases") are being jointly administered under the caption *In re Arch Coal, Inc., et al.* Case No. 16-40120 (lead case). Each Debtor will continue to operate its business as a "debtor in possession" under the jurisdiction of the Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Court.

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The filing of the Bankruptcy Petitions constituted an event of default that accelerated Arch's obligations under the documents governing each of Arch's 7.00% senior notes due 2019, 9.875% senior notes due 2019, 8.00% senior secured second lien notes due 2019, 7.25% senior notes due 2020, 7.25% senior notes due 2021 (together, the "senior notes") and senior secured first lien term loan due 2018 (the "Existing Credit Agreement") (collectively with the senior notes, the "Debt Instruments"), all as further described in Note 14, "Debt and Financing Arrangements" to the Consolidated Financial Statements included in the Form 10-K. Immediately after filing the Bankruptcy Petitions, Arch began notifying all known current or potential creditors of the Debtors of the bankruptcy filings.

Additionally, on the Petition Date, the New York Stock Exchange (the "NYSE") determined that Arch was no longer suitable for listing pursuant to Section 8.02.01D of the NYSE continued listing standards, and trading in the Company's common stock was suspended on January 11, 2016. We expect that the existing common stock of the Company will be extinguished upon the Company's emergence from Chapter 11 and existing equity holders will not receive consideration in respect of their equity interests.

On the Petition Date, the Debtors filed a number of motions with the Court generally designed to stabilize their operations and facilitate the Debtors' transition into Chapter 11. Certain of these motions sought authority from the Court for the Debtors to make payments upon, or otherwise honor, certain pre-petition obligations (e.g., obligations related to certain employee wages, salaries and benefits and certain vendors and other providers essential to the Debtors' businesses). The Court has entered orders approving the relief sought in these motions.

Pursuant to Section 362 of the Bankruptcy Code, the filing of the Bankruptcy Petitions automatically stayed most actions against the Debtors, including actions to collect indebtedness incurred prior to the Petition Date or to exercise control over the Debtors' property. Subject to certain exceptions under the Bankruptcy Code, the filing of the Debtors' Chapter 11 Cases also automatically stayed the continuation of most legal proceedings, including certain of the third party litigation matters described under "Legal Proceedings," or the filing of other actions against or on behalf of the Debtors or their property to recover on, collect or secure a claim arising prior to the Petition Date or to exercise control over property of the Debtors' bankruptcy estates, unless and until the Court modifies or lifts the automatic stay as to any such claim. Notwithstanding the general application of the automatic stay described above, governmental authorities may determine to continue actions brought under their police and regulatory powers.

As required by the Bankruptcy Code, the U.S. Trustee for the Eastern District of Missouri appointed an official committee of unsecured creditors (the "Creditors' Committee") on January 25, 2016. The Creditors' Committee represents all unsecured creditors of the Debtors and has a right to be heard on all matters that come before the Court.

As a result of extremely challenging current market conditions, Arch believes it will require a significant restructuring of its balance sheet in order to continue as a going concern in the long term. The Company's ability to continue as a going concern is dependent upon, among other things, its ability to become profitable and maintain profitability and its ability to successfully implement its Chapter 11 plan strategy. As a result of the Bankruptcy Petitions, the realization of the Debtors' assets and the satisfaction of liabilities are subject to significant uncertainty. While operating as a debtor-in-possession pursuant to the Bankruptcy Code, the Company may sell or otherwise dispose of or liquidate assets or settle liabilities, subject to the approval of the Court or as otherwise permitted in the ordinary course of business for amounts other than those reflected in the accompanying consolidated financial statements. Further, a Chapter 11 plan is likely to materially change the amounts and classifications of assets and liabilities reported in the Company's Consolidated Financial Statements.

Restructuring Support Agreement

In connection with the filing of the Bankruptcy Petitions, Arch entered into a Restructuring Support Agreement, dated as of January 10, 2016 (the "Restructuring Support Agreement"), among the Debtors and holders of over 50% of Arch's first lien term loans under Arch's Existing Credit Agreement (the

"Supporting First Lien Creditors"), providing that the Supporting First Lien Creditors will support a restructuring of the Debtors, subject to the following terms and conditions contemplated therein, among others:

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- existing common stock of Arch would likely be extinguished upon the Company's emergence from Chapter 11, and existing equity holders would likely not receive consideration in respect of their equity interests;
- claims against the Debtors arising under the DIP Facility (as defined below) would be paid in full in cash or receive such other treatment as may be consented to by the holders of such claims;
- claims against the Debtors of holders of first lien term loans would be exchanged for (a) a combination of cash and $326.5 million (principal amount) of new first lien debt that would be issued by the reorganized Company and (b) 100% of the common stock of the reorganized Company outstanding on the effective date of the plan, subject to dilution on account of a proposed new management incentive plan and the distribution to unsecured creditors of any new common stock and warrants (as described below);
- first lien term loan deficiency claims (subject to certain exceptions) as well as second lien notes, unsecured notes and general unsecured claims against the Debtors would be exchanged for either (1) common stock in the reorganized Company and warrants or (2) the value of the unencumbered assets of the Company, if any, after giving effect to certain other payments and claims;
- either the Company's existing accounts receivable securitization facility would be reinstated or a new letter of credit facility would be entered into by the Company, in either case on terms acceptable to Supporting First Lien Creditors holding more than 66 2/3% of the aggregate amount of the first lien term loans held by Supporting First Lien Creditors; and
- the board of directors of the reorganized Company would consist of seven directors, at least one of whom would be independent, including the Company's Chief Executive Officer and six directors selected by certain of the Company's first-lien term lenders in consultation with the Company's Chief Executive Officer.

The Restructuring Support Agreement, if utilized as the basis for a plan of reorganization, is expected to reduce Arch's long-term debt by more than $4.5 billion.

We entered into an amendment to the Restructuring Support Agreement on February 25, 2016 (the "RSA Amendment"), which provides for the waiver of the termination event that would have occurred on February 25, 2016 as a result of the Debtors not having obtained Court approval of the assumption of the Restructuring Support Agreement within 45 days of the Petition Date. The Debtors had previously agreed, with the consent of the Majority Consenting Lenders under the Restructuring Support Agreement, to adjourn the Court hearing on the Restructuring Support Agreement at the request of the official committee of unsecured creditors appointed in the Debtors' Chapter 11 cases. Pursuant to the RSA Amendment, unless otherwise agreed by the Majority Consenting Lenders, the Debtors are required to obtain Court approval of the assumption of the Restructuring Support Agreement on or before the date that is 90 days from the Petition Date.

The RSA Amendment also provides for a waiver of any termination event that otherwise would occur as a result of the dismissal of the Chapter 11 case of one of our subsidiaries following the sale of such subsidiary and a 45-day extension of the date after which the Debtors and the Majority Consenting Lenders may modify the proposed distributions to holders of unsecured claims if holders of more than $1.6125 billion of unsecured claims against the Debtors have not executed a restructuring support agreement substantially in the form of the Restructuring Support Agreement.

Securitization Agreement

On January 13, 2016, Arch and its securitization financing providers (the "Securitization Financing Providers") agreed that, subject to certain amendments (the "Amendments"), they will continue the $200 million trade accounts receivable securitization facility provided to Arch Receivable Company, LLC, a non-debtor special-purpose entity that is a wholly owned subsidiary of the Company ("Arch Receivable") (the "Securitization Facility"). See Item 7, "Management's Discussion and Analysis—Liquidity and Capital Resources—Securitization Agreement" for more information.

Debtor-In-Possession Financing

On January 21, 2016, the Superpriority Secured Debtor-in-Possession Credit Agreement, as amended by the Waiver and Consent and Amendment No. 1, dated as of March 4, 2016, (the "DIP Credit Agreement") was entered into by and among the Company, as borrower, certain of the Debtors, as guarantors (the "Guarantors" and, together with the Company, the "Loan Parties"), the lenders from time to time party thereto (the "DIP Lenders") and Wilmington Trust, National Association, as administrative agent and collateral agent for the DIP Lenders (in such capacities, the "DIP Agent").

The DIP Credit Agreement, which has been approved by the Court on a final basis, provides for a super-priority senior secured debtor-in-possession credit facility (the "DIP Facility") consisting of term loans (collectively, the "DIP Term Loan") in the aggregate principal amount of up to $275 million that may be funded in not more than two draws not later than six months after the effective date of the DIP Facility (such six month period, the "Availability Period"). Any portion of the DIP Term Loan commitment that has not been funded on or prior to the end of the Availability Period will be permanently cancelled. The

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DIP Facility includes a $75 million carve-out from the first priority lien granted in favor of the DIP Agent for the benefit of the DIP Lenders on all encumbered and unencumbered assets of the Loan Parties for super-priority claims relating to certain of the Debtors' bonding obligations. See Item 7, "Management's Discussion and Analysis—Liquidity and Capital Resources—Debtor-In-Possession Financing" for more information.

Coal Characteristics

End users generally characterize coal as steam coal or metallurgical coal. Heat value, sulfur, ash, moisture content, and volatility, in the case of metallurgical coal, are important variables in the marketing and transportation of coal. These characteristics help producers determine the best end use of a particular type of coal. The following is a description of these general coal characteristics:

Heat Value. In general, the carbon content of coal supplies most of its heating value, but other factors also influence the amount of energy it contains per unit of weight. The heat value of coal is commonly measured in Btus. Coal is generally classified into four categories, lignite, subbituminous, bituminous and anthracite, reflecting the progressive response of individual deposits of coal to increasing heat and pressure. Anthracite is coal with the highest carbon content and, therefore, the highest heat value, nearing 15,000 Btus per pound. Bituminous coal, used primarily to generate electricity and to make coke for the steel industry, has a heat value ranging between 10,500 and 15,500 Btus per pound. Subbituminous coal ranges from 8,300 to 13,000 Btus per pound and is generally used for electric power generation. Lignite coal is a geologically young coal which has the lowest carbon content and a heat value ranging between 4,000 and 8,300 Btus per pound.

Sulfur Content. Federal and state environmental regulations, including regulations that limit the amount of sulfur dioxide that may be emitted as a result of combustion, have affected and may continue to affect the demand for certain types of coal. The sulfur content of coal can vary from seam to seam and within a single seam. The chemical composition and concentration of sulfur in coal affects the amount of sulfur dioxide produced in combustion. Coal-fueled power plants can comply with sulfur dioxide emission regulations by burning coal with low sulfur content, blending coals with various sulfur contents, purchasing emission allowances on the open market and/or using sulfur-dioxide emission reduction technology.

Ash. Ash is the inorganic residue remaining after the combustion of coal. As with sulfur, ash content varies from seam to seam. Ash content is an important characteristic of coal because it impacts boiler performance and electric generating plants must handle and dispose of ash following combustion. The composition of the ash, including the proportion of sodium oxide and fusion temperature, is also an important characteristic of coal, as it helps to determine the suitability of the coal to end users. The absence of ash is also important to the process by which metallurgical coal is transformed into coke for use in steel production.

Moisture. Moisture content of coal varies by the type of coal, the region where it is mined and the location of the coal within a seam. In general, high moisture content decreases the heat value and increases the weight of the coal, thereby making it more expensive to transport. Moisture content in coal, on an as-sold basis, can range from approximately 2% to over 30% of the coal's weight.

Other. Users of metallurgical coal measure certain other characteristics, including fluidity, swelling capacity and volatility to assess the strength of coke produced from a given coal or the amount of coke that certain types of coal will yield. These characteristics may be important elements in determining the value of the metallurgical coal we produce and market.

The Coal Industry

Background. Coal is traded globally and can be transported to demand centers by ship, rail, barge or truck. Total world coal production reached 7.7 billion tonnes in 2014, according to the International Energy Agency (IEA). Total hard coal production decreased 0.5% to an estimated 6.9 billion tonnes in 2014 from 2013 levels, while global production of lignite coal declined roughly 3% to 810 million tonnes. Also according to IEA estimates, China remained the largest producer of coal in the world, producing over 3.5 billion tonnes in 2014. The United States and India follow China with total coal production of over

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900 million tonnes and 600 million tonnes, respectively, in 2014. Preliminary data for 2015 suggests further erosion in global coal demand, but the relative ranking of producer countries remained the same.

Cross-border trade of coal was close to 1.4 billion tonnes in 2014, according to the IEA. Despite a drop in coal imports, China remained the largest importer of globally traded coal in 2014, taking over 305 million tonnes. India and Japan followed China with total coal imports of over 239 million tonnes and 187 million tonnes, respectively. Imports in OECD Europe were slightly higher in 2014 at an estimated 280 million tonnes.

The primary nations that are supplying coal to the global power and steel markets are Australia and Indonesia, as well as Russia, the United States, Colombia and South Africa. The IEA estimates that these key supply regions combined made up 86% of total global cross-border coal trade in 2014.

Global Coal Supply and Demand. The supply and demand fundamentals in global coal markets were further challenged in 2015. In China, a slowing economy along with new environmental restrictions and protectionist policies aiming to support the domestic coal industry resulted in a significant decline in coal imports in 2015 according to preliminary reports. China continues to add coal-based power generation capacity at a robust pace, but slower economic growth and/or additional regulations could continue to pressure demand in the near to intermediate term. Preliminary reports indicated that imports of metallurgical and thermal coal into China decreased by 11 and 43 million tonnes in 2015, respectively. The decline was primarily caused by weak industrial production and protectionist measures favoring domestic supply. Conversely, India is estimated to have sustained strong demand for both thermal and metallurgical coal in 2015 due to solid economic growth and associated electric power and infrastructure projects. Europe's weak economic growth combined with increased competition from other fuels and renewables resulted in further declines in import coal demand there. Additionally, economic uncertainties as well as the low-cost external supply of steel have pressured Europe's domestic steel producers which has translated into lower demand for metallurgical coal.

The IEA publishes a World Energy Outlook ("WEO") in which it reports on multiple scenarios. For example, the "New Policies Scenario" incorporates policies and measures affecting energy markets that have already been adopted, as well as other relevant commitments and plans that have been announced by countries, including national pledges to reduce emissions and plans to phase out fossil fuel subsidies, even if the measures to implement these commitments have yet to be identified or announced. The "Current Policies Scenario" contemplates no changes in policies from the mid-point of the year of publication, assuming that governments do not implement any commitments that have yet to be finalized by legislation and will not introduce any new policies affecting coal usage. Finally, the "450 Scenario" assumes implementation of a set of government policies consistent with a goal of limiting long-term increases in the average global temperature to two degrees Celsius, a limit determined by various governments and non-governmental organizations and recognized by nations of the world in the 2010 United Nations Climate Change Conference.

The IEA makes projections about world coal demand based on various future scenarios for energy development. The scenarios used by the IEA as the bases for these projections vary by time and publication. Further details are available to the public directly from the IEA, including through the IEA's website: http://www.iea.org/publications/scenariosandprojections/. Information contained on or accessible through the IEA's website is not incorporated by reference into this Annual Report on Form 10-K.

The IEA estimates in its WEO 2015, Current Policies Scenario, that worldwide primary energy demand will grow 45%, whereas the New Policies Scenario projects 32% growth, between 2013 and 2040. Demand for coal during this time period is projected to rise 43% and 12% under the Current Policies Scenario and the New Policies Scenario, respectively.

The IEA expects coal to retain its prominent presence as a fuel for the power sector worldwide under the Current Policies Scenario. Coal's share of the power generation mix was 41% in 2013. By 2040, the IEA's Current Policies Scenario estimates that coal's fuel share of global power generation will be 38% as it continues to have the largest share of worldwide electric power production. Under the New Policies and 450 scenarios, coal's fuel share of global power generation is projected to be 30% and 12%, respectively.

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Most coal consumption growth is expected to occur in Asia, with China and India as the largest consumers going forward. In the metallurgical markets, we expect somewhat modest growth in near-term steel demand based on slower economic growth. Moreover, we expect continued supply rationalization for global metallurgical coal.

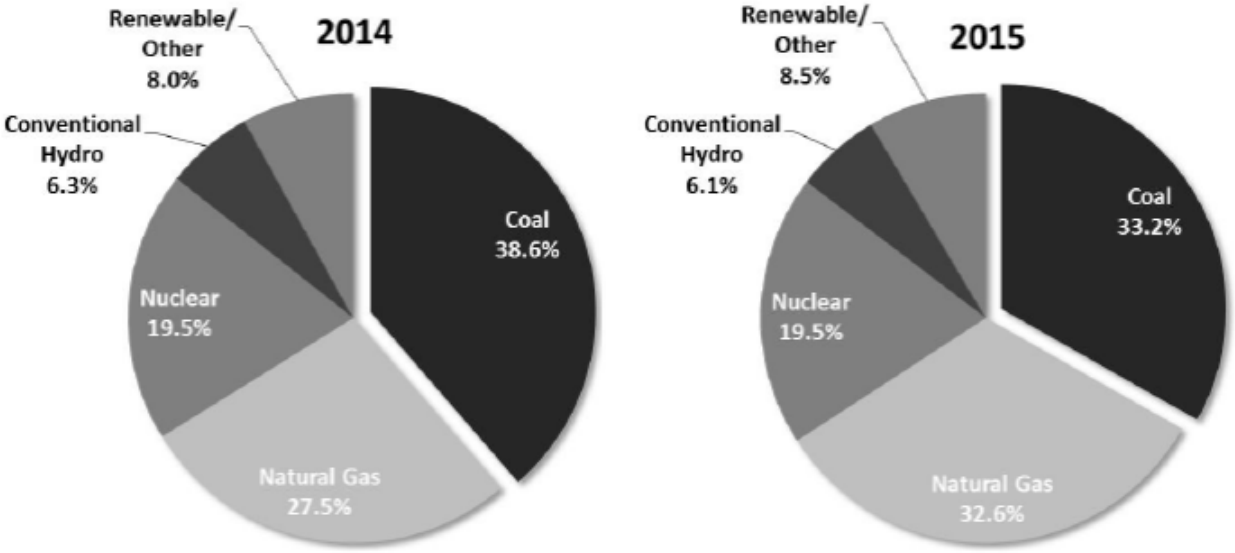
The IEA also projects that global natural gas-fueled electricity generation will grow from 22% share in 2013 to 24% under the Current Policies scenario. IEA's New Policies Scenario shows gas share growing only slightly to 23% share by 2040. However, under the 450 Scenario, natural gas share declines to 16% by 2040. The 450 Scenario assumes the generation share from renewable sources will grown more than fivefold from 6% in 2013 to 32% by 2040. Electricity generation from nuclear power is expected to fall from 11% to 9% under the Current Policies Scenario, while growing to 11% or 18% under the New Policies and 450 scenarios, respectively.

As noted above, projected coal usage is highest under the Current Policies Scenario. Future energy use consistent with the 450 Scenario would likely yield results materially lower than the projections noted above under the Current Policies Scenario or the New Policies Scenario.

U.S. Coal Consumption. In the United States, coal is used primarily by power plants to generate electricity, by steel companies to produce coke for use in blast furnaces, and by a variety of industrial users to heat and power foundries, cement plants, paper mills, chemical plants and other manufacturing or processing facilities. Although final data are not yet available, coal consumption in the United States is estimated to be approximately 809 million tons in 2015, according to the Energy Information Administration's (EIA) Short Term Energy Outlook. Coal consumption decreased in 2015 by 12%, or around 108 million tons.

According to the EIA, coal accounted for approximately 33% of U.S. electricity generation in 2015. This is 5 percentage points lower than the same period in 2014 and represents the lowest share for coal fueled power generation in at least 60 years. This decline in domestic coal consumption was caused by a convergence of factors including record high natural gas production along with the lowest natural gas prices since 1999, coal unit retirements following the implementation of the Mercury and Air Toxics Standards regulations and growing power generation from wind and solar.

The following chart shows the breakdown of U.S. electricity generation by energy source for 2014 and 2015 according to the EIA:



Source: EIA Electric Power Monthly (February 2016).

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Historically, coal has been considerably less expensive than natural gas or oil. However, the growth of hydraulic fracturing (fracking) combined with less-than-projected electric power demand has resulted in oversupply. Natural gas inventories at the end of 2015 were 3.6 trillion cubic feet, which was 535

Bcf (17%) above the end of 2014 and 15% above the five-year average.

While demand for natural gas is expected to increase in the coming years from new industrial users and exports, the current oversupply has suppressed natural gas prices to levels where coal is less competitive. As drilling for new natural gas has dropped to at least a 28-year low, EIA expects natural gas prices to increase in the coming years which we expect to improve coal's relative competitiveness.

While coal's prospects with regard to natural gas should improve, the effects of new regulations on the use of coal, particularly regarding carbon dioxide emissions and climate change impacts, are evolving. EIA's Annual Energy Outlook forecast does not reflect the impact of carbon regulations such as the Clean Power Plan on domestic coal consumption for power generation. However, EIA has published an analysis on the effects the Clean Power Plan would have on domestic coal consumption. EIA believes that even though the regulation targets coal use in power generation, coal will maintain a critical role for power generation in the U.S.

> *Although the proposed Clean Power Plan rule results in less coal-fired electricity generation, several factors contribute to projected increases in coal generation from 2024 through 2040. Demand for electricity increases, and a combination of rising natural gas prices and increased renewable capacity translates to increased utilization at existing coal plants, even after significant amounts of coal capacity are retired. Also, in the Base Policy case, the standards set by the Clean Power Plan are assumed to remain constant after 2030.* - EIA "Today in Energy," June 10, 2015

Even though the validity of the Clean Power Plan is being tested by the courts, we included EIA's analysis of the originally proposed rule as a proxy for either the Clean Power Plan or other carbon regulations. We expect EIA will incorporate their analysis of the effects of the Clean Power Plan, which has been promulgated in 2015, in their upcoming release of the Annual Energy Outlook in April 2016. The 2020 and 2040 values are from EIA's analysis for the proposed Clean Power Plan published on May 22, 2015:

	Actual	Estimated	Forecast			Annual Growth
Sector	2010	2015	2016	2020	2040	2013 - 2040
			(Tons, in millions)			
Electric power	975	747	746	694	677	(0.9)%
Other industrial	49	40	41	46	49	0.5%
Coke plants	21	19	17	21	18	(0.7)%
Residential/commercial	3	3	2	2	2	0.5%
*Total U.S. coal consumption	1,049	809	807	770	746	0.2%

Source: EIA "Analysis of the Impacts of the Clean Power Plan" (May 22, 2015)
EIA Short Term Energy Outlook (February 2016)
EIA Monthly Energy Review (February 2016)

* Columns may not total due to rounding.

U.S. Coal Production. The United States is the second largest coal producer in the world, exceeded only by China. According to the EIA, there are over 200 billion tons of recoverable coal in the United States. The U.S. Department of Energy estimates that current domestic recoverable coal reserves could supply enough electricity to satisfy domestic demand for over 150 years.

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Coal is mined from coal fields throughout the United States, with the major production centers located in the western United States, the Appalachian region and the Interior. According to the EIA and MSHA, U.S. coal production declined an estimated 109 million tons in 2015, to 891 million tons.

The EIA subdivides United States coal production into three major areas: Western, Appalachia and Interior.

The Western area includes the Powder River Basin and the Western Bituminous region. According to the EIA, coal produced in the western United States declined from an estimated 542 million tons in 2014 to 494 million tons in 2015. The Powder River Basin is located in northeastern Wyoming and southeastern Montana and is the largest producing region in the United States. Coal from this region is sub-bituminous coal with low sulfur content ranging from 0.2% to 0.9% and heating values ranging from 8,000 to 9,500 Btu. The price of Powder River Basin coal is generally less than that of coal produced in other regions because Powder River Basin coal exists in greater abundance and is easier to mine and, thus, has a lower cost of production. The Western Bituminous region includes Colorado, Utah and southern Wyoming. Coal from this region typically has low sulfur content ranging from 0.4% to 0.8% and heating values ranging from 10,000 to 12,200 Btu.

The Appalachia region is further divided into north, central and southern regions. According to the EIA, coal produced in the Appalachian region fell from 268 million tons in 2014 to 228 million tons in 2015. Appalachian coal is located near the prolific eastern shale-gas producing regions. Central Appalachia is further disadvantaged for power generation because of the depletion of economically attractive reserves, permitting issues and increasing costs of production. Central Appalachia includes eastern Kentucky, Tennessee, Virginia and southern West Virginia. Coal mined from this region generally has a high heat value ranging from 11,400 to 13,200 Btu and a sulfur content ranging from 0.2% to 2.0%. Northern Appalachia includes Maryland, Ohio, Pennsylvania and northern West Virginia. Coal from this region generally has a high heat value ranging from 10,300 to 13,500 Btu and a sulfur content ranging from 0.8% to 4.0%. Southern Appalachia primarily covers Alabama and generally has a heat content ranging from 11,300 to 12,300 Btu and a sulfur content ranging from 0.7% to 3.0%.

The Interior region includes the Illinois Basin, Gulf Lignite production in Texas and Louisiana, and a small producing area in Kansas, Oklahoma, Missouri and Arkansas. The Illinois Basin is the largest producing region in the Interior and consists of Illinois, Indiana and western Kentucky. According to the EIA, coal produced in the Interior region fell from 189 million tons in 2014 to approximately 169 million tons in 2015. Coal from the Illinois Basin generally has a heat value ranging from 10,100 to 12,600 Btu and has a sulfur content ranging from 1.0% to 4.3%. Despite its high sulfur content, coal from the Illinois Basin can generally be used by electric power generation facilities that have installed emissions control devices, such as scrubbers.

U.S. Coal Exports and Imports. Coal exports declined approximately 20 million tons to 77 million tons in 2015. The decline was primarily caused by growing global coal supply along with slowing demand growth which displaced some of the volume originating in the United States. Additionally, unfavorable foreign currency exchange disadvantaged some United States coal in certain markets. The seaborne market is cyclical, but in their New Policies Scenario the IEA projects seaborne coal trade to grow to 1.1 billion tonnes by 2020, an increase of 59 million tons from 2015 levels.

Historically, coal imported from abroad has represented a relatively small share of total domestic coal consumption, and this remained the case in 2015. Imports reached close to 36 million tons in 2007, but have fallen since then. According to the EIA, coal imports were 11.3 million tons in 2015. The decline is mostly attributable to more competitive pricing for domestic coal. The majority of the coal imported into the United States originates from Colombia.

Coal Mining Methods

The geological characteristics of our coal reserves largely determine the coal mining method we employ. We use two primary methods of mining coal: surface mining and underground mining.

Surface Mining. We use surface mining when coal is found close to the surface. We have included the identity and location of our surface mining operations below under "—Our Mining Operations-General." The majority of the coal we produce comes from surface mining operations.

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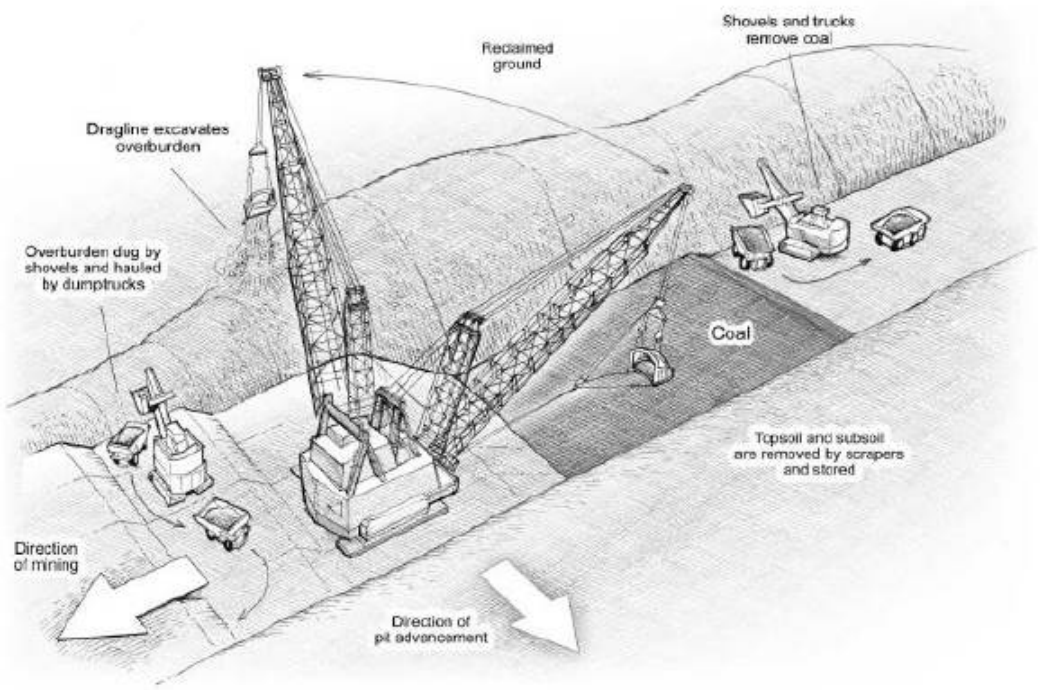
Surface mining involves removing the topsoil then drilling and blasting the overburden (earth and rock covering the coal) with explosives. We then remove the overburden with heavy earth-moving equipment, such as draglines, power shovels, excavators and loaders. Once exposed, we drill, fracture and systematically remove the coal using haul trucks or conveyors to transport the coal to a preparation plant or to a loadout facility. We reclaim disturbed areas as part of our normal mining activities. After final coal removal, we use draglines, power shovels, excavators or loaders to backfill the remaining pits with the overburden removed at the beginning of the process. Once we have replaced the overburden and topsoil, we reestablish vegetation and plant life into the natural habitat and make other improvements that have local community and environmental benefits.

The following diagram illustrates a typical dragline surface mining operation:



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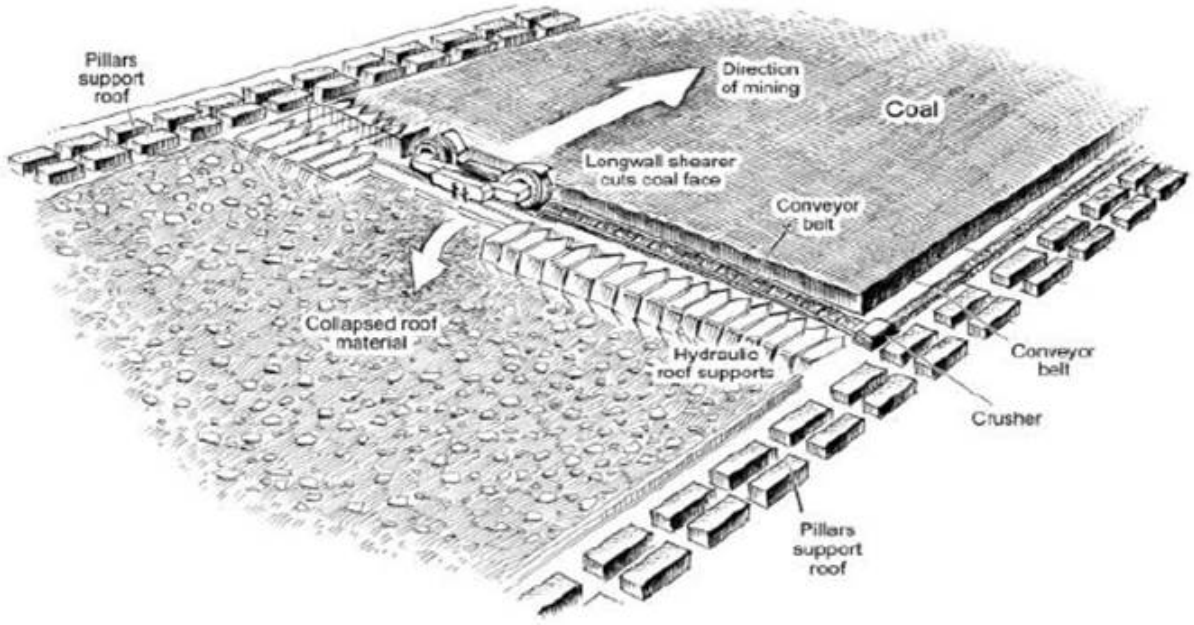
Underground Mining. We use underground mining methods when coal is located deep beneath the surface. We have included the identity and location of our underground mining operations below under "Our Mining Operations-General."

Our underground mines are typically operated using one or both of two different mining techniques: longwall mining and room-and-pillar mining.

Longwall Mining. Longwall mining involves using a mechanical shearer to extract coal from long rectangular blocks of medium to thick seams. Ultimate seam recovery using longwall mining techniques can exceed 75%. In longwall mining, continuous miners are used to develop access to these long rectangular coal blocks. Hydraulically powered supports temporarily hold up the roof of the mine while a rotating drum mechanically advances across the face of the coal seam, cutting the coal from the face. Chain conveyors then move the loosened coal to an underground mine conveyor system for delivery to the surface. Once coal is extracted from an area, the roof is allowed to collapse in a controlled fashion. The following diagram illustrates a typical underground mining operation using longwall mining techniques:



Room-and-Pillar Mining. Room-and-pillar mining is effective for small blocks of thin coal seams. In room-and-pillar mining, a network of rooms is cut into the coal seam, leaving a series of pillars of coal to support the roof of the mine. Continuous miners are used to cut the coal and shuttle cars are used to transport the coal to a conveyor belt for further transportation to the surface. The pillars generated as part of this mining method can constitute up to 40% of the total coal in a seam. Higher seam recovery rates can be achieved if retreat mining is used. In retreat mining, coal is mined from the pillars as workers retreat. As retreat mining occurs, the roof is allowed to collapse in a controlled fashion.

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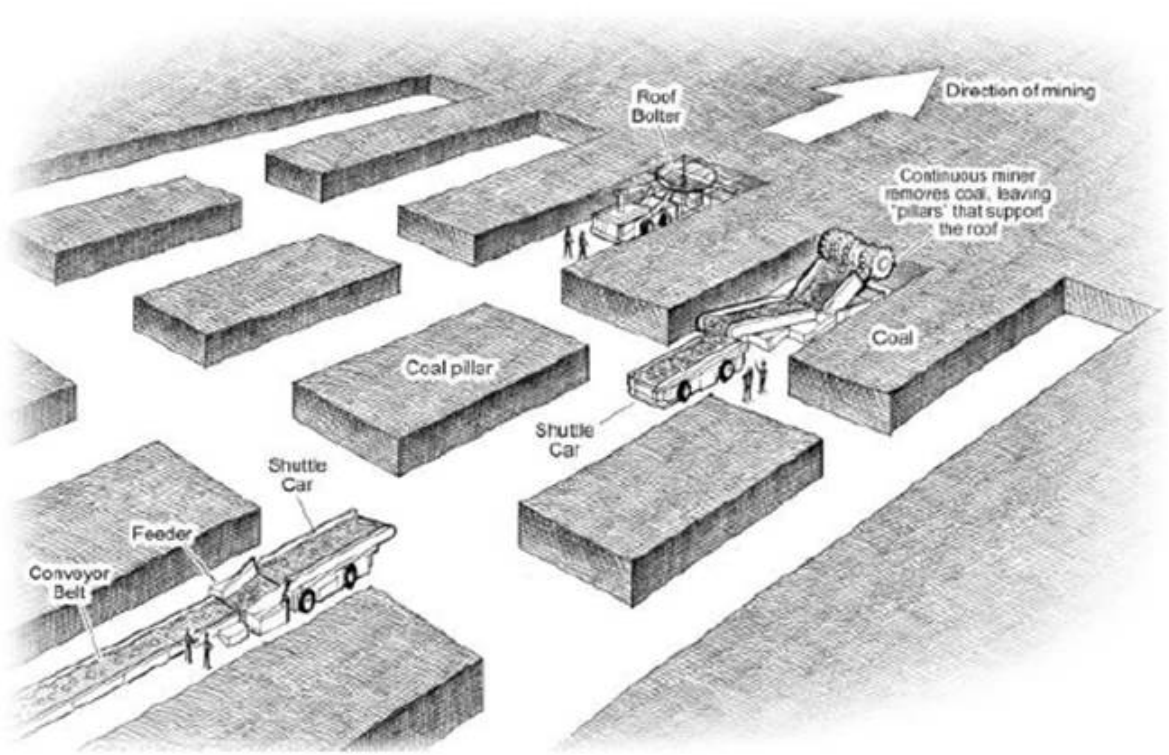
The following diagram illustrates our typical underground mining operation using room-and-pillar mining techniques:



Coal Preparation and Blending. We crush the coal mined from our Powder River Basin mining complexes and ship it directly from our mines to the customer. Typically, no additional preparation is required for a saleable product. Coal extracted from some of our underground mining operations contains impurities, such as rock, shale and clay occupying a wide range of particle sizes. The majority of our mining operations in the Appalachia region use a coal preparation plant located near the mine or connected to the mine by a conveyor. These coal preparation plants allow us to treat the coal we extract from those mines to ensure a consistent quality and to enhance its suitability for particular end-users. In addition, depending on coal quality and customer requirements, we may blend coal mined from different locations, including coal produced by third parties, in order to achieve a more suitable product.

The treatments we employ at our preparation plants depend on the size of the raw coal. For coarse material, the separation process relies on the difference in the density between coal and waste rock and, for the very fine fractions, the separation process relies on the difference in surface chemical properties between coal and the waste minerals. To remove impurities, we crush raw coal and classify it into various sizes. For the largest size fractions, we

use dense media vessel separation techniques in which we float coal in a tank containing a liquid of a pre-determined specific gravity. Since coal is lighter than its impurities, it floats, and we can separate it from rock and shale. We treat intermediate sized particles with dense medium cyclones, in which a liquid is spun at high speeds to separate coal from rock. Fine coal is treated in spirals, in which the differences in density between coal and rock allow them, when suspended in water, to be separated. Ultra fine coal is recovered in column flotation cells utilizing the differences in surface chemistry between coal and rock. By injecting stable air bubbles through a suspension of ultra fine coal and rock, the coal particles adhere to the bubbles and rise to the surface of the column where they are removed. To minimize the moisture content in coal, we process most coal sizes through centrifuges. A centrifuge spins coal very quickly, causing water accompanying the coal to separate.

For more information about the locations of our preparation plants, you should see the section entitled "—Our Mining Operations" below.

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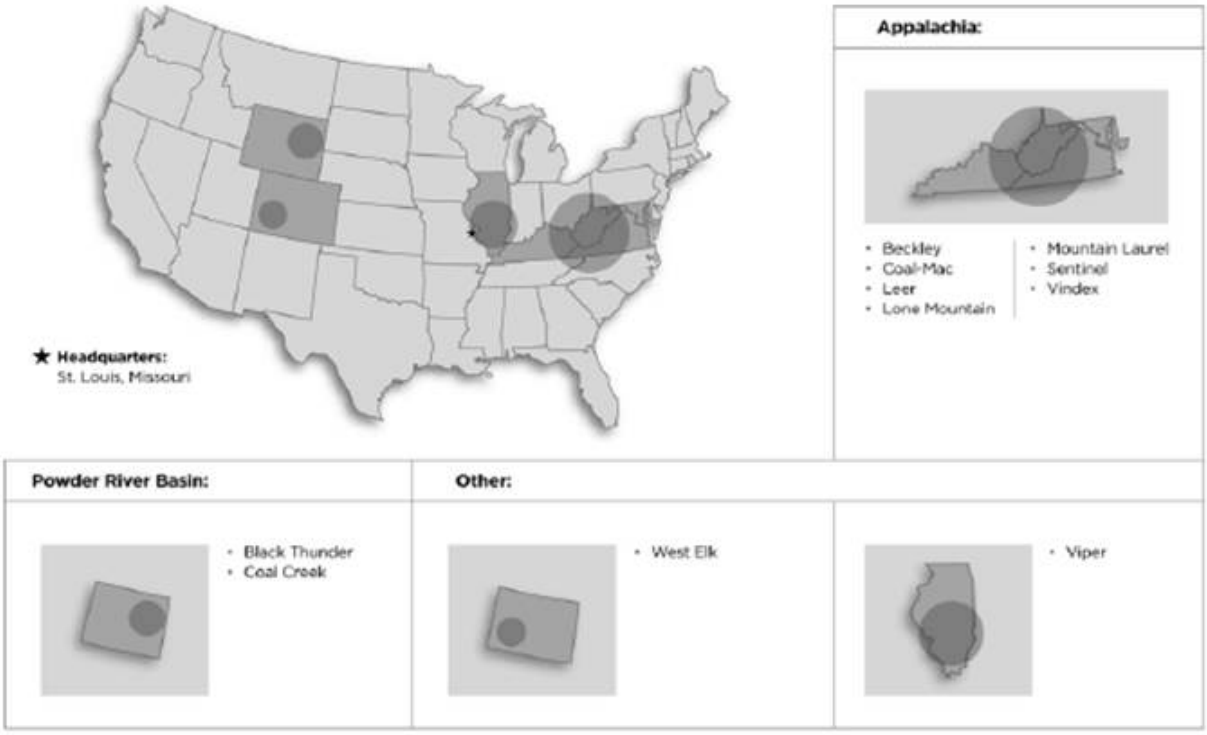
Our Mining Operations

General. At December 31, 2015, we operated, or contracted out the operation of, 13 active mines in the United States. Our reportable segments are based on the major coal producing basins in which we operate. Our reportable segments are the Powder River Basin segment, with operations in Wyoming; and the Appalachia segment, with operations in West Virginia, Kentucky, Maryland and Virginia. We also sell coal from operations in Colorado and Illinois. Geology, coal transportation routes to consumers, regulatory environments and coal quality can vary from segment to segment. We incorporate by reference the information about the operating results of each of our segments for the years ended December 31, 2015, 2014, and 2013 contained in Note 27 beginning on page F-52.

In general, we have developed our mining complexes and preparation plants at strategic locations in close proximity to rail or barge shipping facilities. Coal is transported from our mining complexes to customers by means of railroads, trucks, barge lines, and ocean-going vessels from terminal facilities. We currently own or lease under long-term arrangements a substantial portion of the equipment utilized in our mining operations. We employ sophisticated preventative maintenance and rebuild programs and upgrade our equipment to ensure that it is productive, well-maintained and cost-competitive.

The following map shows the locations of our active mining operations:



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The following table provides a summary of information regarding our active mining complexes as of December 31, 2015, including the total sales associated with these complexes for the years ended December 31, 2013, 2014, and 2015 and the total reserves associated with these complexes at December 31, 2015. The amount disclosed below for the total cost of property, plant and equipment of each mining complex does not include the costs of the coal reserves that we have assigned to an individual complex.

Mining Complex	Captive Mines(1)	Contract Mines(1)	Mining Equipment	Railroad	Tons Sold(2)(3) 2013	2014	2015	Total Cost of Property, Plant and Equipment at December 31, 2015 ($ millions)	Assigned Reserves (Million tons)
						(Million tons)			
Powder River Basin:									

Black Thunder	S	—	D, S	UP/BN	100.7	101.2	99.5	$	1,212.5	1,163.9
Coal Creek	S	—	D, S	UP/BN	8.5	9.4	7.8		146.6	153.7
Other:										
West Elk	U	—	LW, CM	UP	6.1	6.5	5.1		417.9	53.5
Viper	U	—	CM	—	2.2	2.2	2.1		99.8	37.2
Appalachia:										
Coal-Mac	S	—	L, E	NS/CSX	3.1	2.8	2.4		205.4	24.6
Lone Mountain	U(3)	—	CM	NS/CSX	2.0	1.9	1.6		256.2	10.2
Mountain Laurel	U	—	L, LW, CM	CSX	2.9	2.6	2.3		4.1	—
Beckley	U	—	CM	CSX	1.1	1.0	0.9		—	—
Vindex	S	—	L, E	CSX	0.6	0.5	0.6		—	—
Sycamore No. 2	—	U	CM	—	0.4	0.5	0.2		—	—
Sentinel	U	—	CM	CSX	1.0	1.1	0.9		—	—
Leer	U	—	CM, LW	CSX	0	2.7	2.9		463.2	40.1
Totals					128.6	132.4	126.3	$	2,805.7	1,483.2

S = Surface mine
U = Underground mine

D = Dragline
L = Loader/truck

S = Shovel/truck
E = Excavator/truck
LW = Longwall
CM = Continuous miner
HW = Highwall miner

UP = Union Pacific Railroad
CSX = CSX Transportation

BN = Burlington Northern-Santa Fe Railway
NS = Norfolk Southern Railroad

(1) Amounts in parentheses indicate the number of captive and contract mines, if more than one, at the mining complex as of December 31, 2015. Captive mines are mines that we own and operate on land owned or leased by us. Contract mines are mines that other operators mine for us under contracts on land owned or leased by us.

(2) Tons of coal we purchased from third parties that were not processed through our loadout facilities are not included in the amounts shown in the table above.

(3) 2013 tons sold numbers do not include tons of coal sold from the following mining complexes that were sold in the 2013 calendar year: Dugout Canyon, Skyline and Sufco. We sold 5.3 million tons of coal from these mining complexes in 2013. 2013 and 2014 tons sold numbers do not include tons of coal sold from the Hazard mining complex, which was sold in 2014, or tons of coal sold from the Cumberland River mining complex, which was idled

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in 2014. We sold 2.7 million and 0.8 million tons of coal from these two mining complexes in 2013 and 2014, respectively.

Powder River Basin

Black Thunder. Black Thunder is a surface mining complex located on approximately 35,800 acres in Campbell County, Wyoming. The Black Thunder complex extracts steam coal from the Upper Wyodak and Main Wyodak seams.

We control a significant portion of the coal reserves through federal and state leases. The Black Thunder mining complex had approximately 1.2 billion tons of proven and probable reserves at December 31, 2015. The air quality permit for the Black Thunder mine allows for the mining of coal at a rate of 190 million tons per year. Several large tracts of coal adjacent to the Black Thunder mining complex have been nominated for lease, and other potential large areas of unleased coal remain available for nomination by us or other mining operations. The U.S. Department of Interior Bureau of Land Management, which we refer to as the BLM, will determine if the tracts will be leased and, if so, the final boundaries of, and the coal tonnage for, these tracts.

The Black Thunder mining complex currently consists of active pit areas and three loadout facilities. We ship all of the coal raw to our customers via the Burlington Northern Santa Fe and Union Pacific railroads. We do not process the coal mined at this complex. Each of the loadout facilities can load a 15,000-ton train in less than two hours.

Coal Creek. Coal Creek is a surface mining complex located on approximately 7,400 acres in Campbell County, Wyoming. The Coal Creek mining complex extracts steam coal from the Wyodak-R1 and Wyodak-R3 seams.

We control a significant portion of the coal reserves through federal and state leases. The Coal Creek mining complex had approximately 153.7 million tons of proven and probable reserves at December 31, 2015. The air quality permit for the Coal Creek mine allows for the mining of coal at a rate of 50 million tons per year.

The Coal Creek complex currently consists of active pit areas and a loadout facility. We ship all of the coal raw to our customers via the Burlington Northern Santa Fe and Union Pacific railroads. We do not process the coal mined at this complex. The loadout facility can load a 15,000-ton train in less than three hours.

Appalachia

Coal-Mac. Coal-Mac is a surface mining complex located on approximately 46,000 acres in Logan and Mingo Counties, West Virginia. Surface mining operations at the Coal-Mac mining complex extract steam coal primarily from the Coalburg and Stockton seams.

We control a significant portion of the coal reserves through private leases. The Coal-Mac mining complex had approximately 24.6 million tons of proven and probable reserves at December 31, 2015.

The complex currently consists of one captive surface mine, a preparation plant and two loadout facilities, which we refer to as Holden 22 and Ragland. We ship coal trucked to the Ragland loadout facility directly to our customers via the Norfolk Southern railroad. The Ragland loadout facility can load a 10,000-ton train in less than four hours. We ship coal trucked to the Holden 22 loadout facility directly to our customers via the CSX railroad. We wash all of the coal transported to the Holden 22 loadout facility at an adjacent 600-ton-per-hour preparation plant. The Holden 22 loadout facility can load a 10,000-ton train in about four hours.

Lone Mountain. Lone Mountain is an underground mining complex located on approximately 54,000 acres in Harlan County, Kentucky and Lee County, Virginia. The Lone Mountain mining complex extracts steam and metallurgical coal from the Kellioka, Darby and Owl seams.

We control a significant portion of the coal reserves through private leases. The Lone Mountain mining complex had approximately 10.2 million tons of proven and probable reserves at December 31, 2015.

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The complex currently consists of three underground mines operating a total of six continuous miner sections. We process coal through a 1,200-ton-per-hour preparation plant. We then ship the coal to our customers via the Norfolk Southern or CSX railroad.

Mountain Laurel. Mountain Laurel is an underground and surface mining complex located on approximately 38,200 acres in Logan County and Boone County, West Virginia. Underground mining operations at the Mountain Laurel mining complex extract steam and metallurgical coal from the Cedar Grove and Alma seams. Surface mining operations at the Mountain Laurel mining complex extract coal from a number of different splits of the Five Block, Stockton and Coalburg seams.

The complex currently consists of one underground mine operating a longwall and one continuous miner sections, a preparation plant and a loadout facility. We process most of the coal through a 2,100-ton-per-hour preparation plant before shipping the coal to our customers via the CSX railroad. The loadout facility can load a 15,000-ton train in less than four hours.

Beckley. The Beckley mining complex is located on approximately 15,400 acres in Raleigh County, West Virginia. Beckley is extracting high quality, low-volatile metallurgical coal in the Pocahontas No. 3 seam.

Coal is belted from the mine to a 600-ton-per-hour preparation plant before shipping the coal via the CSX railroad. The loadout facility can load a 10,000-ton train in less than four hours.

Vindex. The Vindex mining complex consists of a surface mine located on approximately 40,300 acres in Maryland and West Virginia. Mining operations extract coal from the Upper Freeport, Middle Kittanning, Pittsburgh, Little Pittsburgh and Redstone seams. Coal is sold on a raw basis and trucked directly to the customer. This operation had been idled effective March 1, 2016 and is currently in reclamation.

Sentinel. The Sentinel mining complex consists of one underground mine, a preparation plant and a loadout facility located on approximately 25,600 acres in Barbour County, West Virginia. Mining operations currently extract coal from the Clarion coal seam. Coal from the Sentinel mining complex is processed through the preparation plant and shipped by CSX rail to customers.

Leer. The Leer Complex, located in Taylor County, West Virginia, includes approximately 40.1 million tons of coal reserves as of December 31, 2015 and has both steam and metallurgical quality coal in the Lower Kittanning seam, and is part of approximately 79,400 acres that is considered our Tygart Valley area. Substantially all of the reserves at Leer are owned rather than leased from third parties.

The Leer Complex is designed to have 3.5 million tons of capacity per year of high quality coal that is well suited to both the high volatile metallurgical and utility markets. All the production is processed through a 1,400 ton-per-hour preparation plant and loaded on the CSX railroad. A 15,000-ton train can be loaded in less than four hours. Without the addition of more coal reserves, the current reserves could sustain the longwall mine at current production levels until about 2029 and support continuous miner production until 2035.

Other

West Elk. West Elk is an underground mining complex located on approximately 17,800 acres in Gunnison County, Colorado. The West Elk mining complex extracts steam coal from the E seam.

We control a significant portion of the coal reserves through federal and state leases. The West Elk mining complex had approximately 53.5 million tons of proven and probable reserves at December 31, 2015.

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The West Elk complex currently consists of a longwall, continuous miner sections and a loadout facility. We ship most of the coal raw to our customers via the Union Pacific railroad. The loadout facility can load an 11,000-ton train in less than three hours.

Viper. The Viper mining complex consists of one underground coal mine and a preparation plant located on approximately 46,500 acres in central Illinois near the city of Springfield. Mining operations extract steam coal from the Illinois No. 5 seam, also referred to as the Springfield seam. All coal is

processed through an 800 ton-per-hour preparation plant and shipped to customers by on-highway trucks.

We control a significant portion of the coal reserves through private leases. As of December 31, 2015, we had approximately 37.2 million tons of proven and probable reserves.

Sales, Marketing and Trading

Overview. Coal prices are influenced by a number of factors and can vary materially by region. The price of coal within a region is influenced by market conditions, coal quality, transportation costs involved in moving coal from the mine to the point of use and mine operating costs. For example, higher carbon and lower ash content generally result in higher prices, and higher sulfur and higher ash content generally result in lower prices within a given geographic region.

The cost of coal at the mine is also influenced by geologic characteristics such as seam thickness, overburden ratios and depth of underground reserves. It is generally less expensive to mine coal seams that are thick and located close to the surface than to mine thin underground seams. Within a particular geographic region, underground mining, which is the primary mining method we use in certain of our Appalachian mines, is generally more expensive than surface mining, which is the mining method we use in the Powder River Basin, and for certain of our Appalachian mines. This is the case because of the higher capital costs, including costs for construction of extensive ventilation systems, and higher per unit labor costs due to lower productivity associated with underground mining.

Our sales, marketing and trading functions are principally based in St. Louis, Missouri and consist of sales and trading, transportation and distribution, quality control and contract administration personnel as well as revenue management. We also have smaller groups of sales personnel in our Singapore and London offices. In addition to selling coal produced in our mining complexes, from time to time we purchase and sell coal mined by others, some of which we blend with coal produced from our mines. We focus on meeting the needs and specifications of our customers rather than just selling our coal production.

Customers. The Company markets its steam and metallurgical coal to domestic and foreign utilities, steel producers and other industrial facilities. For the year ended December 31, 2015, we derived approximately 18% of our total coal revenues from sales to our three largest customers U.S. Steel, Southern Company and Tennessee Valley Authority - and approximately 39% of our total coal revenues from sales to our 10 largest customers.

In 2015, we sold coal to domestic customers located in 36 different states. The locations of our mines enable us to ship coal to most of the major coal-fueled power plants in the United States.

In addition, in 2015 we also exported coal to Europe, Asia, North America (outside the United States) and South America. Exports to foreign countries were $0.4 billion, $0.6 billion and $0.8 billion for the years ended December 31, 2015, 2014 and 2013, respectively. As of December 31, 2015 and 2014, trade receivables related to metallurgical-quality coal sales totaled $32.8 million and $76.0 million, respectively, or 28% of total trade receivables. We do not have foreign currency exposure for our international sales as all sales are denominated and settled in U.S. dollars.

The Company's foreign revenues by coal shipment destination for the year ended December 31, 2015, were as follows:

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(In thousands)		
Europe	$	170,314
Asia		96,523
Central and South America		55,323
North America		40,315
Brokered Sales		32,848
Total	$	395,323

Long-Term Coal Supply Arrangements

As is customary in the coal industry, we enter into fixed price, fixed volume long-term supply contracts, the terms of which are more than one year, with many of our customers. Multiple year contracts usually have specific and possibly different volume and pricing arrangements for each year of the contract. Long-term contracts allow customers to secure a supply for their future needs and provide us with greater predictability of sales volume and sales prices. In 2015, we sold approximately 68% of our coal under long-term supply arrangements. The majority of our supply contracts include a fixed price for the term of the agreement or a pre-determined escalation in price for each year. Some of our long-term supply agreements may include a variable pricing system. While most of our sales contracts are for terms of one to five years, some are as short as one month and other contracts have terms exceeding five years. At December 31, 2015, the average volume-weighted remaining term of our long-term contracts was approximately 2.12 years, with remaining terms ranging from one to P5Y years. At December 31, 2015, remaining tons under long-term supply agreements, including those subject to price re-opener or extension provisions, were approximately 144 million tons.

We typically sell coal to customers under long-term arrangements through a "request-for-proposal" process. The terms of our coal sales agreements result from competitive bidding and negotiations with customers. Consequently, the terms of these contracts vary by customer, including base price adjustment features, price re-opener terms, coal quality requirements, quantity parameters, permitted sources of supply, future regulatory changes, extension options, *force majeure*, termination, damages and assignment provisions. Our long-term supply contracts typically contain provisions to adjust the base price due to new statutes, ordinances or regulations. Additionally, some of our contracts contain provisions that allow for the recovery of costs affected by modifications or changes in the interpretations or application of any applicable statute by local, state or federal government authorities. These provisions only apply to the base price of coal contained in these supply contracts. In some circumstances, a significant adjustment in base price can lead to termination of the contract.

Certain of our contracts contain index provisions that change the price based on changes in market based indices or changes in economic indices or both. Certain of our contracts contain price re-opener provisions that may allow a party to commence a renegotiation of the contract price at a pre-determined time. Price re-opener provisions may automatically set a new price based on prevailing market price or, in some instances, require us to negotiate a new price,

sometimes within a specified range of prices. In a limited number of agreements, if the parties do not agree on a new price, either party has an option to terminate the contract. In addition, certain of our contracts contain clauses that may allow customers to terminate the contract in the event of certain changes in environmental laws and regulations that impact their operations.

Coal quality and volumes are stipulated in coal sales agreements. In most cases, the annual pricing and volume obligations are fixed, although in some cases the volume specified may vary depending on the customer consumption requirements. Most of our coal sales agreements contain provisions requiring us to deliver coal within certain ranges for specific coal characteristics such as heat content (for thermal coal contracts), volatile matter (for metallurgical coal contracts), and for both types of contracts, sulfur, ash and moisture content. Failure to meet these specifications can result in economic penalties, suspension or cancellation of shipments or termination of the contracts.

Our coal sales agreements also typically contain *force majeure* provisions allowing temporary suspension of performance by us or our customers, during the duration of events beyond the control of the affected party, including events such as strikes, adverse mining conditions, mine closures or serious transportation problems that affect us or unanticipated plant outages that may affect the buyer. Our contracts also generally provide that in the event a *force majeure* circumstance exceeds a

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certain time period, the unaffected party may have the option to terminate the purchase or sale in whole or in part. Some contracts stipulate that this tonnage can be made up by mutual agreement or at the discretion of the buyer. Agreements between our customers and the railroads servicing our mines may also contain *force majeure* provisions.

In most of our contracts, we have a right of substitution (unilateral or subject to counterparty approval), allowing us to provide coal from different mines, including third-party mines, as long as the replacement coal meets quality specifications and will be sold at the same equivalent delivered cost.

In some of our coal supply contracts, we agree to indemnify or reimburse our customers for damage to their or their rail carrier's equipment while on our property, which result from our or our agents' negligence, and for damage to our customer's equipment due to non-coal materials being included with our coal while on our property.

Trading. In addition to marketing and selling coal to customers through traditional coal supply arrangements, we seek to optimize our coal production and leverage our knowledge of the coal industry through a variety of other marketing, trading and asset optimization strategies. From time to time, we may employ strategies to use coal and coal-related commodities and contracts for those commodities in order to manage and hedge volumes and/or prices associated with our coal sales or purchase commitments, reduce our exposure to the volatility of market prices or augment the value of our portfolio of traditional assets. These strategies may include physical coal contracts, as well as a variety of forward, futures or options contracts, swap agreements or other financial instruments.

We maintain a system of complementary processes and controls designed to monitor and manage our exposure to market and other risks that may arise as a consequence of these strategies. These processes and controls seek to preserve our ability to profit from certain marketing, trading and asset optimization strategies while mitigating our exposure to potential losses. You should see Item 7A, entitled "Quantitative and Qualitative Disclosures About Market Risk" for more information about the market risks associated with these strategies at December 31, 2015.

Transportation. We ship our coal to domestic customers by means of railcars, barges, vessels or trucks, or a combination of these means of transportation. We generally sell coal used for domestic consumption free on board (f.o.b.) at the mine or nearest loading facility. Our domestic customers normally bear the costs of transporting coal by rail, barge or vessel.

Historically, most domestic electricity generators have arranged long-term shipping contracts with rail or barge companies to assure stable delivery costs. Transportation can be a large component of a purchaser's total cost. Although the purchaser pays the freight, transportation costs still are important to coal mining companies because the purchaser may choose a supplier largely based on cost of transportation. Transportation costs borne by the customer vary greatly based on each customer's proximity to the mine and our proximity to the loadout facilities. Trucks and overland conveyors haul coal over shorter distances, while barges, Great Lake carriers and ocean vessels move coal to export markets and domestic markets requiring shipment over the Great Lakes and several river systems.

Most coal mines are served by a single rail company, but much of the Powder River Basin is served by two rail carriers: the Burlington Northern-Santa Fe railroad and the Union Pacific railroad. We generally transport coal produced at our Appalachian mining complexes via the CSX railroad or the Norfolk Southern railroad. Besides rail deliveries, some customers in the eastern United States rely on a river barge system.

We generally sell coal to international customers at the export terminal, and we are usually responsible for the cost of transporting coal to the export terminals. In some cases we may enter into long-term throughput agreements with export terminals that contain minimum throughput obligations. In the event we do not meet those minimum thresholds, we may be obligated to pay liquidated damage amounts to such terminals. We transport our coal to Atlantic coast terminals or terminals along the Gulf of Mexico for transportation to international customers. Our international customers are generally responsible for paying the cost of ocean freight. We may also sell coal to international customers delivered to an unloading facility at the destination country.

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We own a 22% interest in Dominion Terminal Associates, a partnership that operates a ground storage-to-vessel coal transloading facility in Newport News, Virginia. The facility has a rated throughput capacity of 20 million tons of coal per year and ground storage capacity of approximately 1.7 million tons. The facility serves international customers, as well as domestic coal users located along the Atlantic coast of the United States.

We also own a 38% interest in Millennium Bulk Terminals-Longview, LLC (MBT), the owner of a bulk commodity terminal on the Columbia River near Longview, Washington. MBT is currently working to obtain the required approvals and necessary permits to complete upgrades to enable coal shipments through the brownfield terminal.

Competition

The coal industry is intensely competitive. The most important factors on which we compete are coal quality, delivered costs to the customer and reliability of supply. Our principal domestic competitors include Alpha Natural Resources, Inc., Cloud Peak Energy, CONSOL Energy Inc. and Peabody Energy Corp. Some of these coal producers are larger than we are and have greater financial resources and larger reserve bases than we do. We also compete directly with a number of smaller producers in each of the geographic regions in which we operate, as well as companies that produce coal from one or more foreign countries, such as Australia, Colombia, Indonesia and South Africa.

Additionally, coal competes with other fuels, such as natural gas, nuclear energy, hydropower, wind, solar and petroleum, for steam and electrical power generation. Costs and other factors relating to these alternative fuels, such as safety and environmental considerations, affect the overall demand for coal as a fuel.

Suppliers

Principal supplies used in our business include petroleum-based fuels, explosives, tires, steel and other raw materials as well as spare parts and other consumables used in the mining process. We use third-party suppliers for a significant portion of our equipment rebuilds and repairs, drilling services and construction. We use sole source suppliers for certain parts of our business such as explosives and fuel, and preferred suppliers for other parts of our business such as dragline and shovel parts and related services. We believe adequate substitute suppliers are available. For more information about our suppliers, you should see Item 1A, “Risk Factors-Increases in the costs of mining and other industrial supplies, including steel-based supplies, diesel fuel and rubber tires, or the inability to obtain a sufficient quantity of those supplies, could negatively affect our operating costs or disrupt or delay our production.”

Environmental and Other Regulatory Matters

Federal, state and local authorities regulate the U.S. coal mining industry with respect to matters such as employee health and safety and the environment, including the protection of air quality, water quality, wetlands, special status species of plants and animals, land uses, cultural and historic properties and other environmental resources identified during the permitting process. Reclamation is required during production and after mining has been completed. Materials used and generated by mining operations must also be managed according to applicable regulations and law. These laws have, and will continue to have, a significant effect on our production costs and our competitive position.

We endeavor to conduct our mining operations in compliance with applicable federal, state and local laws and regulations. However, due in part to the extensive, comprehensive and changing regulatory requirements, violations during mining operations occur from time to time. We cannot assure you that we have been or will be at all times in complete compliance with such laws and regulations. While it is not possible to accurately quantify the expenditures we incur to maintain compliance with all applicable federal and state laws, those costs have been and are expected to continue to be significant. Federal and state mining laws and regulations require us to obtain surety bonds to guarantee performance or payment of certain long-term obligations, including mine closure and reclamation costs, federal and state workers’ compensation benefits, coal

leases and other miscellaneous obligations. Compliance with these laws has substantially increased the cost of coal mining for domestic coal producers.

Future laws, regulations or orders, as well as future interpretations and more rigorous enforcement of existing laws, regulations or orders, may require substantial increases in equipment and operating costs and delays, interruptions or a termination of operations, the extent to which we cannot predict. Future laws, regulations or orders may also cause coal to become a less attractive fuel source, thereby reducing coal’s share of the market for fuels and other energy sources used to generate electricity. As a result, future laws, regulations or orders may adversely affect our mining operations, cost structure or our customers’ demand for coal.

The following is a summary of the various federal and state environmental and similar regulations that have a material impact on our business:

Mining Permits and Approvals. Numerous governmental permits or approvals are required for mining operations. When we apply for these permits and approvals, we may be required to prepare and present to federal, state or local authorities data pertaining to the effect or impact that any proposed production or processing of coal may have upon the environment. For example, in order to obtain a federal coal lease, an environmental impact statement must be prepared to assist the BLM in determining the potential environmental impact of lease issuance, including any collateral effects from the mining, transportation and burning of coal, which may in some cases include a review of impacts on climate change. The authorization, permitting and implementation requirements imposed by federal, state and local authorities may be costly and time consuming and may delay commencement or continuation of mining operations. In the states where we operate, the applicable laws and regulations also provide that a mining permit or modification can be delayed, refused or revoked if officers, directors, shareholders with specified interests or certain other affiliated entities with specified interests in the applicant or permittee have, or are affiliated with another entity that has, outstanding permit violations. Thus, past or ongoing violations of applicable laws and regulations could provide a basis to revoke existing permits and to deny the issuance of additional permits.

In order to obtain mining permits and approvals from federal and state regulatory authorities, mine operators must submit a reclamation plan for restoring, upon the completion of mining operations, the mined property to its prior condition or other authorized use. Typically, we submit the necessary permit applications several months or even years before we plan to begin mining a new area. Some of our required permits are becoming increasingly more difficult and expensive to obtain, and the application review processes are taking longer to complete and becoming increasingly subject to challenge, even after a permit has been issued.

Under some circumstances, substantial fines and penalties, including revocation or suspension of mining permits, may be imposed under the laws described above. Monetary sanctions and, in severe circumstances, criminal sanctions may be imposed for failure to comply with these laws.

Surface Mining Control and Reclamation Act. The Surface Mining Control and Reclamation Act, which we refer to as SMCRA, establishes mining, environmental protection, reclamation and closure standards for all aspects of surface mining as well as many aspects of underground mining. Mining operators must obtain SMCRA permits and permit renewals from the Office of Surface Mining, which we refer to as OSM, or from the applicable state agency if the state agency has obtained regulatory primacy. A state agency may achieve primacy if the state regulatory agency develops a mining regulatory

program that is no less stringent than the federal mining regulatory program under SMCRA. All states in which we conduct mining operations have achieved primacy and issue permits in lieu of OSM.

In 1999, a federal court in West Virginia ruled that the stream buffer zone rule issued under SMCRA prohibited most excess spoil fills. While the decision was later reversed on jurisdictional grounds, the extent to which the rule applied to fills was left unaddressed. On December 12, 2008, OSM finalized a rulemaking regarding the interpretation of the stream buffer zone provisions of SMCRA which confirmed that excess spoil from mining and refuse from coal preparation could be placed in permitted areas of a mine site that constitute waters of the United States. That rule, however, was subject to a challenge in federal court. In addition, on November 30, 2009, OSM announced that it would re-examine and reinterpret the regulations finalized eleven months earlier. On February 20, 2014, the federal court vacated the 2008 rule. On December 22, 2014, OSM

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published the final revisions to the stream buffer zone rule in the Federal Register. The revisions reinstate the previous version of the rule, but do not announce a new interpretation of the rule regarding the ability to construct excess spoil fills. We cannot predict how the regulations will be applied or how they may affect coal production, though there are reports that any reinterpretation of the prior version of the rule would be to restrict the ability to construct mining related structures in streams. Such an interpretation could curtail surface mining operations in and near streams-especially in central Appalachia.

SMCRA permit provisions include a complex set of requirements which include, among other things, coal prospecting; mine plan development; topsoil or growth medium removal and replacement; selective handling of overburden materials; mine pit backfilling and grading; disposal of excess spoil; protection of the hydrologic balance; subsidence control for underground mines; surface runoff and drainage control; establishment of suitable post mining land uses; and revegetation. We begin the process of preparing a mining permit application by collecting baseline data to adequately characterize the pre-mining environmental conditions of the permit area. This work is typically conducted by third-party consultants with specialized expertise and includes surveys and/or assessments of the following: cultural and historical resources; geology; soils; vegetation; aquatic organisms; wildlife; potential for threatened, endangered or other special status species; surface and ground water hydrology; climatology; riverine and riparian habitat; and wetlands. The geologic data and information derived from the other surveys and/or assessments are used to develop the mining and reclamation plans presented in the permit application. The mining and reclamation plans address the provisions and performance standards of the state's equivalent SMCRA regulatory program, and are also used to support applications for other authorizations and/or permits required to conduct coal mining activities. Also included in the permit application is information used for documenting surface and mineral ownership, variance requests, access roads, bonding information, mining methods, mining phases, other agreements that may relate to coal, other minerals, oil and gas rights, water rights, permitted areas, and ownership and control information required to determine compliance with OSM's Applicant Violator System, including the mining and compliance history of officers, directors and principal owners of the entity.

Once a permit application is prepared and submitted to the regulatory agency, it goes through an administrative completeness review and a thorough technical review. Also, before a SMCRA permit is issued, a mine operator must submit a bond or otherwise secure the performance of all reclamation obligations. After the application is submitted, a public notice or advertisement of the proposed permit is required to be given, which begins a notice period that is followed by a public comment period before a permit can be issued. It is not uncommon for a SMCRA mine permit application to take over a year to prepare, depending on the size and complexity of the mine, and anywhere from six months to two years or even longer for the permit to be issued. The variability in time frame required to prepare the application and issue the permit can be attributed primarily to the various regulatory authorities' discretion in the handling of comments and objections relating to the project received from the general public and other agencies. Also, it is not uncommon for a permit to be delayed as a result of litigation related to the specific permit or another related company's permit.

In addition to the bond requirement for an active or proposed permit, the Abandoned Mine Land Fund, which was created by SMCRA, requires a fee on all coal produced. The proceeds of the fee are used to restore mines closed or abandoned prior to SMCRA's adoption in 1977. The current fee is $0.28 per ton of coal produced from surface mines and $0.12 per ton of coal produced from underground mines. In 2015, we recorded $32.7 million of expense related to these reclamation fees.

Surety Bonds. Mine operators are often required by federal and/or state laws, including SMCRA, to assure, usually through the use of surety bonds, payment of certain long-term obligations including mine closure or reclamation costs, federal and state workers' compensation costs, coal leases and other miscellaneous obligations. Although surety bonds are usually noncancelable during their term, many of these bonds are renewable on an annual basis. Please see "Failure to obtain or renew surety bonds on acceptable terms could affect our ability to secure reclamation and coal lease obligations and, therefore, our ability to mine or lease coal, and a loss or reduction in our ability to self-bond could have a material adverse effect on our business and results of operations," contained under the heading Risk Factors—Risks related to Our Operations for a discussion of certain risks associated with our surety bonds.

The costs of these bonds have fluctuated in recent years while the market terms of surety bonds have generally become more unfavorable to mine operators. These changes in the terms of the bonds have been accompanied at times by a

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decrease in the number of companies willing to issue surety bonds. In order to address some of these uncertainties, we use self-bonding to secure performance of certain obligations in Wyoming. As of December 31, 2015, we have self-bonded an aggregate of approximately $485.5 million, posted an aggregate of approximately $188.0 million in surety bonds for reclamation purposes and secured $49.2 million in letters of credit and cash for reclamation bonding obligations. In addition, we had approximately $212.0 million of surety bonds, cash and letters of credit outstanding at December 31, 2015 to secure workers' compensation, coal lease and other obligations.

For additional information, please see "Failure to obtain or renew surety bonds on acceptable terms could affect our ability to secure reclamation and coal lease obligations, and, therefore, our ability to mine or lease coal, and a loss or reduction in our ability to self-bond could have a material, adverse effect on our business and results of operations," contained in Item 1A, "Risk Factors—Risk Related to Our Operations," for a discussion of certain risks associated with our surety bonds.

Mine Safety and Health. Stringent safety and health standards have been imposed by federal legislation since Congress adopted the Mine Safety and Health Act of 1969. The Mine Safety and Health Act of 1977 significantly expanded the enforcement of safety and health standards and imposed comprehensive safety and health standards on all aspects of mining operations. In addition to federal regulatory programs, all of the states in which we operate also have programs aimed at improving mine safety and health. Collectively, federal and state safety and health regulation in the coal mining industry is among the most comprehensive and pervasive systems for the protection of employee health and safety affecting any segment of U.S. industry. In reaction to recent mine accidents, federal and state legislatures and regulatory authorities have increased scrutiny of mine safety matters and passed more stringent laws governing mining. For example, in 2006, Congress enacted the MINER Act. The MINER Act imposes additional obligations on coal operators including, among other things, the following:

- development of new emergency response plans that address post-accident communications, tracking of miners, breathable air, lifelines, training and communication with local emergency response personnel;
- establishment of additional requirements for mine rescue teams;
- notification of federal authorities in the event of certain events;
- increased penalties for violations of the applicable federal laws and regulations; and
- requirement that standards be implemented regarding the manner in which closed areas of underground mines are sealed.

In 2008, the U.S. House of Representatives approved additional federal legislation which would have required new regulations on a variety of mine safety issues such as underground refuges, mine ventilation and communication systems. Although the U.S. Senate failed to pass that legislation, it is possible that similar legislation may be proposed in the future. Various states, including West Virginia, have also enacted laws to address many of the same subjects. The costs of implementing these safety and health regulations at the federal and state level have been, and will continue to be, substantial. In addition to the cost of implementation, there are increased penalties for violations which may also be substantial. Expanded enforcement has resulted in a proliferation of litigation regarding citations and orders issued as a result of the regulations.

Under the Black Lung Benefits Revenue Act of 1977 and the Black Lung Benefits Reform Act of 1977, each coal mine operator must secure payment of federal black lung benefits to claimants who are current and former employees and to a trust fund for the payment of benefits and medical expenses to claimants who last worked in the coal industry prior to July 1, 1973. The trust fund is funded by an excise tax on production of up to $1.10 per ton for coal mined in underground operations and up to $0.55 per ton for coal mined in surface operations. These amounts may not exceed 4.4% of the gross sales price. This excise tax does not apply to coal shipped outside the United States. In 2015, we recorded $66.1 million of expense related to this excise tax.

Clean Air Act. The federal Clean Air Act and similar state and local laws that regulate air emissions affect coal mining directly and indirectly. Direct impacts on coal mining and processing operations include Clean Air Act permitting requirements and emissions control requirements relating to particulate matter which may include controlling fugitive dust. The Clean Air Act also indirectly affects coal mining operations, for example, by extensively regulating the emissions of fine particulate matter measuring 2.5 micrometers in diameter or smaller, sulfur dioxide, nitrogen oxides, mercury and other compounds

emitted by coal-fueled power plants and industrial boilers, which are the largest end-users of our coal. Continued tightening of the already stringent regulation of emissions is likely, such as the Mercury and Air Toxics Standard (MATS), finalized in 2011 and discussed in more detail below. In addition, the U.S. Environmental Protection Agency, which we refer to as EPA, has issued regulations on additional emissions, such as greenhouse gases (GHG), from new, modified, reconstructed and existing electric generating units, including coal-fired plants. Other GHG regulations apply to industrial boilers (see discussion of Climate Change, below). These regulations could eventually reduce the demand for coal.

Clean Air Act requirements that may directly or indirectly affect our operations include the following:

- *Acid Rain.* Title IV of the Clean Air Act, promulgated in 1990, imposed a two-phase reduction of sulfur dioxide emissions by electric utilities. Phase II became effective in 2000 and applies to all coal-fueled power plants with a capacity of more than 25-megawatts. Generally, the affected power plants have sought to comply with these requirements by switching to lower sulfur fuels, installing pollution control devices, reducing electricity generating levels or purchasing or trading sulfur dioxide emissions allowances. Although we cannot accurately predict the future effect of this Clean Air Act provision on our operations, we believe that implementation of Phase II has been factored into the pricing of the coal market.

- *Particulate Matter.* The Clean Air Act requires the EPA to set national ambient air quality standards, which we refer to as NAAQS, for certain pollutants associated with the combustion of coal, including sulfur dioxide, particulate matter, nitrogen oxides and ozone. Areas that are not in compliance with these standards, referred to as non-attainment areas, must take steps to reduce emissions levels. For example, NAAQS currently exist for particulate matter measuring 10 micrometers in diameter or smaller (PM10) and for fine particulate matter measuring 2.5 micrometers in diameter or smaller (PM2.5), and the EPA revised the PM2.5 NAAQS on December 14, 2012, making it more stringent. The states were required to make recommendations on nonattainment designations for the new NAAQS in late 2013. EPA issued final designations for most areas of the country in 2012 and made some revisions in 2015. Individual states must now identify the sources of emissions and develop emission reduction plans. These plans may be state-specific or regional in scope. Under the Clean Air Act, individual states have up to 12 years from the date of designation to secure emissions reductions from sources contributing to the problem. Future regulation and enforcement of the new PM2.5 standard, as well as future revisions of PM standards, will affect many power plants, especially coal-fueled power plants, and all plants in non-attainment areas.

- *Ozone.* On October 26, 2015, the EPA published a final rule revising the existing primary and secondary NAAQS for ozone, reducing them to 70ppb on an 8-hour average. EPA has yet to make attainment designations for states on this new standard, but significant additional emission control expenditures will likely be required at certain coal-fueled power plants to meet the new stricter NAAQS. Nitrogen oxides, which are a byproduct of coal combustion, are classified as an ozone precursor. As a result, emissions control requirements for new and expanded coal-fueled power plants and industrial boilers will continue to become more demanding in the years ahead. The new standard is subject to pending judicial challenge.

- *NOx SIP Call.* The Nitrogen Oxides State Implementation Plan (NOx SIP) Call program was established by the EPA in October 1998 to reduce the transport of ozone on prevailing winds from the Midwest and South to states in the Northeast, which said that they could not meet federal air quality standards because of migrating pollution. The program was designed to reduce nitrous oxide emissions by one million tons per year in

22 eastern states and the District of Columbia. Phase II reductions were required by May 2007. As a result of the program, many power plants were required to install additional emission control measures, such as selective catalytic reduction devices. Installation of additional emission control measures has made it more costly to operate coal-fueled power plants, which could make coal a less attractive fuel.

- *Interstate Transport.* The EPA finalized the Clean Air Interstate Rule, which we refer to as CAIR, in March 2005. CAIR called for power plants in 28 Eastern states and the District of Columbia to reduce emission levels of sulfur

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dioxide and nitrous oxide, which could lead to non-attainment of PM2.5 and ozone NAAQS in downwind states (interstate transport), pursuant to a cap and trade program similar to the system now in effect for acid deposition control. In July 2008, in *State of North Carolina v. EPA* and consolidated cases, the U.S. Court of Appeals for the District of Columbia Circuit disagreed with the EPA's reading of the Clean Air Act and vacated CAIR in its entirety. In December 2008, the U.S. Court of Appeals for the District of Columbia Circuit revised its remedy and remanded the rule to the EPA. The EPA proposed a revised transport rule on August 2, 2010 (75 Fed. Reg. 45209) to address attainment of the 1997 ozone NAAQS and the 2006 PM2.5 NAAQS. The rule was finalized as the Cross State Air Pollution Rule (CSAPR) on July 6, 2011, with compliance required for SO2 reductions beginning January 1, 2012 and compliance with NOx reductions required by May 1, 2012. Numerous appeals of the rule were filed and, on August 21, 2012, the Federal Court of Appeals for the District of Columbia Circuit vacated the rule, leaving the EPA to continue implementation of the CAIR. Controls required under the CAIR, especially in conjunction with other rules may have affected the market for coal inasmuch as multiple existing coal fired units were being retired rather than having required controls installed. The U.S. Supreme Court agreed to hear the EPA's appeal of the decision vacating CSAPR and on April 29, 2014, issued an opinion reversing the August 21, 2012 District of Columbia Circuit decision, remanding the case back to the District of Columbia Circuit. The EPA then requested that the court lift the CSAPR stay and toll the CSAPR compliance deadlines by three years. On October 23, 2014, the District of Columbia Circuit granted the EPA's request, and that court later dismissed all pending challenges to the rule on July 28, 2015 but it remanded some state budgets to EPA for further consideration. CSAPR Phase 1 implementation began in 2015, with Phase 2 beginning in 2017. CSAPR generally requires greater reductions that under CAIR. As a result, some coal-fired power plants will be required to install costly pollution controls or shut down which may adversely affect the demand for coal. Finally, in November 2015, EPA proposed an update to the CSAPR to address interstate transport of air pollution under the more recent 2008 ozone NAAQS and the state budgets remanded by the D.C. Circuit. EPA received public comment on the rule in January 2016 and will issue a final rule in the near future. It is likely the final rule will increase the pressure to install controls or shut down units, which may further adversely affect the demand for coal.

- *Mercury.* In February 2008, the U.S. Court of Appeals for the District of Columbia Circuit vacated the EPA's Clean Air Mercury Rule (CAMR) and remanded it to the EPA for reconsideration. In response, the EPA announced an Electric Generating Unit (EGU) Mercury and Air Toxics Standard (MATS) on December 16, 2011. The MATS was finalized April 16, 2012, and required compliance for most plants by 2015. In addition, before the court decision vacating the CAMR, some states had either adopted the CAMR or adopted state-specific rules to regulate mercury emissions from power plants that are more stringent than the CAMR. MATS compliance, coupled with state mercury and air toxics laws and other factors have required many plants to install costly controls, re-fire with natural gas or to retire, which may adversely affect the demand for coal. MATS was challenged in the D.C. Circuit, which upheld the rule on April 15, 2013. Petitioners successfully obtained Supreme Court review, and on June 29, 2015, the Supreme Court issued a 5-4 decision striking down the final rule based on EPA's failure to consider economic costs in determining whether to regulate. The case was remanded to the D.C. Circuit. EPA began reconsideration of costs, proposing to re-issue the final rule in April 2016 based on a finding that those costs still justified regulation, and successfully secured an order from the D.C. Circuit to keep the rule in effect while it completed its rulemaking. Petitioners unsuccessfully sought a stay of the rule in the Supreme Court in February 2016. Therefore, the rule remains in effect until further order of the D.C. Circuit, which will likely hear challenges to EPA's re-issuance of the rule based on its new cost considerations. Hence, MATS will likely continue to impact coal-fueled generation as discussed above for at least the near term, and possibly well into the future.

- *Regional Haze.* The EPA has initiated a regional haze program designed to protect and improve visibility at and around national parks, national wilderness areas and international parks, particularly those located in the southwest and southeast United States. Under the Regional Haze Rule, affected states were required to submit regional haze SIPs by December 17, 2007, that, among other things, were to identify facilities that would have to reduce emissions and comply with stricter emission limitations. The vast majority of states failed to submit their

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plans by December 17, 2007, and the EPA issued a Finding of Failure to Submit plans on January 15, 2009 (74 Fed. Reg. 2392). The EPA had taken no enforcement action against states to finalize implementation plans and was slowly dealing with the state Regional Haze SIPs that were submitted, which resulted in the National Parks Conservation Association commencing litigation in the D.C. Circuit Court of Appeals on August 3, 2012, against the EPA for failure to enforce the rule *(National Parks Conservation Act v. EPA, D.C. Cir)*. Industry groups, including the Utility Air Regulatory Group have intervened *(Utility Air Regulatory Group v. EPA. D.C. Cir 12-1342, 8/6/2012)*. EPA ultimately agreed in a consent decree with environmental groups to impose regional haze federal implementation plans (FIPs) or to take action on regional haze SIPs before the agency for 42 states and the District of Columbia. EPA has completed those actions for all but several states in its first planning period (2008-2010). In many eastern states, EPA has allowed states to meet "best available control technology" (BART) requirements for power plants through compliance with CAIR and CSAPR (a policy under pending litigation). Other states have had BART imposed on a case-by-case basis, and where EPA found SIPs deficient, it disapproved them and issued FIPs. It is possible that EPA may continue to increase the stringency of control requirements imposed under the Regina Haze Program as it moves toward the next planning period. This program may result in additional emissions restrictions from new coal-fueled power plants whose operations may impair visibility at and around federally protected areas. This program may also require certain existing coal-fueled power plants to install additional control measures designed to limit haze-causing emissions, such as sulfur dioxide, nitrogen oxides, volatile organic chemicals and particulate matter. These limitations could affect the future market for coal.

- *New Source Review.* A number of pending regulatory changes and court actions are affecting the scope of the EPA's new source review program, which under certain circumstances requires existing coal-fueled power plants to install the more stringent air emissions control equipment

required of new plants. The new source review program is continually revised and such revisions may impact demand for coal nationally, but we are unable to predict the magnitude of the impact.

Climate Change. Carbon dioxide, which is considered to be a greenhouse gas, is a by-product of burning coal. Global climate issues, including with respect to greenhouse gases such as carbon dioxide and the relationship that greenhouse gases may have with perceived global warning, continue to attract significant public and scientific attention. For example, the Fourth and Fifth Assessment Reports of the Intergovernmental Panel on Climate Change have expressed concern about the impacts of human activity, especially from fossil fuel combustion, on global climate issues. As a result of the public and scientific attention, several governmental bodies increasingly are focusing on global climate issues and, more specifically, levels of emissions of carbon dioxide from coal combustion by power plants. Future regulation of greenhouse gas emissions in the United States could occur pursuant to future U.S. treaty obligations, statutory or regulatory changes and the federal, state or local level or otherwise.

Demand for coal also may be impacted by international efforts to reduce emissions from greenhouse gases. For example, in December 2015, representatives of 195 nations reached a landmark climate accord that will, for the first time, commit participating countries to lowering greenhouse gas emissions. Further, the United States and a number of international development banks, such as the World Bank, the European Investment Bank and European Bank for Reconstruction and Development, have announced that they will no longer provide financing for the development of new coal-fueled power plants, subject to very narrow exceptions.

Although the U.S. Congress has considered various legislative proposals that would address global climate issues and greenhouse gas emissions, no such federal proposals have been adopted into law to date. In the absence of U.S. federal legislation on these topics, the U.S. Environmental Protection Agency (the "EPA") has been the primary source of federal oversight, although future regulation of greenhouse gases and global climate matters in the United States could occur pursuant to future U.S. treaty obligations, statutory or regulatory changes under the Clean Air Act, federal adoption of a greenhouse gas regulatory scheme or otherwise.

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In 2007, the U.S. Supreme Court held that the EPA has authority under the Clean Air Act to regulate carbon dioxide emissions from automobiles and can decide against regulation only if the EPA determines that carbon dioxide does not significantly contribute to climate change and does not endanger public health or the environment. Although the Supreme Court's holding did not expressly involve the EPA's authority to regulate greenhouse gas emissions from stationary sources, such as coal-fueled power plants, the EPA since has determined on its own that it has the authority to regulate greenhouse gas emissions from power plants, and the EPA has published a formal determination that six greenhouse gases, including carbon dioxide, endanger both the public health and welfare of current and future generations.

In 2014, the EPA proposed a sweeping rule, known as the "Clean Power Plan," to cut carbon emissions from existing electric generating units, including coal-fired power plants. A final version of the Clean Power Plan was adopted in August 2015. The final version of the Clean Power Plan aims to reduce carbon dioxide emissions from electrical power generation by 32% within 15 years relative to 2005 levels through reduction of emissions from coal-burning power plants and increased use of renewable energy and energy conservation methods. Under the Clean Power Plan, states are free to reduce emissions by various means and must submit emissions reduction plans to the EPA by September 2016 or, with an approved extension, September 2018. If a state has not submitted a plan by then, the Clean Power Plan authorizes the EPA to impose its own plan on that state. In order to determine a state's goal, the EPA has divided the country into three regions based on connected regional electricity grids. States are to implement their plans by focusing on (i) increasing the generation efficiency of existing fossil fuel plants, (ii) substituting lower carbon dioxide emitting natural gas generation for coal-powered generation and (iii) substituting generation from new zero carbon dioxide emitting renewable sources for fossil fuel powered generation. States are permitted to use regionally available low carbon generation sources when substituting for in-state coal generation and coordinate with other states to develop multi-state plans. Following the adoption, 27 states sued the EPA, claiming that the EPA overstepped its legal authority in adopting the Clean Power Plan. In February 2016, the U.S. Supreme Court ordered the EPA to halt enforcement of the Clean Power Plan until a lower court rules on the lawsuit and until the Supreme Court determines whether or not to hear the case. If the Supreme Court does decide to hear the case, then the stay would remain in effect until the Supreme Court rules. If the Clean Power Plan ultimately is upheld in its current form, it is projected to significantly curtail the construction of new coal-fired power plants and have a materially adverse impact on the demand for coal nationally.

Several U.S. states have enacted legislation establishing greenhouse gas emissions reduction goals or requirements or joined regional greenhouse gas reduction initiatives. Some states also have enacted legislation or regulations requiring electricity suppliers to use renewable energy sources to generate a certain percentage of power or that provide financial incentives to electricity suppliers for using renewable energy sources. For example, nine northeastern states currently are members of the Regional Greenhouse Gas Initiative, which is a mandatory cap-and-trade program established in 2005 to cap regional carbon dioxide emissions from power plants. Six midwestern states and one Canadian province entered into the Midwestern Regional Greenhouse Gas Reduction Accord to establish voluntary regional greenhouse gas reduction targets and develop a voluntary multi-sector cap-and-trade system to help meet the targets, although it has been reported that the members no longer are actively pursuing the group's activities. Lastly, California and Quebec remain members of the Western Climate Initiative, which was formed in 2008 to establish a voluntary regional greenhouse gas reduction goal and develop market-based strategies to achieve emissions reductions, and those two jurisdictions have adopted their own greenhouse gas cap-and-trade regulations. Several states and provinces that originally were members of these organizations, as well as some current members, have joined the new North America 2050 initiative, which seeks to reduce greenhouse gas emissions and create economic opportunities aside from cap-and-trade programs. Any particular state, or any of these or other regional group, may have or adopt in the future rules or policies that cause some users of coal to switch from coal to a lower carbon fuel. There can be no assurance at this time that a carbon dioxide cap-and-trade-program, a carbon tax or other regulatory or policy regime, if implemented by any one or more states or regions in which our customers operate or at the federal level, will not affect the future market for coal in those states or regions and lower the overall demand for coal.

Clean Water Act. The federal Clean Water Act (sometimes shortened to CWA) and corresponding state and local laws and regulations affect coal mining operations by restricting the discharge of pollutants, including dredged and fill materials, into waters of the United States. The Clean Water Act provisions and associated state and federal regulations are complex and subject to amendments, legal challenges and changes in implementation. Recent court decisions and regulatory actions have

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created uncertainty over Clean Water Act jurisdiction and permitting requirements that could variously increase or decrease the cost and time we expend on Clean Water Act compliance.

Clean Water Act requirements that may directly or indirectly affect our operations include the following:

- *Water Discharge.* Section 402 of the Clean Water Act creates a process for establishing effluent limitations for discharges to streams that are protective of water quality standards through the National Pollutant Discharge Elimination System, which we refer to as the NPDES, or an equally stringent program delegated to a state regulatory agency. Regular monitoring, reporting and compliance with performance standards are preconditions for the issuance and renewal of NPDES permits that govern discharges into waters of the United States, especially on selenium, sulfate and specific conductance. Discharges that exceed the limits specified under NPDES permits can lead to the imposition of penalties, and persistent non-compliance could lead to significant penalties, compliance costs and delays in coal production. In addition, the imposition of future restrictions on the discharge of certain pollutants into waters of the United States could increase the difficulty of obtaining and complying with NPDES permits, which could impose additional time and cost burdens on our operations. You should see Item 3, "Legal Proceedings," for more information about certain regulatory actions pertaining to our operations. Discharges of pollutants into waters that states have designated as impaired (i.e., as not meeting present water quality standards) are subject to Total Maximum Daily Load, which we refer to as TMDL, regulations. The TMDL regulations establish a process for calculating the maximum amount of a pollutant that a water body can receive while maintaining state water quality standards. Pollutant loads are allocated among the various sources that discharge pollutants into that water body. Mine operations that discharge into water bodies designated as impaired will be required to meet new TMDL allocations. The adoption of more stringent TMDL-related allocations for our coal mines could require more costly water treatment and could adversely affect our coal production.

  The Clean Water Act also requires states to develop anti-degradation policies to ensure that non-impaired water bodies continue to meet water quality standards. The issuance and renewal of permits for the discharge of pollutants to waters that have been designated as "high quality" are subject to anti-degradation review that may increase the costs, time and difficulty associated with obtaining and complying with NPDES permits.

  Under the Clean Water Act, citizens may sue to enforce NPDES permit requirements. Beginning in 2012, multiple citizens' suits were filed in West Virginia against mine operators for alleged violations of NPDES permit conditions requiring compliance with West Virginia's water quality standards. Some of the lawsuits alleged violations of water quality standards for selenium, whereas others alleged that discharges of conductivity and sulfate were causing violations of West Virginia water quality standards that prohibit adverse effects to aquatic life. The suits sought penalties as well as injunctive relief that would limit future discharges of selenium, conductivity or sulfate through the implementation of expensive treatment technologies. In 2012, the federal district court for the Southern District of West Virginia granted summary judgment to citizens in one such suit alleging violations of the water quality standard for selenium. In 2014, the same court found in another such suit that discharges of conductivity from two West Virginia mines were causing violations of West Virginia's narrative water quality standards. Both cases were resolved prior to any appeal and it is difficult to predict whether such suits will continue to be successful.

  Citizens may also sue under the Clean Water Act when pollutants are being discharged without NPDES permits. Beginning in 2013, multiple citizens' suits were filed in West Virginia against landowners alleging ongoing discharges of pollutants, including selenium and conductivity, from valley fills at reclaimed mining sites. In each case, the reclamation bond had been released and the mining and NPDES permits had been terminated following the completion of reclamation. While it is difficult to predict the outcome of such suits, any determination that discharges from valley fills require NPDES permits could result in increased compliance costs following the completion of mining at our operations.

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- *Dredge and Fill Permits.* Many mining activities, such as the development of refuse impoundments, fresh water impoundments, refuse fills, valley fills, and other similar structures, may result in impacts to waters of the United States, including wetlands, streams and, in certain instances, man-made conveyances that have a hydrologic connection to such streams or wetlands. Under the Clean Water Act, coal companies are required to obtain a Section 404 permit from the Army Corps of Engineers, which we refer to as the Corps, prior to conducting such mining activities. The Corps is authorized to issue general "nationwide" permits for specific categories of activities that are similar in nature and that are determined to have minimal adverse effects on the environment. Permits issued pursuant to Nationwide Permit 21, which we refer to as NWP 21, generally authorize the disposal of dredged and fill material from surface coal mining activities into waters of the United States, subject to certain restrictions. Since March 2007, permits under NWP 21 were reissued for a five-year period with new provisions intended to strengthen environmental protections. There must be appropriate mitigation in accordance with nationwide general permit conditions rather than less restricted state-required mitigation requirements, and permit holders must receive explicit authorization from the Corps before proceeding with proposed mining activities. Notwithstanding the additional environmental protections designed in the NWP 21, on July 15, 2009, the Corps proposed to immediately suspend the use of NWP 21 in six Appalachian states, including West Virginia, Kentucky and Virginia where the Company conducts operations. On June 17, 2010, the Corps announced that it had suspended the use of NWP 21 in the same six states although it remained for use elsewhere. In February 2012, the Corps proposed to reissue NWP 21, albeit with significant restrictions on the acreage and length of stream channel that can be filled in the course of mining operations. The Corps' decisions regarding the use of NWP 21 does not prevent the Company's operations from seeking an individual permit under § 404 of the CWA, nor does it restrict an operation from utilizing another version of the nationwide permit, NWP 50, authorized for small underground coal mines that must construct fills as part of their mining operations.

  The use of nationwide permits to authorize stream impacts from mining activities has been the subject of significant litigation. Refer to Item 3, "Legal Proceedings," for more information about certain litigation pertaining to our permits.

Resource Conservation and Recovery Act. The Resource Conservation and Recovery Act, which we refer to as RCRA, may affect coal mining operations through its requirements for the management, handling, transportation and disposal of hazardous wastes. Currently, certain coal mine wastes, such as overburden and coal cleaning wastes, are exempted from hazardous waste management. In addition, Subtitle C of RCRA exempted fossil fuel combustion wastes from hazardous waste regulation until the EPA completed a report to Congress and made a determination on whether the wastes should be regulated as hazardous. In its 1993 regulatory determination, the EPA addressed some high volume-low toxicity coal combustion products generated at electric utility and independent power producing facilities, such as coal ash, and left the exemption in place. In May 2000, the EPA concluded that coal combustion products do not warrant regulation as hazardous waste under RCRA and again retained the hazardous waste exemption for these wastes. The EPA also determined that

national non-hazardous waste regulations under RCRA Subtitle D are needed for coal combustion products disposed in surface impoundments and landfills and used as mine-fill. In March of 2007 the Office of Surface Mining and the EPA proposed regulations regarding the management of coal combustion products. The EPA concluded that beneficial uses of these wastes, other than for mine-filling, pose no significant risk and no additional national regulations are needed. As long as this exemption remains in effect, it is not anticipated that regulation of coal combustion waste will have any material effect on the amount of coal used by electricity generators. A final rule has not been promulgated. Most state hazardous waste laws also exempt coal combustion products, and instead treat it as either a solid waste or a special waste. Any costs associated with handling or disposal of hazardous wastes would increase our customers' operating costs and potentially reduce their ability to purchase coal. In addition, contamination caused by the past disposal of ash can lead to material liability. In another development regarding coal combustion wastes, the EPA conducted an assessment of impoundments and other units that manage residuals from coal combustion and that contain free liquids following a massive coal ash spill in Tennessee in 2008, the EPA contractors conducted site assessments at many impoundments and is requiring appropriate remedial action at any facility that is found to have a unit posing a risk for potential failure. The EPA is posting utility responses to the assessment on its web site as the responses are received. Future regulations resulting from the EPA coal combustion refuse assessments may impact the ability of the Company's utility customers to continue to use coal in their power plants.

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Comprehensive Environmental Response, Compensation and Liability Act. The Comprehensive Environmental Response, Compensation and Liability Act, which we refer to as CERCLA, and similar state laws affect coal mining operations by, among other things, imposing cleanup requirements for threatened or actual releases of hazardous substances that may endanger public health or welfare or the environment. Under CERCLA and similar state laws, joint and several liability may be imposed on waste generators, site owners and lessees and others regardless of fault or the legality of the original disposal activity. Although the EPA excludes most wastes generated by coal mining and processing operations from the hazardous waste laws, such wastes can, in certain circumstances, constitute hazardous substances for the purposes of CERCLA. In addition, the disposal, release or spilling of some products used by coal companies in operations, such as chemicals, could trigger the liability provisions of the statute. Thus, coal mines that we currently own or have previously owned or operated, and sites to which we sent waste materials, may be subject to liability under CERCLA and similar state laws. In particular, we may be liable under CERCLA or similar state laws for the cleanup of hazardous substance contamination at sites where we own surface rights.

Endangered Species. The Endangered Species Act and other related federal and state statutes protect species threatened or endangered with possible extinction. Protection of threatened, endangered and other special status species may have the effect of prohibiting or delaying us from obtaining mining permits and may include restrictions on timber harvesting, road building and other mining or agricultural activities in areas containing the affected species. A number of species indigenous to our properties are protected under the Endangered Species Act or other related laws or regulations. Based on the species that have been identified to date and the current application of applicable laws and regulations, however, we do not believe there are any species protected under the Endangered Species Act that would materially and adversely affect our ability to mine coal from our properties in accordance with current mining plans. We have been able to continue our operations within the existing spatial, temporal and other restrictions associated with special status species. Should more stringent protective measures be applied to threatened, endangered or other special status species or to their critical habitat, then we could experience increased operating costs or difficulty in obtaining future mining permits.

Use of Explosives. Our surface mining operations are subject to numerous regulations relating to blasting activities. Pursuant to these regulations, we incur costs to design and implement blast schedules and to conduct pre-blast surveys and blast monitoring. In addition, the storage of explosives is subject to strict regulatory requirements established by four different federal regulatory agencies. For example, pursuant to a rule issued by the Department of Homeland Security in 2007, facilities in possession of chemicals of interest, including ammonium nitrate at certain threshold levels, must complete a screening review in order to help determine whether there is a high level of security risk such that a security vulnerability assessment and site security plan will be required.

Other Environmental Laws. We are required to comply with numerous other federal, state and local environmental laws in addition to those previously discussed. These additional laws include, for example, the Safe Drinking Water Act, the Toxic Substance Control Act and the Emergency Planning and Community Right-to-Know Act.

Employees

At December 31, 2015, we employed approximately 4,655 full and part-time employees. We believe that our relations with all employees are good.

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Executive Officers

The following is a list of our executive officers, their ages as of February 29, 2016 and their positions and offices during the last five years:

Name	Age	Position
Kenneth D. Cochran	55	Mr. Cochran has served as our Senior Vice President-Operations since August 2012. From May 2011 to August 2012, Mr. Cochran served as Group President of our western operations, which included Thunder Basin Coal Company, the Arch Western Bituminous Group, Arch of Wyoming and the Otter Creek development, and served as President and General Manager of Thunder Basin Coal Company from 2005 to April 2011. Prior to joining Arch Coal in 2005, Mr. Cochran spent 20 years with TXU Corporation. Mr. Cochran currently serves on the boards of Millennium Bulk Terminals-Longview, LLC, Knight Hawk Holdings, LLC, and Tongue River Holding Company.
John T. Drexler	46	Mr. Drexler has served as our Senior Vice President and Chief Financial Officer since 2008 and as our principal accounting officer since January 2016. Mr. Drexler served as our Vice President-Finance and Accounting from 2006 to 2008. From 2005 to 2006, Mr. Drexler served as our Director of Planning and Forecasting. Prior to 2005, Mr. Drexler held several other positions within our finance and accounting department.
John W. Eaves	58	Mr. Eaves was elected Chairman of the Board in April 2015 and currently serves as our Chairman and Chief

		Executive Officer. Mr. Eaves served as our President and Chief Operating Officer from 2006 until he was elected as our Chief Executive Officer in April 2012. From 2002 to 2006, Mr. Eaves served as our Executive Vice President and Chief Operating Officer. Mr. Eaves currently serves on the boards of COALOGIX, National Mining Association, the Business Roundtable, the American Coalition for Clean Coal Electricity and the Business Council. Mr. Eaves was previously a director of Advanced Emissions Solutions, Inc. and former chairman of the National Coal Council.
Robert G. Jones	59	Mr. Jones has served as our Senior Vice President-Law, General Counsel and Secretary since 2008. Mr. Jones served as Vice President-Law, General Counsel and Secretary from 2000 to 2008.
Allen R. Kelley	55	Mr. Kelley was appointed Vice President-Human Resources in March 2014. From 2008 to March 2014, Mr. Kelley served as our Vice President-Enterprise Risk Management. From 2005 to 2008, Mr. Kelley served as our Director of Internal Audit. Prior to 2005, Mr. Kelley held various finance and accounting positions within the corporate and operations functions of Arch Coal, Inc.
Paul A. Lang	55	Mr. Lang was elected our President and Chief Operating Officer in April 2015. He has served as our Executive Vice President and Chief Operating Officer since April 2012 and as our Executive Vice President-Operations from August 2011 to April 2012. Mr. Lang served as Senior Vice President-Operations from 2006 through August 2011, as President of Western Operations from 2005 through 2006 and President and General Manager of Thunder Basin Coal Company from 1998 to 2005. Mr. Lang is a director of Arch Coal, Inc., Advanced Emissions Solutions, Inc. and Knight Hawk Holdings, LLC. Mr. Lang also serves on the development board of the Mining Department of the Missouri University of Science & Technology, and is chairman of the University of Wyoming's School of Energy Resources Council.
Deck S. Slone	52	Mr. Slone has served as our Senior Vice President-Strategy and Public Policy since June 2012. Mr. Slone served as our Vice President-Government, Investor and Public Affairs from 2008 to June 2012. Mr. Slone served as our Vice President-Investor Relations and Public Affairs from 2001 to 2008. Mr. Slone is a director of Millennium Bulk Terminals-Longview and DKRW Advanced Fuels. In addition, Mr. Slone serves as co-chair of the Coal Utilization Research Council, as National Coal Council Policy Committee chair and as a member of the steering committee of the Consortium for Clean Coal Utilization at Washington University in St. Louis.
John A. Ziegler, Jr.	49	Mr. Ziegler was appointed Chief Commercial Officer in March 2014. Mr. Ziegler served as our Vice President-Human Resources from April 2012 to March 2014. From October 2011 to April 2012, Mr. Ziegler served as our Senior Director-Compensation and Benefits. From 2005 to October 2011 Mr. Ziegler served as Vice President-Contract Administration, President of Sales, then finally Senior Vice President, Sales and Marketing and Marketing Administration. Mr. Ziegler joined Arch Coal in 2002 as Director-Internal Audit. Prior to joining Arch Coal, Mr. Ziegler held various finance and accounting positions with bioMerieux and Ernst & Young.

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Available Information

We file annual, quarterly and current reports, and amendments to those reports, proxy statements and other information with the Securities and Exchange Commission. You may access and read our filings without charge through the SEC's website, at *sec.gov*. You may also read and copy any document we file at the SEC's Public Reference Room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

We also make the documents listed above available without charge through our website, *archcoal.com*, as soon as practicable after we file or furnish them with the SEC. You may also request copies of the documents, at no cost, by telephone at (314) 994-2700 or by mail at Arch Coal, Inc., One CityPlace Drive, Suite 300, St. Louis, Missouri, 63141 Attention: Senior Vice President-Strategy and Public Policy. The information on our website is not part of this Annual Report on Form 10-K.

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GLOSSARY OF SELECTED MINING TERMS

Certain terms that we use in this document are specific to the coal mining industry and may be technical in nature. The following is a list of selected mining terms and the definitions we attribute to them.

Assigned reserves	Recoverable reserves designated for mining by a specific operation.
Brown coal	Coal of gross calorific value of less than 5700 kilocalories per kilogramme (kcal/kg), which includes lignite and sub-bituminous coal where lignite has a gross calorific value of less than 4165 kcal/kg and sub-bituminous coal has a gross calorific value between 4165 kcal/kg and 5700 kcal/kg.
Btu	A measure of the energy required to raise the temperature of one pound of water one degree of Fahrenheit.
Compliance coal	Coal which, when burned, emits 1.2 pounds or less of sulfur dioxide per million Btus, requiring no blending or other sulfur dioxide reduction technologies in order to comply with the requirements of the Clean Air Act.
Continuous miner	A machine used in underground mining to cut coal from the seam and load it onto conveyors or into shuttle cars in a continuous operation.
Dragline	A large machine used in surface mining to remove the overburden, or layers of earth and rock, covering a coal seam. The dragline has a large bucket, suspended by cables from the end of a long boom, which is able to scoop up large amounts of overburden as it is dragged across the excavation area and redeposit the overburden in another area.
Hard coal	Coal of gross calorific value greater than 5700 kcal/kg on an ashfree but moist basis and further disaggregated into anthracite, coking coal and other bituminous coal.

Longwall mining	One of two major underground coal mining methods, generally employing two rotating drums pulled mechanically back and forth across a long face of coal.
Low-sulfur coal	Coal which, when burned, emits 1.6 pounds or less of sulfur dioxide per million Btus.
Preparation plant	A facility used for crushing, sizing and washing coal to remove impurities and to prepare it for use by a particular customer.
Probable reserves	Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced.
Proven reserves	Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established.
Reclamation	The restoration of land and environmental values to a mining site after the coal is extracted. The process commonly includes “recontouring” or shaping the land to its approximate original appearance, restoring topsoil and planting native grass and ground covers.
Recoverable reserves	The amount of proven and probable reserves that can actually be recovered from the reserve base taking into account all mining and preparation losses involved in producing a saleable product using existing methods and under current law.
Reserves	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
Room-and-pillar mining	One of two major underground coal mining methods, utilizing continuous miners creating a network of “rooms” within a coal seam, leaving behind “pillars” of coal used to support the roof of a mine.
Unassigned reserves	Recoverable reserves that have not yet been designated for mining by a specific operation.

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ITEM 1A. RISK FACTORS.

Our business involves certain risks and uncertainties. In addition to the risks and uncertainties described below, we may face other risks and uncertainties, some of which may be unknown to us and some of which we may deem immaterial and the following review of important risk factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included herein or elsewhere. If one or more of these risks or uncertainties occur, our business, financial condition or results of operations may be materially and adversely affected.

Risks Related to Our Chapter 11 Cases

As a result of the filing of the Bankruptcy Petitions, we are subject to the risks and uncertainties associated with bankruptcy proceedings, and operating under Chapter 11 may restrict our ability to pursue strategic and operational initiatives.

For the duration of the Chapter 11 Cases (*In re Arch Coal, Inc., et al.*), our operations and our ability to execute our business strategy will be subject to the risks and uncertainties associated with bankruptcy. These risks include:

- our ability to obtain Court approval with respect to motions filed in the Chapter 11 Cases from time to time;
- our ability to comply with and operate under any cash management orders entered by the Court from time to time;
- our ability to comply with our Restructuring Support Agreement and DIP Credit Agreement terms and conditions;
- our ability to confirm and consummate a Chapter 11 plan of reorganization;
- our ability to fund and execute our business plan; and
- our ability to continue as a going concern.

These risks and uncertainties could affect our business and operations in various ways. For example, negative events or publicity associated with the Chapter 11 Cases could adversely affect our relationships with our suppliers, customers and employees. In particular, critical vendors may determine not to do business with us due to our Chapter 11 filing and we may not be successful in securing alternative sources. Also, transactions outside the ordinary course of business are subject to the prior approval of the Court, which may limit our ability to respond timely to certain events or take advantage of opportunities. Because of the risks and uncertainties associated with the Chapter 11 Cases, we cannot predict or quantify the ultimate impact that events occurring during the Chapter 11 reorganization process may have on our business, financial condition and results of operations, and there is no certainty as to our ability to continue as a going concern.

Under Chapter 11, transactions outside the ordinary course of business are subject to the prior approval of the Court, which may limit our ability to respond in a timely manner to certain events or take advantage of certain opportunities. Additionally, the terms of the DIP Credit Agreement require us to comply with certain financial maintenance covenants, including (i) maximum capital expenditures and (ii) minimum unrestricted cash and cash equivalents. The DIP Credit Agreement also contains customary affirmative and negative covenants for debtor-in-possession financings, which include restrictions on (i) indebtedness, (ii) liens and guaranties, (iii) liquidations, mergers, consolidations, acquisitions, (iv) disposition of assets or subsidiaries, (v) affiliate transactions, (vi) creation or ownership of certain subsidiaries, partnerships and joint ventures, (vii) continuation of or change in business, (viii) restricted payments, (ix) sanctions and anti-corruption matters, (x) no restriction in agreements on dividends or certain loans, (xi) loans and investments, (xii) transactions with respect to Bonding Subsidiaries and (xiii) hedging transactions. In addition, the DIP Credit Agreement contains milestones relating to the Chapter 11 Cases. Our ability to comply with these provisions may be affected by events beyond our control and our failure to comply could result in an event of default under the DIP Credit Agreement.

Trading in our securities during the pendency of the Chapter 11 Cases is highly speculative and poses substantial risks. We expect that the existing common stock of the Company will be extinguished and existing equity holders will not receive consideration in respect of their equity interests.

On the Petition Date, the NYSE determined that the Company’s stock (NYSE: ACI) was no longer suitable for listing pursuant to Section 8.02.01D of the NYSE continued listing standards and trading in the Company’s common stock was suspended on January 11, 2016. We expect that the existing common stock of the Company will be extinguished upon the

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Company's emergence from Chapter 11 and existing equity holders will not receive consideration in respect of their equity interests. Following delisting from the NYSE, Arch common stock has been traded over the counter in the Pink Sheets, but this may not always be the case. The delisting by the NYSE could result in significantly lower trading volumes and reduced liquidity for investors seeking to buy or sell shares of our common stock.

Arch's Restructuring Support Agreement provides that, upon the Company's emergence from Chapter 11, Arch's existing stock will be cancelled and the senior lenders will receive the substantial majority of the new stock in the reorganized Arch. If a plan of reorganization is approved in the Chapter 11 Cases, it is likely that our existing common stock will be extinguished, and existing equity holders will likely not receive consideration in respect of their existing equity interests.

The pursuit of the Chapter 11 Cases has consumed and will continue to consume a substantial portion of the time and attention of our management, which may have an adverse effect on our business and results of operations, and we may face increased levels of employee attrition.

While the Chapter 11 Cases continue, our management will be required to spend a significant amount of time and effort focusing on the cases. This diversion of attention may materially adversely affect the conduct of our business, and, as a result, on our financial condition and results of operations, particularly if the Chapter 11 Cases are protracted.

During the pendency of the Chapter 11 Cases, our employees will face considerable distraction and uncertainty and we may experience increased levels of employee attrition. A loss of key personnel or material erosion of employee morale could have a materially adverse effect on our ability to meet customer expectations, thereby adversely affecting our business and results of operations. The failure to retain or attract members of our management team and other key personnel could impair our ability to execute our strategy and implement operational initiatives, thereby having a material adverse effect on our financial condition and results of operations.

If we are not able to obtain confirmation of a Chapter 11 plan of reorganization, or if current financing is insufficient or exit financing is not available, we could be required to seek a sale of the Company or certain of its material assets pursuant to Section 363 of the Bankruptcy Code or liquidate under Chapter 7 of the Bankruptcy Code.

In order to successfully emerge from Chapter 11 bankruptcy protection, we must obtain confirmation of a Chapter 11 plan of reorganization by the Court. If confirmation by the Court does not occur, we could be forced to sell the Company or certain of its material assets pursuant to Section 363 of the Bankruptcy Code or liquidate under Chapter 7 of the Bankruptcy Code.

There can be no assurance that our current cash position and amounts of cash from future operations will be sufficient to fund operations. In the event that we do not have sufficient cash to meet our liquidity requirements, and our current financing is insufficient or exit financing is not available, we may be required to seek additional financing. There can be no assurance that such additional financing would be available, or, if available, would be available on acceptable terms. Failure to secure any necessary exit financing or additional financing would have a material adverse effect on our operations and ability to continue as a going concern.

Our post-bankruptcy capital structure has yet to be determined, and any changes to our capital structure may have a material adverse effect on existing debt and security holders.

Our capital structure will be set pursuant to a plan of reorganization that requires Court approval. Any reorganization of our capital structure may include exchanges of new debt or equity securities for our existing debt and equity securities, and such new debt or equity securities may be issued at different interest rates, payment schedules and maturities than our existing creditors. The success of a reorganization through any such exchanges or modifications will depend on approval by the Court and the willingness of existing debt and security holders to agree to the exchange or modification, and there can be no guarantee of success. If such exchanges or modifications are successful, holders of our debt may find their holdings no longer have any value or are materially reduced in value, or they may be converted to equity and be diluted or may be modified or

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replaced by debt with a principal amount that is less than the outstanding principal amount, longer maturities and reduced interest rates. There can be no assurance that any new debt or equity securities will maintain their value at the time of issuance.

Any plan of reorganization that we may implement will be based in large part upon assumptions and analyses developed by us. If these assumptions and analyses prove to be incorrect, or adverse market conditions persist or worsen, our plan may be unsuccessful in its execution.

Any plan of reorganization that we may implement will affect both our capital structure and the ownership, structure and operation of our businesses and will reflect assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we consider appropriate under the circumstances. Whether actual future results and developments will be consistent with our expectations and assumptions depends on a number of factors, including but not limited to (i) our ability to substantially change our capital structure; (ii) our ability to obtain adequate liquidity and financing sources; (iii) our ability to maintain customers' confidence in our viability as a continuing entity and to attract and retain sufficient business from them; (iv) our ability to retain key employees, and (v) the overall strength and stability of general economic conditions of the financial and coal industries, both in the U.S. and in global markets. The failure of any of these factors could materially adversely affect the successful reorganization of our businesses.

In addition, any plan of reorganization will rely upon financial projections, including with respect to revenues, EBITDA, capital expenditures, debt service and cash flow. Financial forecasts are necessarily speculative, and it is likely that one or more of the assumptions and estimates that are the basis of these financial forecasts will not be accurate. In our case, the forecasts will be even more speculative than normal, because they may involve fundamental changes in the nature of our capital structure. Accordingly, we expect that our actual financial condition and results of operations will differ, perhaps

materially, from what we have anticipated. Consequently, there can be no assurance that the results or developments contemplated by any plan of reorganization we may implement will occur or, even if they do occur, that they will have the anticipated effects on us and our subsidiaries or our businesses or operations. The failure of any such results or developments to materialize as anticipated could materially adversely affect the successful execution of any plan of reorganization.

As a result of the Chapter 11 Cases, realization of assets and liquidation of liabilities are subject to uncertainty, and our historical financial information will not be indicative of our future financial performance.

Our capital structure will likely be significantly altered under any plan of reorganization ultimately confirmed by the Court. Under fresh-start reporting rules that may apply to us upon the effective date of a plan of reorganization, our assets and liabilities would be adjusted to fair values and our accumulated deficit would be restated to zero. Accordingly, if fresh-start reporting rules apply, our financial condition and results of operations following our emergence from Chapter 11 would not be comparable to the financial condition and results of operations reflected in our historical financial statements. Further, a plan of reorganization could materially change the amounts and classifications reported in our consolidated historical financial statements, which do not give effect to any adjustments to the carrying value of assets or amounts of liabilities that might be necessary as a consequence of confirmation of a plan of reorganization.

While operating under the protection of the Bankruptcy Code, and subject to Court approval or otherwise as permitted in the normal course of business, we may sell or otherwise dispose of assets and liquidate or settle liabilities for amounts other than those reflected in our consolidated financial statements. In connection with the Chapter 11 Cases and the development of a plan of reorganization, it is also possible that additional restructuring and related charges may be identified and recorded in future periods. Such sales, disposals, liquidations, settlements or charges could be material to our consolidated financial position and results of operations in any given period.

We may be unable to comply with restrictions imposed by our DIP Credit Agreement, our Securitization Facility and other financing arrangements.

The agreements governing our outstanding financing arrangements impose a number of restrictions on us. For example, the terms of our credit facilities, leases and other financing arrangements contain financial and other covenants that create limitations on our ability to borrow the full amount under our credit facilities, effect acquisitions or dispositions and

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incur additional debt and require us to maintain minimum levels of liquidity and various financial ratios and comply with various other financial covenants. Specifically, the terms of the DIP Credit Agreement require us to comply with certain financial maintenance covenants, including (i) maximum capital expenditures and (ii) minimum unrestricted cash and cash equivalents. The DIP Credit Agreement also contains customary affirmative and negative covenants for debtor-in-possession financings, which include restrictions on (i) indebtedness, (ii) liens and guaranties, (iii) liquidations, mergers, consolidations, acquisitions, (iv) disposition of assets or subsidiaries, (v) affiliate transactions, (vi) creation or ownership of certain subsidiaries, partnerships and joint ventures, (vii) continuation of or change in business, (viii) restricted payments, (ix) sanctions and anti-corruption matters, (x) no restriction in agreements on dividends or certain loans, (xi) loans and investments, (xii) transactions with respect to Bonding Subsidiaries and (xiii) hedging transactions. In addition, the DIP Credit Agreement contains milestones relating to the Chapter 11 Cases. Our ability to comply with these provisions may be affected by events beyond our control and our failure to comply could result in an event of default under the DIP Credit Agreement, the Securitization Facility or our other financing arrangements.

Risks Related to Our Operations

Coal prices are subject to change based on a number of factors and coal prices are currently experiencing an historic level of depression. If coal prices remain depressed, or if there is a further decline in prices, it could materially and adversely affect our profitability and the value of our coal reserves.

Our profitability and the value of our coal reserves depend upon the prices we receive for our coal. The contract prices we may receive in the future for coal depend upon factors beyond our control, including the following:

- the domestic and foreign supply of and demand for coal;
- the domestic and foreign demand for electricity and steel;
- the quantity and quality of coal available from competitors;
- competition for production of electricity from non-coal sources, including the price and availability of alternative fuels;
- domestic and foreign air emission standards for coal-fueled power plants and the ability of coal-fueled power plants to meet these standards;
- adverse weather, climatic or other natural conditions, including unseasonable weather patterns;
- domestic and foreign economic conditions, including economic slowdowns and the exchange rate of U.S. dollars for foreign currency;
- domestic and foreign legislative, regulatory and judicial developments, environmental regulatory changes or changes in energy policy and energy conservation measures that would adversely affect the coal industry, such as legislation limiting carbon emissions or providing for increased funding and incentives for alternative energy sources;
- the proximity to, capacity of and cost of transportation and port facilities; and
- market price fluctuations for sulfur dioxide or nitric oxide emission allowances.

Due to a number of factors outside our control, including decelerating demand for coal used in electricity (due to low natural gas prices and regulations), an oversupplied market and increased competition particularly from non-U.S. suppliers taking advantage of a strong dollar, we have experienced a sustained and significant downturn in coal pricing over the last several years. The global metallurgical coal market remains challenged and has shown no meaningful improvement over the

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last several years. We are also experiencing higher than normal uncommitted volumes due to prolonged, depressed market conditions. Pricing may be adversely affected or we may need to reduce production as a result of our uncommitted volume levels. If coal prices remain depressed, or if there is a further decline in the prices we receive for our future coal sales contracts, it could materially and adversely affect us by decreasing our profitability and the value of our coal reserves.

Unfavorable economic and market conditions have adversely affected and may continue to affect our revenues and profitability.

Our profitability depends, in large part, on conditions in the markets that we serve, which fluctuate in response to various factors beyond our control. The prices at which we sell our coal are largely dependent on prevailing market prices. We have experienced significant price pressure over the past several years, and we expect that the price for our coal will continue to be depressed, as the demand for, and price of, coal remains subject to pressure for a variety of reasons, including reductions in domestic and international demand for metallurgical and thermal coal. These conditions, among other factors, have led to our filing of the Bankruptcy Petitions.

Global economic downturns have also had and in the future could have a negative impact on us. These conditions have, in the past, led to extreme volatility of security prices, severely limited liquidity and credit availability, and resulted in declining valuations of assets. If there are downturns in economic conditions, our customers' and our businesses, financial conditions or results of operations could be adversely affected. During unfavorable economic conditions we are focused on cost control and capital discipline, but there can be no assurance that these actions, or any other actions that we may take, will be sufficient to offset any adverse effect these conditions may have on our business, financial condition or results of operations.

Competition could put downward pressure on coal prices and, as a result, materially and adversely affect our revenues and profitability.

We compete with numerous other domestic and foreign coal producers for domestic and international sales. Overcapacity and increased production within the coal industry, both domestically and internationally, and decelerating steel demand in China have, and could further, materially reduce coal prices and therefore materially reduce our revenues and profitability. In addition, our ability to ship our coal to international customers depends on port capacity, which is limited. Increased competition within the coal industry for international sales could result in us not being able to obtain throughput capacity at port facilities, or the rates for such throughput capacity to increase to a point where it is not economically feasible to export our coal.

In addition to competing with other coal producers, we compete generally with producers of other fuels, such as natural gas. Natural gas pricing has declined significantly in recent years. The decline in the price of natural gas has caused demand for coal to decrease and adversely affect the price of our coal. Sustained periods of low natural gas prices have also contributed to utilities phasing out or closing existing coal-fired power plants and continued low prices could reduce construction of any new coal-fired power plants. This trend has, and could continue to have, a material adverse effect on demand and prices for our coal.

Any change in the coal consumption of electric power generators could result in less demand and lower prices for coal, which could materially and adversely affect our revenues and results of operations.

Thermal coal accounted for 95% of our coal sales by volume during 2015. The majority of these sales were to electric power generators. The amount of coal consumed for electric power generation is affected primarily by the overall demand for electricity, the availability, quality and price of competing fuels for power generation and governmental regulations. Gas-fueled generation has the potential to displace coal-fueled generation, particularly from older, less efficient coal-powered generators and this has occurred to date. We expect that many of the new power plants needed in the United States to meet increasing demand for electricity generation will be fueled by natural gas because gas-fired plants are cheaper to construct and permits to construct these plants are easier to obtain as natural gas is seen as having a lower environmental impact than coal-fueled generation. In addition, state and federal mandates for increased use of electricity from renewable energy sources also have an impact on the market for our coal. Several states have enacted legislative mandates requiring electricity suppliers to use

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renewable energy sources to generate a certain percentage of power. There have been numerous proposals to establish a similar uniform, national standard although none of these proposals have been enacted to date. Possible advances in technologies and incentives, such as tax credits, to enhance the economics of renewable energy sources could make these sources more competitive with coal. Any reduction in the amount of coal consumed by electric power generators could reduce the price of coal that we mine and sell, thereby reducing our revenues and materially and adversely affecting our business and results of operations.

Our coal mining operations are subject to operating risks that are beyond our control, which could result in materially increased operating expenses and decreased production levels and could materially and adversely affect our profitability.

We mine coal at underground and surface mining operations. Certain factors beyond our control, including those listed below, could disrupt our coal mining operations, adversely affect production and shipments and increase our operating costs:

- poor mining conditions resulting from geological, hydrologic or other conditions that may cause instability of highwalls or spoil piles or cause damage to nearby infrastructure or mine personnel;
- a major incident at the mine site that causes all or part of the operations of the mine to cease for some period of time;
- mining, processing and plant equipment failures and unexpected maintenance problems;
- adverse weather and natural disasters, such as heavy rains or snow, flooding and other natural events affecting operations, transportation or customers;
- unexpected or accidental surface subsidence from underground mining;
- accidental mine water discharges, fires, explosions or similar mining accidents;
- delays or closures by third-party transportation on coal shipments; and
- competition and/or conflicts with other natural resource extraction activities and production within our operating areas, such as coalbed methane extraction or oil and gas development.

If any of these conditions or events occurs, particularly at our Black Thunder mining complex, which accounted for approximately 78% of the coal volume we sold in 2015, our coal mining operations may be disrupted and we could experience a delay or halt of production or shipments or our operating

costs could increase significantly. In addition, if our insurance coverage is limited or excludes certain of these conditions or events, then we may not be able to recover any of the losses we may incur as a result of such conditions or events, some of which may be substantial.

A decline in demand for metallurgical coal would limit our ability to sell our coal into higher-priced metallurgical markets and could substantially affect our business.

Portions of our coal reserves possess quality characteristics that enable us to mine, process and market them as either metallurgical coal or high quality steam coal, depending on the prevailing conditions in the metallurgical and steam coal markets. We decide whether to mine, process and market these coals as metallurgical or steam coal based on management's assessment as to which market is likely to provide us with a higher margin. We consider a number of factors when making this assessment, including the difference between the current and anticipated future market prices of steam coal and metallurgical coal and the increased costs incurred in producing coal for sale in the metallurgical market instead of the steam market. The global metallurgical coal market remains challenged and has shown no meaningful improvement over the last several quarters, due to, among other things, reduced steel production. A further decline in, or prices remaining depressed in, the metallurgical market relative to the steam market could cause us, as well as our competitors, to shift coal from the metallurgical market to the steam market, thereby reducing our revenues and profitability and increasing the availability of coal to customers in the steam market.

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Our inability to acquire additional coal reserves or our inability to develop coal reserves in an economically feasible manner may adversely affect our business.

Our profitability depends substantially on our ability to mine and process, in a cost-effective manner, coal reserves that possess the quality characteristics desired by our customers. As we mine, our coal reserves decline. As a result, our future success depends upon our ability to acquire additional coal that is economically recoverable. If we fail to acquire or develop additional coal reserves, our existing reserves will eventually be depleted. We may not be able to obtain replacement reserves when we require them. If available, replacement reserves may not be available at favorable prices, or we may not be capable of mining those reserves at costs that are comparable with our existing coal reserves. Our ability to obtain coal reserves in the future could also be limited by the availability of cash we generate from our operations or available financing, restrictions under our existing or future financing arrangements (including under our DIP Credit Agreement), competition from other coal producers, the lack of suitable acquisition or lease-by-application, or LBA, opportunities or the inability to acquire coal properties or LBAs on commercially reasonable terms, and restrictions on making acquisitions as a result of our Chapter 11 Cases. If we are unable to acquire replacement reserves, our future production may decrease significantly and our operating results may be negatively affected. In addition, we may not be able to mine future reserves as profitably as we do at our current operations.

On January 15, 2016, the federal government ordered a moratorium on new leases for coal mined from federal lands as part of a review of the government's management of federally-owned coal. The delay in the LBA process caused by the moratorium could prevent us from obtaining replacement reserves when we require them. Also, the outcome of the government's review is uncertain and could have a material and adverse impact on our business in any number of ways including by limiting our ability to mine reserves under ongoing or future applications, by increasing the costs or timeframe associated with obtaining leases under the LBA program, by making it uneconomical for us to participate in the programs or by preventing us from obtaining replacement reserves if the LBA program were to be terminated.

Inaccuracies in our estimates of our coal reserves could result in decreased profitability from lower than expected revenues or higher than expected costs.

Our future performance depends on, among other things, the accuracy of our estimates of our proven and probable coal reserves. We base our estimates of reserves on engineering, economic and geological data assembled, analyzed and reviewed by internal and third-party engineers and consultants. We update our estimates of the quantity and quality of proven and probable coal reserves annually to reflect the production of coal from the reserves, updated geological models and mining recovery data, the tonnage contained in new lease areas acquired and estimated costs of production and sales prices. There are numerous factors and assumptions inherent in estimating the quantities and qualities of, and costs to mine, coal reserves, including many factors beyond our control, including the following:

- quality of the coal;
- geological and mining conditions, which may not be fully identified by available exploration data and/or may differ from our experiences in areas where we currently mine;
- the percentage of coal ultimately recoverable;
- the assumed effects of regulation, including the issuance of required permits, taxes, including severance and excise taxes and royalties, and other payments to governmental agencies;
- assumptions concerning the timing for the development of the reserves;
- assumptions concerning physical access to the reserves; and
- assumptions concerning equipment and productivity, future coal prices, operating costs, including for critical supplies such as fuel, tires and explosives, capital expenditures and development and reclamation costs.

As a result, estimates of the quantities and qualities of economically recoverable coal attributable to any particular group of properties, classifications of reserves based on risk of recovery, estimated cost of production, and estimates of future net cash flows expected from these properties as prepared by different engineers, or by the same engineers at different times, may vary materially due to changes in the above factors and assumptions. Actual production recovered from identified reserve

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areas and properties, and revenues and expenditures associated with our mining operations, may vary materially from estimates. Any inaccuracy in our estimates related to our reserves could result in decreased profitability from lower than expected revenues and/or higher than expected costs.

Failure to obtain or renew surety bonds on acceptable terms could affect our ability to secure reclamation and coal lease obligations and, therefore, our ability to mine or lease coal, and a loss or reduction in our ability to self-bond could have a material adverse effect on our business and results of operations.

Federal and state laws require us to obtain surety bonds or post letters of credit to secure performance or payment of certain long-term obligations, such as mine closure or reclamation costs, federal and state workers' compensation costs, coal leases and other obligations. The costs of surety bonds have fluctuated in recent years while the market terms of such bonds have generally become more unfavorable to mine operators. These changes in the terms of the bonds have been accompanied at times by a decrease in the number of companies willing to issue surety bonds. Because we are required by state and federal law to have these bonds in place before mining can commence or continue, our failure to maintain surety bonds, letters of credit or other guarantees or security arrangements would materially and adversely affect our ability to mine or lease coal. We use self-bonding to secure performance of certain obligations in Wyoming. Self-bonding allows us to mine without posting any other third party financial assurance such as a surety bond or letter of credit. As of December 31, 2015, we have self-bonded an aggregate of approximately $485.5 million. The Land Quality Division of the Wyoming Department of Environmental Quality periodically re-evaluates the amount of the bond, so this amount is subject to change.

On February 29, 2016, the Bankruptcy Court approved a stipulation between certain of our operating subsidiaries and the State of Wyoming, pursuant to which those subsidiaries granted Wyoming a $75 million superpriority claim to support the self-bonded obligations and agreed to substitute approximately $17 million of the self-bonds with financial assurance in the form of third-party collateral support. In exchange, Wyoming agreed to a stay of any proceedings related to the subsidiaries' self-bonded status and that, so long as the stipulation is effective, Wyoming will not seek additional collateral in respect of the self-bonds, take certain other adverse actions with respect to the subsidiaries' mining permits or licenses in Wyoming or seek to enforce the subsidiaries' obligations to make payments in respect of the self-bonds. The stipulation is effective until the earlier of May 1, 2017 and the date upon which a plan of reorganization in the Chapter 11 Cases is approved and becomes effective, subject to certain early termination events.

Our self-bonding obligations may increase as our bankruptcy process continues, and, upon our emergence from bankruptcy or otherwise, we may not continue to qualify to self-bond or self-bonding programs may be terminated. Alternative forms of financial assurance such as surety bonds and letters of credit may not be available to us. To the extent we are unable to maintain our current level of self-bonding, due to legislative or regulatory changes or changes in our financial condition, our costs would increase and it could have a material adverse effect on our financial condition and results of operations, as well as cast substantial doubt on our ability to continue as a going concern.

Increases in the costs of mining and other industrial supplies, including steel-based supplies, diesel fuel and rubber tires, or the inability to obtain a sufficient quantity of those supplies, could negatively affect our operating costs or disrupt or delay our production.

Our coal mining operations use significant amounts of steel, diesel fuel, explosives, rubber tires and other mining and industrial supplies. The cost of roof bolts we use in our underground mining operations depends on the price of scrap steel. We also use significant amounts of diesel fuel and tires for trucks and other heavy machinery, particularly at our Black Thunder mining complex. If the prices of mining and other industrial supplies, particularly steel based supplies, diesel fuel and rubber tires, increase, our operating costs could be negatively affected. In addition, if we are unable to procure these supplies, our coal mining operations may be disrupted or we could experience a delay or halt in our production.

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Disruptions in the quantities of coal produced by our contract mine operators or purchased from other third parties could temporarily impair our ability to fill customer orders or increase our operating costs.

We use independent contractors to mine coal at certain of our mining complexes, including select operations in our Appalachian segment. In addition, we purchase coal from third parties that we sell to our customers. Operational difficulties at contractor-operated mines or mines operated by third parties from whom we purchase coal, changes in demand for contract miners from other coal producers and other factors beyond our control could affect the availability, pricing, and quality of coal produced for or purchased by us. Disruptions in the quantities of coal produced for or purchased by us could impair our ability to fill our customer orders or require us to purchase coal from other sources in order to satisfy those orders. If we are unable to fill a customer order or if we are required to purchase coal from other sources in order to satisfy a customer order, we could lose existing customers and our operating costs could increase.

Our profitability depends upon the long-term coal supply agreements we have with our customers. Changes in purchasing patterns in the coal industry could make it difficult for us to extend our existing long-term coal supply agreements or to enter into new agreements in the future.

The success of our businesses depends on our ability to retain our current customers, renew our existing customer contracts and solicit new customers. Our ability to do so generally depends on a variety of factors, including the quality and price of our products, our ability to market these products effectively, our ability to deliver on a timely basis and the level of competition that we face. If current customers do not honor current contract commitments, or if they terminate agreements or exercise *force majeure* provisions allowing for the temporary suspension of performance, our revenues will be adversely affected. Changes in the coal industry may cause some of our customers not to renew, extend or enter into new long-term coal supply agreements or enter into agreements to purchase fewer tons of coal or on different terms or prices than in the past. In addition, uncertainty caused by federal and state regulations, including the Clean Air Act, could deter our customers from entering into long-term coal supply agreements. Also, the availability and price of competing fuels, such as natural gas, could influence the volume of coal a customer is willing to purchase under contract.

Our long-term coal supply agreements typically contain *force majeure* provisions allowing the parties to temporarily suspend performance during specified events beyond their control. Most of our long-term coal supply agreements also contain provisions requiring us to deliver coal that satisfies certain quality specifications, such as heat value, sulfur content, ash content, hardness and ash fusion temperature. These provisions in our long-term coal supply agreements could result in negative economic consequences to us, including price adjustments, purchasing replacement coal in a higher-priced open market, the rejection of deliveries or, in the extreme, contract termination. Our profitability may be negatively affected if we are unable to seek protection during adverse economic conditions or if we incur financial or other economic penalties as a result of these provisions of our long-term supply agreements. For more information about our long-term coal supply agreements, you should see the section entitled "Long-Term Coal Supply Arrangements" under Item 1.

Our ability to collect payments from our customers could be impaired if their creditworthiness deteriorates and our financial position could be materially and adversely effected by the bankruptcy of any of our significant customers.

Our ability to receive payment for coal sold and delivered depends on the continued creditworthiness of our customers. If we determine that a customer is not creditworthy, we may be able to withhold delivery under the customer's coal sales contract. If this occurs, we may decide to sell the customer's coal on the spot market, which may be at prices lower than the contracted price, or we may be unable to sell the coal at all. Furthermore, the bankruptcy of any of our significant customers could materially and adversely affect our financial position.

In addition, our customer base may change with deregulation as utilities sell their power plants to their non-regulated affiliates or third parties that may be less creditworthy, thereby increasing the risk we bear for customer payment default. Some power plant owners may have credit ratings that are below investment grade, or may become below investment grade after we enter into contracts with them. In addition, competition with other coal suppliers could force us to extend credit to customers and on terms that could increase the risk of payment default. Customers in other countries may also be subject to other

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pressures and uncertainties that may affect their ability to pay, including trade barriers, exchange controls and local economic and political conditions.

A defect in title or the loss of a leasehold interest in certain property could limit our ability to mine our coal reserves or result in significant unanticipated costs.

We conduct a significant part of our coal mining operations on properties that we lease. A title defect or the loss of a lease could adversely affect our ability to mine the associated coal reserves. We may not verify title to our leased properties or associated coal reserves until we have committed to developing those properties or coal reserves. We may not commit to develop property or coal reserves until we have obtained necessary permits and completed exploration. As such, the title to property that we intend to lease or coal reserves that we intend to mine may contain defects prohibiting our ability to conduct mining operations. Similarly, our leasehold interests may be subject to superior property rights of other third parties. In order to conduct our mining operations on properties where these defects exist, we may incur unanticipated costs. In addition, some leases require us to produce a minimum quantity of coal and require us to pay minimum production royalties. Our inability to satisfy those requirements may cause the leasehold interest to terminate.

The availability, reliability and cost-effectiveness of transportation facilities and fluctuations in transportation costs could affect the demand for our coal or impair our ability to supply coal to our customers.

We depend upon barge, ship, rail, truck and belt transportation systems, as well as seaborne vessels and port facilities, to deliver coal to our customers. Disruptions in transportation services due to weather-related problems, mechanical difficulties, strikes, lockouts, bottlenecks, route closures and other events beyond our control could impair our ability to supply coal to our customers. Since we do not have long-term contracts with all transportation providers we utilize, decreased performance levels over longer periods of time could cause our customers to look to other sources for their coal needs. In addition, increases in transportation costs, including the price of gasoline and diesel fuel, could make coal a less competitive source of energy when compared to alternative fuels or could make coal produced in one region of the United States less competitive than coal produced in other regions of the United States or abroad. If we experience disruptions in our transportation services or if transportation costs increase significantly and we are unable to find alternative transportation providers, our coal mining operations may be disrupted, we could experience a delay or halt of production or our profitability could decrease significantly.

In addition, a growing portion of our coal sales in recent years has been into export markets, and we are actively seeking additional international customers. Our ability to maintain and grow our export sales revenue and margins depends on a number of factors, including the existence of sufficient and cost-effective export terminal capacity for the shipment of coal to foreign markets. At present, there is limited terminal capacity for the export of coal into foreign markets. Our access to existing and future terminal capacity may be adversely affected by regulatory and permit requirements, environmental and other legal challenges, public perceptions and resulting political pressures, operational issues at terminals and competition among domestic coal producers for access to limited terminal capacity, among other factors. If we are unable to maintain terminal capacity, or are unable to access additional future terminal capacity for the export of our coal on commercially reasonable terms, or at all, our results could be materially and adversely affected.

From time to time we enter into "take or pay" contracts for rail and port capacity related to our export sales. These contracts require us to pay for a minimum quantity of coal to be transported on the railway or through the port regardless of whether we sell and ship any coal. If we fail to acquire sufficient export sales to meet our minimum obligations under these contracts we are still obligated to make payments to the railway or port facility, which could have a negative impact on our cash flows, profitability and results of operations.

The loss of, or significant reduction in, purchases by our largest customers could adversely affect our profitability.

For the year ended December 31, 2015, we derived approximately 18% of our total coal revenues from sales to our three largest customers and approximately 39% of our total coal revenues from sales to our ten largest customers. We are currently discussing the extension of coal sales agreements with some of these customers. However, we may be unsuccessful in obtaining coal supply agreements with those customers, and some or all of these customers could discontinue purchasing coal

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from us. If any of those customers, particularly any of our three largest customers, was to significantly reduce the quantities of coal it purchases from us, or if we are unable to sell coal to those customers on terms as favorable to us, it may have an adverse impact on the results of our business.

We may incur losses as a result of certain marketing, trading and asset optimization strategies.

We seek to optimize our coal production and leverage our knowledge of the coal industry through a variety of marketing, trading and other asset optimization strategies. We maintain a system of complementary processes and controls designed to monitor and control our exposure to market and other risks as a consequence of these strategies. These processes and controls seek to balance our ability to profit from certain marketing, trading and asset optimization strategies with our exposure to potential losses. While we employ a variety of risk monitoring and mitigation techniques, those techniques and accompanying judgments cannot anticipate every potential outcome or the timing of such outcomes. In addition, the processes and controls that we use to

manage our exposure to market and other risks resulting from these strategies involve assumptions about the degrees of correlation or lack thereof among prices of various assets or other market indicators. These correlations may change significantly in times of market turbulence or other unforeseen circumstances. As a result, we may experience volatility in our earnings as a result of our marketing, trading and asset optimization strategies.

International growth in our operations adds new and unique risks to our business.

We have recently opened offices in China, Singapore and the United Kingdom. The international expansion of our operations increases our exposure to country and currency risks. In addition, our international offices are selling our coal to new customers and customers in new countries, whose business practices and reputations are not as well known to us. We are also challenged by political risks by expanding internationally, including the potential for expropriation of assets and limits on the repatriation of earnings. In the event that we are unable to effectively manage these new risks, our results of operations, financial position or cash flow could be adversely affected by these activities.

If we sustain cyber attacks or other security breaches that disrupt our operations, or that result in the unauthorized release of proprietary or confidential information, we could be exposed to significant liability, reputational harm, loss of revenue, increased costs or other risks.

We may be subject to security breaches which could result in unauthorized access to our facilities or to information we are trying to protect. Unauthorized physical access to one or more of our facilities or locations, or electronic access to our proprietary or confidential information could result in, among other things, unfavorable publicity, litigation by parties affected by such breach, disruptions to our operations, loss of customers, and financial obligations for damages related to the theft or misuse of such information, any of which could have a substantial impact on our results of operations, financial condition or cash flows.

Risks Related to Environmental, Other Regulations and Legislation

Extensive environmental regulations, including existing and potential future regulatory requirements relating to air emissions, affect our customers and could reduce the demand for coal as a fuel source and cause coal prices and sales of our coal to materially decline.

Coal contains impurities, including but not limited to sulfur, mercury, chlorine and other elements or compounds, many of which are released into the air when coal is burned. The operations of our customers are subject to extensive environmental regulation particularly with respect to air emissions. For example, the federal Clean Air Act and similar state and local laws extensively regulate the amount of sulfur dioxide, particulate matter, nitrogen oxides, and other compounds emitted into the air from electric power plants, which are the largest end-users of our coal. A series of more stringent requirements relating to particulate matter, ozone, haze, mercury, sulfur dioxide, nitrogen oxide and other air pollutants are expected to be proposed or become effective in coming years. The Clean Power Plan, under review by U.S. courts, would severely limit emissions of carbon dioxide which would adversely affect our ability to sell coal. In addition, concerted conservation efforts that result in reduced electricity consumption could cause coal prices and sales of our coal to materially decline.

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Considerable uncertainty is associated with these air emissions initiatives. The content of regulatory requirements in the United States is in the process of being developed, and many new regulatory initiatives remain subject to review by federal or state agencies or the courts. Stringent air emissions limitations are either in place or are likely to be imposed in the short to medium term, and these limitations will likely require significant emissions control expenditures for many coal-fueled power plants. As a result, these power plants may switch to other fuels that generate fewer of these emissions or may install more effective pollution control equipment that reduces the need for low sulfur coal, possibly reducing future demand for coal and a reduced need to construct new coal-fueled power plants. Any switching of fuel sources away from coal, closure of existing coal-fired plants, or reduced construction of new plants could have a material adverse effect on demand for and prices received for our coal. Alternatively, less stringent air emissions limitations, particularly related to sulfur, to the extent enacted could make low sulfur coal less attractive, which could also have a material adverse effect on the demand for and prices received for our coal.

You should see Item 1, “Environmental and Other Regulatory Matters” for more information about the various governmental regulations affecting us.

The demand for our products or our securities, as well as the number and quantity of viable financing alternatives, may be significantly impacted by increased regulation or other scrutiny of topics related to coal combustion.

Global climate issues and topics related to greenhouse gas emissions, such as the impact of fossil fuel combustion, continue to attract increasing public scrutiny. Legislative or regulatory efforts at the international, federal, state or local level to control emissions from the combustion of coal may result in electricity generators increasingly using fuel sources other than coal or closures of coal-fueled power plants. In addition, certain banks and other financing sources have taken actions to limit available financing for the development of new coal-fueled power plants, which also may adversely impact the future global demand for coal. Further, there have been recent efforts by members of the general financial and investment communities, such as investment advisors, sovereign wealth funds, public pension funds, universities and other groups, to divest themselves and to promote the divestment of securities issued by companies involved in the fossil fuel extraction market, such as coal producers. Those entities also have been pressuring lenders to limit financing available to such companies. These efforts may adversely affect the market for our securities and our ability to access capital and financial markets in the future.

Any future laws, regulations or other policies of the nature described above may adversely impact our business in material ways. The degree to which any particular law, regulation or policy impacts us will depend on several factors, including the substantive terms involved, the relevant time periods for enactment and any related transition periods. We routinely attempt to evaluate the potential impact on us of any proposed laws, regulations or policies, which requires that we make several material assumptions. From time to time, we determine that the impact of one or more such laws, regulations or policies, if adopted and ultimately implemented as proposed, may result in materially adverse impacts on our operations, financial condition or cash flow; however, we often are not able to reasonably quantify such impacts. In general, however, it is likely that any future laws, regulations or other policies aimed at reducing greenhouse gas emissions will negatively impact demand for our coal.

Our failure to obtain and renew permits necessary for our mining operations could negatively affect our business.

Mining companies must obtain numerous permits that impose strict regulations on various environmental and operational matters in connection with coal mining. These include permits issued by various federal, state and local agencies and regulatory bodies. The permitting rules, and the interpretations of these rules, are complex, change frequently and are often subject to discretionary interpretations by the regulators, all of which may make compliance more difficult or impractical, and may possibly preclude the continuance of ongoing operations or the development of future mining operations. The public, including non-governmental organizations, anti-mining groups and individuals, have certain statutory rights to comment upon and submit objections to requested permits and environmental impact statements prepared in connection with applicable regulatory processes, and otherwise engage in the permitting process, including bringing citizens' lawsuits to challenge the issuance of permits, the validity of environmental impact statements or performance of mining activities. Accordingly, required permits may not be issued or renewed in a timely fashion or at all, or permits issued or renewed may be conditioned in a

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manner that may restrict our ability to efficiently and economically conduct our mining activities, any of which would materially reduce our production, cash flow and profitability.

Federal or state regulatory agencies have the authority to order certain of our mines to be temporarily or permanently closed under certain circumstances, which could materially and adversely affect our ability to meet our customers' demands.

Federal or state regulatory agencies have the authority under certain circumstances following significant health and safety incidents, such as fatalities, to order a mine to be temporarily or permanently closed. If this occurred, we may be required to incur capital expenditures to re-open the mine. In the event that these agencies order the closing of our mines, our coal sales contracts generally permit us to issue *force majeure* notices which suspend our obligations to deliver coal under these contracts. However, our customers may challenge our issuances of *force majeure* notices. If these challenges are successful, we may have to purchase coal from third-party sources, if it is available, to fulfill these obligations, incur capital expenditures to re-open the mines and/or negotiate settlements with the customers, which may include price reductions, the reduction of commitments or the extension of time for delivery or terminate customers' contracts. Any of these actions could have a material adverse effect on our business and results of operations.

Extensive environmental regulations impose significant costs on our mining operations, and future regulations could materially increase those costs or limit our ability to produce and sell coal.

The coal mining industry is subject to increasingly strict regulation by federal, state and local authorities with respect to environmental matters such as:

- limitations on land use;
- mine permitting and licensing requirements;
- reclamation and restoration of mining properties after mining is completed;
- management of materials generated by mining operations;
- the storage, treatment and disposal of wastes;
- remediation of contaminated soil and groundwater;
- air quality standards;
- water pollution;
- protection of human health, plant-life and wildlife, including endangered or threatened species;
- protection of wetlands;
- the discharge of materials into the environment;
- the effects of mining on surface water and groundwater quality and availability; and
- the management of electrical equipment containing polychlorinated biphenyls.

The costs, liabilities and requirements associated with the laws and regulations related to these and other environmental matters may be costly and time-consuming and may delay commencement or continuation of exploration or production operations. We cannot assure you that we have been or will be at all times in compliance with the applicable laws and regulations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of cleanup and site restoration costs and liens, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from our operations. We may incur material costs and liabilities resulting from claims for damages to property or injury to persons arising from our operations. If we are pursued for sanctions, costs and liabilities in respect of these matters, our mining operations and, as a result, our profitability could be materially and adversely affected.

New legislation or administrative regulations or new judicial interpretations or administrative enforcement of existing laws and regulations, including proposals related to the protection of the environment that would further regulate and tax the coal industry, may also require us to change operations significantly or incur increased costs. Such changes could have a material adverse effect on our financial condition and results of operations. You should see the section entitled "Environmental and Other Regulatory Matters" in Item 1 for more information about the various governmental regulations affecting us.

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If the assumptions underlying our estimates of reclamation and mine closure obligations are inaccurate, our costs could be greater than anticipated.

SMCRA and counterpart state laws and regulations establish operational, reclamation and closure standards for all aspects of surface mining, as well as most aspects of underground mining. We base our estimates of reclamation and mine closure liabilities on permit requirements, engineering studies and our engineering expertise related to these requirements. Our management and engineers periodically review these estimates. The estimates can change significantly if actual costs vary from our original assumptions or if governmental regulations change significantly. We are required to record new obligations as liabilities at fair value under generally accepted accounting principles. In estimating fair value, we considered the estimated current costs of reclamation and mine closure and applied inflation rates and a third-party profit, as required. The third-party profit is an estimate of the approximate markup that would be charged by contractors for work performed on our behalf. The resulting estimated reclamation and mine closure obligations could change significantly if actual amounts change significantly from our assumptions, which could have a material adverse effect on our results of operations and financial condition.

Our operations may impact the environment or cause exposure to hazardous substances, and our properties may have environmental contamination, which could result in material liabilities to us.

Our operations currently use hazardous materials and generate limited quantities of hazardous wastes from time to time. We could become subject to claims for toxic torts, natural resource damages and other damages as well as for the investigation and cleanup of soil, surface water, groundwater, and other media. Such claims may arise, for example, out of conditions at sites that we currently own or operate, as well as at sites that we previously owned or operated, or at sites that we may acquire. Our liability for such claims may be joint and several with other owners or operators, so that we may be held responsible for more than our share of the contamination or other damages, or even for the entire share.

We maintain extensive coal refuse areas and slurry impoundments at a number of our mining complexes. Such areas and impoundments are subject to extensive regulation. Slurry impoundments can fail, which could release large volumes of coal slurry into the surrounding environment. Structural failure of an impoundment can result in extensive damage to the environment and natural resources, such as bodies of water that the coal slurry reaches, as well as liability for related personal injuries and property damages, and injuries to wildlife. Some of our impoundments overlie mined-out areas, which can pose a heightened risk of failure and of damages arising out of failure. If one of our impoundments were to fail, we could be subject to substantial claims for the resulting environmental contamination and associated liability, as well as for fines and penalties.

Drainage flowing from or caused by mining activities can be acidic with elevated levels of dissolved metals, a condition referred to as “acid mine drainage,” which we refer to as AMD. The treating of AMD can be costly. Although we do not currently face material costs associated with AMD, it is possible that we could incur significant costs in the future.

These and other similar unforeseen impacts that our operations may have on the environment, as well as exposures to hazardous substances or wastes associated with our operations, could result in costs and liabilities that could materially and adversely affect us.

Judicial rulings that restrict how we may dispose of mining wastes could significantly increase our operating costs, discourage customers from purchasing our coal and materially harm our financial condition and operating results.

To dispose of mining overburden generated by our Appalachian surface mining operations, we often need to obtain permits to construct and operate valley fills and surface impoundments. Some of these permits are Clean Water Act § 404 permits issued by the Army Corps of Engineers (the Corps). Two of our operating subsidiaries were identified in an existing lawsuit, which challenged the issuance of such permits and asked that the Corps be ordered to rescind them. Two of our operating subsidiaries intervened in the suit to protect their interests in being allowed to operate under the issued permits, and the claims against one of the subsidiaries was thereafter dismissed. On February 13, 2009, the U.S. Court of Appeals for the Fourth Circuit ruled on appeals from decisions rendered prior to our intervention, which may have a favorable impact on our permits. The matter is pending before the U.S. District Court for the Southern District of West Virginia on Mingo Logan’s motion for summary judgment. If the matter is resolved ultimately in a manner that is adverse to the interests of our operating

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subsidiaries, such subsidiaries’ operating results may be adversely impacted. For more information regarding this litigation matter you should see the section entitled “Legal Proceedings—Permit Litigation Matters” under Item 3.

Changes in the legal and regulatory environment could complicate or limit our business activities, increase our operating costs or result in litigation.

The conduct of our businesses is subject to various laws and regulations administered by federal, state and local governmental agencies in the United States. These laws and regulations may change, sometimes dramatically, as a result of political, economic or social events or in response to significant events. Environmental and other non-governmental organizations and activists, many of which are well funded, continue to exert pressure on regulators and other government bodies to enact more stringent laws and regulations. Changes in the legal and regulatory environment in which we operate may impact our results, increase our costs or liabilities, complicate or limit our business activities or result in litigation. Such legal and regulatory environment changes may include changes in such items as: the processes for obtaining or renewing permits; self-bonding programs; federal lease by application programs; costs associated with providing healthcare benefits to employees; health and safety standards; accounting standards; taxation requirements; and competition laws.

For example, in April 2010, the EPA issued comprehensive guidance regarding the water quality standards that EPA believes should apply to certain new and renewed Clean Water Act permit applications for Appalachian surface coal mining operations. Under the EPA’s guidance, applicants seeking to obtain state and federal Clean Water Act permits for surface coal mining in Appalachia must perform an evaluation to determine if a reasonable potential exists that the proposed mining would cause a violation of water quality standards. According to the EPA Administrator, the water quality standards set forth in the EPA’s guidance may be difficult for most surface mining operations to meet. Additionally, the EPA’s guidance contains requirements for the avoidance and minimization of environmental and mining impacts, consideration of the full range of potential impacts on the environment, human health and local communities, including low-income or minority populations, and provision of meaningful opportunities for public participation in the permit process. The EPA’s guidance is subject to several pending legal challenges related to its legal effect and sufficiency including consolidated challenges pending in the United States Court of Appeals for the District of Columbia led by the National Mining Association. We may be required to meet these requirements in the future in order to obtain and maintain permits that are important to our Appalachian operations. We cannot give any assurance that we will be able to meet these or any other new standards.

In response to the April 2010 explosion at Massey Energy Company’s Upper Big Branch Mine and the ensuing tragedy, we expect that safety matters pertaining to underground coal mining operations will continue to be the topic of new legislation and regulation, as well as the subject of heightened enforcement efforts. For example, federal and West Virginia state authorities have announced special inspections of coal mines to evaluate several safety concerns, including the accumulation of coal dust and the proper ventilation of gases such as methane. In addition, both federal and West Virginia state authorities have announced that they are considering changes to mine safety rules and regulations which could potentially result in additional or enhanced required safety equipment, more frequent mine inspections, stricter and more thorough enforcement practices and enhanced reporting requirements. Any new environmental, health and safety requirements may increase the costs associated with obtaining or maintaining permits necessary to perform our mining operations or otherwise may prevent, delay or reduce our planned production, any of which could adversely affect our financial condition, results of operations and cash flows.

Further, mining companies are entitled a tax deduction for percentage depletion, which may allow for depletion deductions in excess of the basis in the mineral reserves. The deduction is currently being reviewed by the federal government for repeal. If repealed, the inability to take a tax deduction for percentage depletion could have a material impact on our financial condition, results of operations, cash flows and future tax payments.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

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ITEM 2. PROPERTIES.

Our Properties

General

At December 31, 2015, we owned or controlled, primarily through long-term leases, approximately 28,541 acres of coal land in Ohio, 21,832 acres of coal land in Maryland, 46,556 acres of coal land in Virginia, 380,471 acres of coal land in West Virginia, 106,059 acres of coal land in Wyoming, 273,299 acres of coal land in Illinois, 129,043 acres of coal land in Kentucky, 10,000 acres of coal land in Montana, 21,802 acres of coal land in New Mexico, 426 acres of coal land in Pennsylvania, and 18,443 acres of coal land in Colorado. In addition, we also owned or controlled through long-term leases smaller parcels of property in Alabama, Indiana, Washington, Arkansas, California, Utah and Texas. We lease approximately 86,321 acres of our coal land from the federal government and approximately 23,349 acres of our coal land from various state governments. Certain of our preparation plants or loadout facilities are located on properties held under leases which expire at varying dates over the next 30 years. Most of the leases contain options to renew. Our remaining preparation plants and loadout facilities are located on property owned by us or for which we have a special use permit.

Our executive headquarters occupies leased office space at One CityPlace Drive, in St. Louis, Missouri. Our subsidiaries currently own or lease the equipment utilized in their mining operations. You should see “Our Mining Operations” for more information about our mining operations, mining complexes and transportation facilities.

Our Coal Reserves

We estimate that we owned or controlled approximately 2.5 billion tons of proven and probable recoverable reserves at December 31, 2015. Our coal reserve estimates at December 31, 2015 were prepared by our engineers and geologists and reviewed by Weir International, Inc., a mining and geological consultant. Our coal reserve estimates are based on data obtained from our drilling activities and other available geologic data. Our coal reserve estimates are periodically updated to reflect past coal production and other geologic and mining data. Acquisitions or sales of coal properties will also change these estimates. Changes in mining methods or the utilization of new technologies may increase or decrease the recovery basis for a coal seam.

Our coal reserve estimates include reserves that can be economically and legally extracted or produced at the time of their determination. In determining whether our reserves meet this standard, we take into account, among other things, our potential inability to obtain a mining permit, the possible necessity of revising a mining plan, changes in estimated future costs, changes in future cash flows caused by changes in costs required to be incurred to meet regulatory requirements and obtaining mining permits, variations in quantity and quality of coal, and varying levels of demand and their effects on selling prices. We use various assumptions in preparing our estimates of our coal reserves. You should see “Inaccuracies in our estimates of our coal reserves could result in decreased profitability from lower than expected revenues or higher than expected costs” contained in Item 1A, “Risk Factors.”

The following tables present our estimated assigned and unassigned recoverable coal reserves at December 31, 2015:

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Total Assigned Reserves
(Tons in millions)

	Total Assigned Recoverable Reserves	Proven	Probable	Sulfur Content (lbs. per million Btus)			As Received Btus per lb. (1)	Reserve Control		Mining Method		Past Reserve Estimates	
				<1.2	1.2-2.5	>2.5		Leased	Owned	Surface	Under-ground	2013	2014
Wyoming	1,318	1,304	14	1,257	61	—	8,852	1,318		1,318	—	1,526	1,423
Montana	—	—	—	—	—	—	—	—	—	—	—	—	—
Colorado	53	50	3	53	—	—	11,533	53	—	—	53	84	65
Central App.	35	34	1	23	12	—	12,479	35	—	25	10	169	139
Northern App.	40	35	5	—	40	—	13,074	2	38	—	40	58	74
Illinois	37	22	15	—	—	37	10,728	30	7	—	37	21	33
Total	1,483	1,445	38	1,333	113	37	9,195	1,438	45	1,343	140	1,858	1,734

(1) As received Btus per lb. includes the weight of moisture in the coal on an as sold basis.

Total Unassigned Reserves
(Tons in millions)

	Total Unassigned Recoverable	Sulfur Content (lbs. per million Btus)			As Received	Reserve Control		Mining Method	

	Reserves	Proven	Probable	<1.2	1.2-2.5	>2.5	Btus per lb.(1)	Leased	Owned	Surface	Under-ground
Wyoming	480	397	83	428	52	—	9,653	370	110	305	175
Montana	—	—	—	—	—	—	—	—	—	—	—
Colorado	33	25	8	33	—	—	11,220	33	—	—	33
Central App.	59	50	9	20	26	13	12,522	11	48	41	18
Northern App.	144	70	74	—	142	2	12,961	1	143	—	144
Illinois	298	197	101	—	—	298	11,137	65	233	4	294
Total	1,014	739	275	481	220	313	10,777	480	534	350	664

(1) As received Btus per lb. includes the weight of moisture in the coal on an as sold basis.

The following table reconciles 2015 and 2014 coal proven and probable reserves:

	Tons (in millions)
December 31, 2014	5,064
Depletion (1)	(127)
Revisions and additions, net (2)	(1,709)
Mining rights relinquished	(731)
December 31, 2015	2,497

(1) Reserves mined and sold in 2015.

(2) Revisions and additions, net are due to reclassification of reserves that no longer meet the definition of compliant “reserves” per SEC Industry Guide 7 which defines a “reserve” as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. The tonnage reclassified from reserves continues to be controlled by the company, is mineable with existing technologies, and could factor into the Company’s mining plans in the future.

Federal and state legislation controlling air pollution affects the demand for certain types of coal by limiting the amount of sulfur dioxide which may be emitted as a result of fuel combustion and encourages a greater demand for low-sulfur coal. All of our identified coal reserves have been subject to preliminary coal seam analysis to test sulfur content. Of these reserves, approximately 73% consist of compliance coal, or coal which emits 1.2 pounds or less of sulfur dioxide per million Btus upon combustion, while an additional approximately 5% could be sold as low-sulfur coal. The balance is classified as high-sulfur coal. Most of our reserves are suitable for the domestic steam coal markets. A substantial portion of the low-sulfur and compliance coal reserves at a number of our Appalachian mining complexes may also be used as metallurgical coal.

The carrying cost of our coal reserves at December 31, 2015 was $2.5 billion, consisting of $33.7 million of prepaid royalties and a net book value of coal lands and mineral rights of $2.4 billion.

Reserve Acquisition Process

We acquire a significant portion of the coal we control in the western United States through the lease-by-application (LBA) process. Under this process, before a mining company can obtain new coal reserves, the coal tract must be nominated for lease, and the company must win the lease through a competitive bidding process. The LBA process can last anywhere from five to ten years from the time the coal tract is nominated to the time a final bid is accepted by the BLM. After the LBA is awarded, the company then conducts the necessary testing to determine what amount can be classified as reserves.

To initiate the LBA process, companies wanting to acquire additional coal must file an application with the BLM’s state office indicating interest in a specific coal tract. The BLM reviews the initial application to determine whether the application conforms to existing land-use plans for that particular tract of land and that the application would provide for maximum coal recovery. The application is further reviewed by a regional coal team at a public meeting. Based on a review of the available information and public comment, the regional coal team will make a recommendation to the BLM whether to continue, modify or reject the application.

If the BLM determines to continue the application, the company that submitted the application will pay for a BLM-directed environmental analysis or an environmental impact statement to be completed. This analysis or impact statement

is subject to publication and public comment. The BLM may consult with other governmental agencies during this process, including state and federal agencies, surface management agencies, Native American tribes or bands, the U.S. Department of Justice or others as needed. The public comment period for an analysis or impact statement typically occurs over a 60-day period.

After the environmental analysis or environmental impact statement has been issued and a recommendation has been published that supports the lease sale of the LBA tract, the BLM schedules a public competitive lease sale. The BLM prepares an internal estimate of the fair market value of the coal that is based on its economic analysis and comparable sales analysis. Prior to the lease sale, companies interested in acquiring the lease must send sealed bids to the BLM. The bid amounts for the lease are payable in five annual installments, with the first 20% installment due when the mining operator submits its initial bid for an LBA. Before the lease is approved by the BLM, the company must first furnish to the BLM an initial rental payment for the first year of rent along with either a bond for the next 20% annual installment payment for the bid amount, or an application for history of timely payment, in which case the

BLM may waive the bond requirement if the company successfully meets all the qualifications of a timely payor. The bids are opened at the lease sale. If the BLM decides to grant a lease, the lease is awarded to the company that submitted the highest total bid meeting or exceeding the BLM's fair market value estimate, which is not published. The BLM, however, is not required to grant a lease even if it determines that a bid meeting or exceeding the fair market value of the coal has been submitted. The winning bidder must also submit a report setting forth the nature and extent of its coal holdings to the U.S. Department of Justice for a 30-day antitrust review of the lease. If the successful bidder was not the initial applicant, the BLM will refund the initial applicant certain fees it paid in connection with the application process, for example the fees associated with the environmental analysis or environmental impact statement, and the winning bidder will bear those costs. Coal won through the LBA process and subject to federal leases are administered by the U.S. Department of Interior under the Federal Coal Leasing Amendment Act of 1976. In addition, we occasionally add small coal tracts adjacent to our existing LBAs through an agreed upon lease modification with the BLM. Once the BLM has issued a lease, the company must also complete the permitting process before it can mine the coal. You should see the section entitled "Environmental and Other Regulatory Matters" under Item 1.

Most of our federal coal leases have an initial term of 20 years and are renewable for subsequent 10-year periods and for so long thereafter as coal is produced in commercial quantities. These leases require diligent development within the first ten years of the lease award with a required coal extraction of 1.0% of the total coal under the lease by the end of that 10-year period. At the end of the 10-year development period, the lessee is required to maintain continuous operations, as defined in the applicable leasing regulations. In certain cases a lessee may combine contiguous leases into a logical mining unit, which we refer to as an LMU. This allows the production of coal from any of the leases within the LMU to be used to meet the continuous operation requirements for the entire LMU. Some of our mines are also subject to coal leases with applicable state regulatory agencies and have different terms and conditions that we must adhere to in a similar way to our federal leases. Under these federal and state leases, if the leased coal is not diligently developed during the initial 10-year development period or if certain other terms of the leases are not complied with, including the requirement to produce a minimum quantity of coal or pay a minimum production royalty, if applicable, the BLM or the applicable state regulatory agency can terminate the lease prior to the expiration of its term.

On January 15, 2016, the federal government ordered a moratorium on new leases for coal mined from federal lands as part of a review of the government's management of federally-owned coal. The review could take the form of a programmatic environmental impact statement, which allows a broader look at all aspects of federal coal leasing across regions and can incorporate environmental and health impacts as well as financial ones. The last review on this scale occurred in the 1980's. Please see "Our inability to acquire additional coal reserves or our inability to develop coal reserves in an economically feasible manner may adversely affect our business," under Risks Related to Our Operations.

Title to Coal Property

Title to coal properties held by lessors or grantors to us and our subsidiaries and the boundaries of properties are normally verified at the time of leasing or acquisition. However, in cases involving less significant properties and consistent with industry practices, title and boundaries are not completely verified until such time as our independent operating

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subsidiaries prepare to mine such reserves. If defects in title or boundaries of undeveloped reserves are discovered in the future, control of and the right to mine such reserves could be adversely affected. You should see "A defect in title or the loss of a leasehold interest in certain property could limit our ability to mine our coal reserves or result in significant unanticipated costs" contained in Item 1A, "Risk Factors" for more information.

At December 31, 2015, approximately 23% of our coal reserves were held in fee, with the balance controlled by leases, most of which do not expire until the exhaustion of mineable and merchantable coal. Under current mining plans, substantially all reported leased reserves will be mined out within the period of existing leases or within the time period of assured lease renewals. Royalties are paid to lessors either as a fixed price per ton or as a percentage of the gross sales price of the mined coal. The majority of the significant leases are on a percentage royalty basis. In some cases, a payment is required, payable either at the time of execution of the lease or in annual installments. In most cases, the prepaid royalty amount is applied to reduce future production royalties.

From time to time, lessors or sublessors of land leased by our subsidiaries have sought to terminate such leases on the basis that such subsidiaries have failed to comply with the financial terms of the leases or that the mining and related operations conducted by such subsidiaries are not authorized by the leases. Some of these allegations relate to leases upon which we conduct operations material to our consolidated financial position, results of operations and liquidity, but we do not believe any pending claims by such lessors or sublessors have merit or will result in the termination of any material lease or sublease.

We leased approximately 65,886 acres of property to other coal operators in 2015. We received royalty income of $6.3 million in 2015 from the mining of approximately 2.1 million tons, $9.6 million in 2014 from the mining of approximately 2.6 million tons and $9.5 million in 2013 from the mining of approximately 2.8 million tons on those properties. We have included reserves at properties leased by us to other coal operators in the reserve figures set forth in this report.

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ITEM 3. LEGAL PROCEEDINGS.

In addition to the following matters, we are involved in various claims and legal actions arising in the ordinary course of business, including employee injury claims. After conferring with counsel, it is the opinion of management that the ultimate resolution of these claims, to the extent not previously provided for, will not have a material adverse effect on our consolidated financial condition, results of operations or liquidity.

Permit Litigation Matters

Surface mines at our Mingo Logan and Coal-Mac mining operations were identified in an existing lawsuit brought by the Ohio Valley Environmental Coalition (OVEC) in the U.S. District Court for the Southern District of West Virginia as having been granted Clean Water Act § 404 permits by the Army Corps of Engineers (Corps), allegedly in violation of the Clean Water Act and the National Environmental Policy Act. The lawsuit, brought by OVEC in September 2005, originally was filed against the Corps for permits it had issued to four subsidiaries of a company unrelated to us or our operating

subsidiaries. The suit claimed that the Corps had issued permits to the subsidiaries of the unrelated company that did not comply with the National Environmental Policy Act and violated the Clean Water Act.

The court ruled on the claims associated with those four permits in orders of March 23 and June 13, 2007. In the first of those orders, the court rescinded the four permits, finding that the Corps had inadequately assessed the likely impact of valley fills on headwater streams and had relied on inadequate or unproven mitigation to offset those impacts. In the second order, the court entered a declaratory judgment that discharges of sediment from the valley fills into sediment control ponds constructed in-stream to control that sediment must themselves be permitted under a different provision of the Clean Water Act, § 402, and meet the effluent limits imposed on discharges from these ponds. Both of the district court rulings were appealed to the U.S. Court of Appeals for the Fourth Circuit.

Before the court entered its first order, the plaintiffs were permitted to amend their complaint to challenge the Coal-Mac and Mingo Logan permits. Plaintiffs sought preliminary injunctions against both operations, but later reached agreements with our operating subsidiaries that have allowed mining to progress in limited areas while the district court's rulings were on appeal. The claims against Coal-Mac were thereafter dismissed.

In February 2009, the Fourth Circuit reversed the district court. The Fourth Circuit held that the Corps' jurisdiction under Section 404 of the Clean Water Act is limited to the narrow issue of the filling of jurisdictional waters. The court also held that the Corps' findings of no significant impact under the National Environmental Policy Act and no significant degradation under the Clean Water Act are entitled to deference. Such findings entitle the Corps to avoid preparing an environmental impact statement, the absence of which was one issue on appeal. These holdings also validated the type of mitigation projects proposed by our operations to minimize impacts and comply with the relevant statutes. Finally, the Fourth Circuit found that stream segments, together with the sediment ponds to which they connect, are unitary "waste treatment systems," not "waters of the United States," and that the Corps had not exceeded its authority in permitting them.

OVEC sought rehearing before the entire appellate court, which was denied in May 2009, and the decision was given legal effect in June 2009. An appeal to the U.S. Supreme Court was then filed in August 2009. On August 3, 2010 OVEC withdrew its appeal.

Mingo Logan filed a motion for summary judgment with the district court in July 2009, asking that judgment be entered in its favor because no outstanding legal issues remained for decision as a result of the Fourth Circuit's February 2009 decision. By a series of motions, the United States obtained extensions and stays of the obligation to respond to the motion in the wake of its letters to the Corps dated September 3 and October 16, 2009 (discussed below). By order dated April 22, 2010, the district court stayed the case as to Mingo Logan for the shorter of either six months or the completion of the U.S. Environmental Protection Agency's (EPA) proposed action to deny Mingo Logan the right to use its Corps' permit (as discussed below).

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On October 15, 2010, the United States moved to extend the existing stay for an additional 120 days (until February 22, 2011) while the EPA Administrator reviewed the "Recommended Determination" issued by the EPA Region 3. By Memorandum Opinion and Order dated November 2, 2010, the court granted the United States' motion. On January 13, 2011, the EPA issued its "Final Determination" to withdraw the specification of two of the three watersheds as a disposal site for dredged or fill material approved under the current Section 404 permit. The court was notified of the Final Determination and by order dated March 21, 2011 stayed further proceedings in the case until further order of the court, in light of the challenge to the EPA's "Final Determination" then pending in federal court in Washington, D.C. In a Memorandum and Opinion and separate Order, each dated March 23, 2012, the federal court granted Mingo Logan's motion for summary judgment, vacated EPA's Final Determination and found valid and in full force Mingo Logan's Section 404 permit. As described more fully below, the EPA appealed that order to the United States Court of Appeals for the D.C. Circuit and by Opinion of the Court dated April 23, 2013, the court reversed the lower court's order and remanded the matter to the district court for further proceedings.

On April 5, 2012, Mingo Logan moved to lift the stay referenced above. On June 5, 2012, the court entered an order lifting the stay and allowing the case to proceed on Mingo Logan's Motion for Summary Judgment. Shortly thereafter, OVEC filed a motion for leave to file a seventh amended and supplemental complaint seeking to update existing counts and raising two new claims (one, to enforce EPA's "Final Determination" and, the other, that the Corps' refusal to prepare a Supplemental Environmental Impact Statement violates the APA and NEPA). By Memorandum, Opinion and Order dated July 25, 2012, the court granted OVEC's motion and directed the Clerk to file OVEC's Seventh Amended and Supplemental Complaint. Mingo Logan filed its Motion for Summary Judgment on August 31, 2012, along with its Answer to the Seventh Amended and Supplemental Complaint and the matter remains pending before the court.

As a result of the Bankruptcy Petitions, much of the pending litigation against the Debtors is stayed. Subject to certain exceptions and approval by the Court, during the Chapter 11 process, no party can take further actions to recover pre-petition claims against the Debtors.

EPA Actions Related to Water Discharges from the Spruce Permit

By letter of September 3, 2009, the EPA asked the Corps of Engineers to suspend, revoke or modify the existing permit it issued in January 2007 to Mingo Logan under Section 404 of the Clean Water Act, claiming that "new information and circumstances have arisen which justify reconsideration of the permit." By letter of September 30, 2009, the Corps of Engineers advised the EPA that it would not reconsider its decision to issue the permit. By letter of October 16, 2009, the EPA advised the Corps that it has "reason to believe" that the Mingo Logan mine will have "unacceptable adverse impacts to fish and wildlife resources" and that it intends to issue a public notice of a proposed determination to restrict or prohibit discharges of fill material that already are approved by the Corps' permit. By federal register publication dated April 2, 2010, the EPA issued its "Proposed Determination to Prohibit, Restrict or Deny the Specification, or the Use for Specification of an Area as a Disposal Site: Spruce No. 1 Surface Mine, Logan County, WV" pursuant to Section 404(c) of the Clean Water Act, the EPA accepted written comments on its proposed action (sometimes known as a "veto proceeding"), through June 4, 2010 and conducted a public hearing, as well, on May 18, 2010. We submitted comments on the action during this period. On September 24, 2010, the EPA Region 3 issued a "Recommended Determination" to the EPA Administrator recommending that the EPA prohibit the placement of fill material in two of the three watersheds for which filling is approved under the current Section 404 permit. Mingo Logan, along with the Corps, West Virginia DEP and the mineral owner, engaged in a consultation with the EPA as required by the regulations, to discuss "corrective action" to address the "unacceptable adverse effects" identified. On January 13, 2011, the EPA issued its "Final Determination" pursuant to Section 404(c) of the Clean Water Act to withdraw the specification of two of the three watersheds approved in the current Section 404 permit as a disposal site for dredged or fill material. By separate action, Mingo Logan sued the EPA on April 2, 2010 in federal court in Washington, D.C. seeking a ruling that the EPA has no authority under the Clean Water Act to veto a previously issued permit (Mingo Logan Coal Company, Inc. v. USEPA, No. 1:10-cv-00541(D.D.C.)). The EPA moved to dismiss that action, and we responded to that motion.

Pursuant to a scheduling order for summary disposition of the case, motions and cross-motions for summary judgment by both parties were filed. On November 30, 2011, the court heard arguments from the parties limited only to the threshold

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issue of whether the EPA had the authority under Section 404(c) of the Clean Water Act to withdraw the specification of the disposal site after the Corps had already issued a permit under Section 404(a). The court deferred consideration of the remaining issue (i.e. whether the EPA's "Final Determination" is otherwise lawful) until after consideration of the threshold issue. On March 23, 2012, the court entered an Order and a Memorandum Opinion granting Mingo Logan's motion for summary judgment, denying the EPA's cross-motion for summary judgment, vacating the Final Determination and ordering that Mingo Logan's Section 404 permit remains valid and in full force.

On May 11, 2012, the EPA filed a notice of appeal to the United States Court of Appeals for the District of Columbia Circuit. The court heard oral arguments on March 14, 2013. By opinion of the court filed on April 23, 2013, the court reversed the district court on the threshold issue and remanded the matter to the district court to address the merits of our APA challenge to the Final Determination. On June 6, 2013, Mingo Logan filed a Petition for Rehearing En Banc and by Order filed July 25, 2013, the court denied the petition.

On November 13, 2013, Mingo Logan filed a Petition for Writ of Certiorari with the Supreme Court of the United States seeking review of the D.C. Circuit's decision. On March 24, 2014, the Supreme Court denied Mingo Logan's Petition for Writ of Certiorari and remanded the matter to the federal district court for the District of Columbia for further consideration on the merits of the Final Determination. On September 30, 2014, the court entered an opinion and order denying Mingo Logan's motion for summary judgment and granting the government's motion for summary judgment. The court upheld the Final Determination finding that EPA's decision to withdraw the specifications for filling in Oldhouse Branch and Pigeonroost Branch under Mingo Logan's Section 404 permit was not arbitrary and capricious. On November 11, 2014, Mingo Logan filed a notice of appeal to the United States Court of Appeals for the District of Columbia Circuit. The matter is fully briefed and oral argument is scheduled for April 11, 2016.

UMWA 1974 Pension Plan et al. v Peabody Energy and Arch

On July 16, 2015, the UMWA 1974 Pension Trust ("Plan") and its Trustees filed a Complaint for Declaratory Judgment against Peabody Energy Corporation, Peabody Holding Company, LLC and Arch, in the U.S. District Court in Washington D.C., seeking an order from the court requiring the defendants to submit to arbitration to determine their responsibility for pension withdrawal liability (triggered by Patriot Coal Corporation's ("Patriot") recent bankruptcy filing) for Plan participants of Patriot who formerly worked for Peabody and Arch subsidiaries. In the alternative, the complaint asks the court to declare that Peabody and Arch are liable for Patriot's withdrawal liability. With respect to Arch, plaintiffs allege that Arch engaged in actions to avoid and evade pension fund withdrawal liability when it sold subsidiaries that were signatory to UMWA agreements, to Magnum Coal Company ("Magnum") in 2005, allegedly in violation of ERISA law. Patriot subsequently purchased Magnum in 2008. On October 29, 2015, plaintiffs filed an amended complaint to reflect that Patriot formally rejected its obligations to contribute to the Plan, triggering a withdrawal. The amended complaint further alleged that Arch owes $299.8 million in withdrawal liability. On October 29, 2015, the UMWA Funds issued a letter to Arch demanding payment of this withdrawal liability amount. We believe there is no basis in the law to support any claim that Arch is responsible for Patriot's withdrawal liability and we plan to vigorously defend this complaint. Arch notified the District Court and the parties to the litigation of its bankruptcy filing and the automatic stay and, on January 21, 2016, the plaintiffs agreed that the automatic stay in the Chapter 11 Case applies to Arch and its affiliates that have filed bankruptcy petitions.

ITEM 4. MINE SAFETY DISCLOSURES.

The statement concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Annual Report on Form 10-K for the period ended December 31, 2015.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market for Registrant's Common Equity and Related Stockholder Matters

On January 11, 2016, the New York Stock Exchange (NYSE) determined that Arch was no longer suitable for listing pursuant to Section 8.02.01D of the NYSE continued listing standards, and trading of the Company's common stock was suspended. Our stock is now traded under the ticker symbol "ACIIQ" on the OTC Pink marketplace, operated by OTC Markets Group Inc. Prior to January 11, 2016, our common stock was traded on the NYSE under the symbol "ACI." On February 12, 2016, our common stock closed at $0.47 on the OTC Pink. On that date, there were approximately 5,400 holders of record of our common stock.

On August 4, 2015, the Company effected a 1-for-10 reverse stock split of its common stock. Each stockholder's percentage ownership and proportional voting power remain unchanged as a result of the reverse stock split. All applicable share data, per share amounts and related information enclosed have been adjusted retroactively to give effect to the 1-for-10 reverse stock split.

In 2014, we paid an annual dividend on our common stock totaling $2.1 million, or $0.10 per share. In 2015 we did not pay an annual dividend. We are prohibited from paying dividends on our common stock during Chapter 11.

We expect that the existing common stock of the Company will be extinguished upon the Company's emergence from Chapter 11, and existing equity holders will likely not receive consideration in respect of their equity interests.

The following table sets forth for each period indicated the dividends paid per common share, the high and low sale prices of our common stock for each of the quarterly periods indicated.

	2015			
	March 31	June 30	September 30	December 31
Dividends per common share	$ —	$ —	$ —	$ —
High	16.80	11.10	9.31	4.66
Low	8.20	3.40	1.05	0.84

	2014			
	March 31	June 30	September 30	December 31
Dividends per common share	$ 0.10	$ —	$ —	$ —
High	48.20	51.80	36.70	28.60
Low	38.81	32.30	20.80	15.00

Issuer Purchases of Equity Securities

In September 2006, our board of directors authorized a share repurchase program for the purchase of up to 1,400,000 shares of our common stock. We did not purchase any shares of our common stock under this program during the fiscal year ended December 31, 2015. As of December 31, 2015, we have purchased 307,420 shares of our common stock under this program since the board of directors authorized the program. We are prohibited from purchasing shares under this program during Chapter 11.

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ITEM 6. SELECTED FINANCIAL DATA.

		Year Ended December 31			
(In thousands, except per share data)	2015	2014	2013	2012	2011
	(1)		(3)	(4)	(5)
Statement of Operations Data:					
Revenues	$ 2,573,260	$ 2,937,119	$ 3,014,357	$ 3,768,126	$ 3,883,039
Mine closure and asset impairment costs	2,628,303	24,113	220,879	539,182	7,316
Goodwill impairment	—	—	265,423	330,680	—
Acquisition and transition costs	—	—	—	—	47,360
Income (loss) from operations	(2,865,063)	(149,531)	(663,141)	(757,012)	343,061
Interest expense	(397,979)	(390,946)	(381,267)	(317,615)	(230,186)
Non-operating expenses	(27,910)	—	(42,921)	(23,668)	(51,448)
Income (loss) from continuing operations	(2,913,142)	(558,353)	(745,228)	(738,915)	89,015
Diluted earnings (loss) from continuing operations per common share	$ (136.86)	$ (26.31)	$ (35.15)	$ (34.97)	$ 4.60
Net income (loss) attributable to Arch Coal	(2,913,142)	(558,353)	(641,832)	(683,955)	141,683
Basic earnings (loss) per common share	$ (136.86)	$ (26.31)	$ (30.26)	$ (32.36)	$ 7.45
Diluted earnings (loss) per common share	$ (136.86)	$ (26.31)	$ (30.26)	$ (32.36)	$ 7.42
Balance Sheet Data:					
Total assets	$ 5,106,738	$ 8,429,723	$ 8,990,193	$ 10,006,777	$ 10,213,959
Working capital	(4,361,009)	1,023,357	1,293,849	1,337,035	162,106
Current maturities of debt (2)	5,107,210	36,885	33,493	32,896	280,851
Long-term debt, less current maturities	30,953	5,123,485	5,118,002	5,085,879	3,762,297
Other long-term obligations	755,283	695,881	717,174	825,080	864,667
Noncurrent deferred income tax liability	—	422,809	413,546	664,182	976,753
Arch Coal stockholders' equity	(1,244,289)	1,668,154	2,253,249	2,854,567	3,578,040
Common Stock Data:					
Dividends per share	$ —	$ 0.10	$ 1.20	$ 2.00	$ 4.30
Shares outstanding at year-end	21,446	21,227	21,228	21,225	21,167
Cash Flow Data:					
Cash provided by operating activities	(44,367)	(33,582)	55,742	332,804	642,242
Depreciation, depletion and amortization, including amortization of acquired sales contracts, net	370,534	405,561	438,247	500,319	444,518
Capital expenditures	119,024	147,286	296,984	395,225	540,936
Acquisitions of businesses, net of cash acquired	—	—	—	—	2,894,339
Net proceeds from the issuance of long term debt	—	(4,519)	623,511	1,942,685	1,906,306
Net proceeds from the sale of common stock	—	—	—	—	1,267,933
Payments to retire debt, including redemption premium	—	—	628,660	452,934	605,178
Net increase (decrease) in borrowings under lines of credit and commercial paper program	—	—	—	(481,300)	424,396
Dividend payments	—	2,123	25,475	42,440	80,748
Operating Data:					
Tons sold	127,632	134,360	139,607	140,820	156,897
Tons produced	126,820	132,614	136,613	135,934	151,829
Tons purchased from third parties	1,287	1,182	2,925	4,327	5,557

(1) Our results in 2015 were impacted by further weakening of both the thermal and metallurgical coal markets. We incurred $2.6 billion of mine closure and asset impairment charges during the year; for additional information see Note 5 to the Consolidated Financial Statements, "Impairment Charges and Mine Closure Costs."

(2) The filing of the Bankruptcy Petitions constituted an event of default that accelerated our obligations under the documents governing each of our 7.00% senior notes due 2019, 9.875% senior notes due 2019, 8.00% senior secured second lien notes due 2019, 7.25% senior notes due 2020, 7.25% senior notes due 2021 and senior secured first lien term loan due 2018.

(3) As part of a strategy to divest non-core thermal coal assets, on August 16, 2013, we sold Canyon Fuel Company, LLC ("Canyon Fuel") to Bowie Resources, LLC for $423 million. Canyon Fuel operated the Sufco and Skyline longwall mining complexes and the Dugout Canyon continuous miner operation in Utah. We recognized a gain on the sale of Canyon Fuel, net of tax, of $77.0 million during the third quarter of 2013. See Note 3 to the Consolidated Financial Statements, "Divestitures," for further information.

(4) Our results in 2012 were impacted by challenging market conditions. In response to these conditions, we idled 10 mines in Appalachia and curtailed production at other thermal mines. We incurred $523.6 million of closure and impairment costs relating to the closures, and recognized goodwill impairment charges $330.7 million. In addition, we refinanced our debt, increasing our average borrowing level to build cash and highly liquid investments on the balance sheet as well as to decrease near-term maturities of debt.

(5) On June 15, 2011, we completed our acquisition of ICG, a leading coal producer, adding 12 mining complexes in Appalachia, one complex in the Illinois Basin and one mine under development in Appalachia, along with other coal reserves not currently in development. To finance the acquisition, we sold 48.7 million shares of our common stock and issued $2.0 billion in aggregate principal amount of senior unsecured notes. We directly expensed costs related to the financing and acquisition of $104.2 million.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

Our results in 2015 were impacted by further weakening of both the thermal and metallurgical coal markets. The domestic thermal market was depressed by low natural gas prices and the implementation of new environmental regulations. Abundant supply depressed natural gas pricing to levels that made it increasingly economical to dispatch for electric generation relative to thermal coal. Implementation of the MATS regulation resulted in the closure of some older coal-based generating facilities, further depressing domestic thermal coal demand. Pricing in international thermal coal markets was uneconomic for our operations throughout 2015.

Metallurgical coal markets continued to weaken due to oversupply. International metallurgical markets have been impacted by the economic slowdown in China and elsewhere. Furthermore, producers in the U.S. have been pressured by the strengthening of the United States dollar compared to other producing countries' currencies. Many foreign producers benefited significantly from this strengthening as much of their cost structure is tied to their local currencies, but their revenue is largely generated in United States dollars. Additionally, domestic demand for metallurgical coal softened in 2015 as blast furnace utilization has dropped, largely due to declining demand for steel in the oil and gas industry.

Despite lower volumes, we reduced cash costs per ton in our Powder River Basin and Appalachian regions compared to 2014. In Appalachia we shifted production to lower cost operations, particularly the Leer Mine, and in the Powder River Basin we benefited from lower diesel fuel pricing. Both regions benefited from a strong focus on cost control. We continue cost control efforts throughout the business, and further reduced our capital outlays from 2014 levels.

On January 11, 2016 (the "Petition Date"), Arch and substantially all of its wholly owned domestic subsidiaries (the "Filing Subsidiaries" and, together with Arch, the "Debtors") filed voluntary petitions for reorganization (collectively, the

"Bankruptcy Petitions") under Chapter 11 of Title 11 of the U.S. Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Eastern District of Missouri (the "Court"). The Debtor's Chapter 11 Cases (collectively, the "Chapter 11 Cases") are being jointly administered under the caption *In re Arch Coal, Inc., et al.* Case No. 16-40120 (lead case). Each Debtor will continue to operate its business as a "debtor in possession" under the jurisdiction of the Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Court.

The filing of the Bankruptcy Petitions constituted an event of default that accelerated Arch's obligations under the Debt Instruments, all as further described in Note 26, "Subsequent Events", to the Consolidated Financial Statements included in the Form 10-K. Pursuant to the Bankruptcy Code, the filing of the Bankruptcy Petitions automatically stayed most actions against the Debtors, including most actions to collect indebtedness incurred prior to the Petition Date or to exercise control over the Debtors' property.

Additionally, on the Petition Date, the New York Stock Exchange (the "NYSE") determined that our common stock was no longer suitable for listing pursuant to Section 8.02.01D of the NYSE continued listing standards and trading in our common stock was suspended on January 11, 2016. We expect that the existing common stock of the Company will be extinguished upon the Company's emergence from Chapter 11 and existing equity holders will not receive consideration in respect of their equity interests.

We expect that our financial results will be significantly impacted by the filing of the Bankruptcy Petitions. For example, the Debtors' pre-petition unsecured obligations are subject to compromise and may be settled under a plan of reorganization for lesser amounts than the original claims. These liabilities remain subject to future adjustments arising from negotiated settlements, actions of the Court, rejection of executory contracts and unexpired leases, the determination as to the value of collateral securing the claims, proofs of claim, or other events. Additionally, under Section 502(b)(2) of the Bankruptcy Code, we are no longer required to pay interest on our senior unsecured notes and our senior secured notes accruing on or after the Petition Date. Subject to certain exceptions under the Bankruptcy Code, the filing of the Debtors' Chapter 11 Cases pursuant to Section 362(a) of the Bankruptcy Code also automatically stayed the continuation of most legal proceedings, including the third party litigation matters described under Item 3, "Legal Proceedings—Permit Litigation Matters," or the filing of other actions against or on behalf of the Debtors or their property to recover on, collect or secure a claim arising prior to the Petition Date or to exercise control over property of the Debtors' bankruptcy estates, unless and until the Court modifies or lifts the automatic stay

as to any such claim. The determination of how liabilities will ultimately be treated cannot be made until the Court approves a plan of reorganization. Accordingly, the ultimate amount or treatment of such liabilities is not determinable at this time.

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Operational Performance

The following table shows operating results of continuing coal operations for the years ended December 31, 2015, 2014 and 2013. The "other" category includes the results of our other bituminous thermal operations, our West Elk mining complex in Colorado and our Viper mining complex in Illinois.

	Year Ended December 31,		
	2015	2014	2013
Powder River Basin			
Tons sold (in thousands)	108,481	111,156	111,653
Coal sales per ton sold	$ 13.15	$ 12.86	$ 12.44
Cost per ton sold	$ 12.36	$ 12.58	$ 12.18
Operating margin per ton sold	$ 0.79	$ 0.28	$ 0.26
Adjusted EBITDA (in thousands)	$ 258,300	$ 197,920	$ 206,910
Appalachia			
Tons sold (in thousands)	11,926	14,484	14,224
Coal sales per ton sold	$ 62.47	$ 68.77	$ 73.07
Cost per ton sold	$ 69.19	$ 77.59	$ 81.27
Operating loss per ton sold	$ (6.72)	$ (8.82)	$ (8.20)
Adjusted EBITDA (in thousands)	$ 82,837	$ 109,053	$ 88,883
Other			
Tons sold (in thousands)	7,225	8,720	8,422
Coal sales per ton sold	$ 30.99	$ 30.78	$ 32.63
Cost per ton sold	$ 27.83	$ 25.44	$ 26.95
Operating margin per ton sold	$ 3.16	$ 5.34	$ 5.68
Adjusted EBITDA (in thousands)	$ 17,044	$ 58,325	$ 91,642

This table reflects numbers reported under a basis that differs from U.S. GAAP. See the "Reconciliation of Non-GAAP measures" below for explanation and reconciliation of these amounts to the nearest GAAP figures. Other companies may calculate these per ton amounts differently, and our calculation may not be comparable to other similarly titled measures.

Powder River Basin — Adjusted EBITDA increased 31% in 2015 when compared to 2014 due to increased coal sales per ton sold and decreased cost per ton sold, partially offset by lower shipment volume. Pricing improved as a significant portion of 2015 shipments were priced following the harsh 2013-2014 winter season when the market was stronger. Cost benefited from lower diesel fuel pricing and ongoing cost control efforts. Shipment volume was favorable year over year through the first three quarters of 2015, but fell off significantly in the fourth quarter of 2015, reducing full year shipment volume below 2014 levels. Natural gas pricing fell to historically low levels as the 2015 winter season began mildly, and the competing fuel began to dispatch for electrical generation ahead of Power River Basin coal in some areas. This decrease in coal burn has led to increasing generator stockpiles, further depressing demand.

Adjusted EBITDA decreased in 2014 when compared to 2013 due to a slight decrease in shipment volume and higher cost per ton sold, partially offset by increased coal sales per ton sold. Pricing improved as low-priced export volume decreased and domestic markets firmed in 2014. Maintenance costs increased in anticipation of increased shipment volume; however, railroad performance issues negatively impacted Powder River Basin shipment volumes for much of 2014.

Appalachia —Adjusted EBITDA decreased 24% in 2015 when compared to 2014 due primarily to the gain on sale of operating and idled thermal coal mines in Kentucky in 2014 ($20.6 million). See Note 3, "Divestitures," to the Consolidated Financial Statements for further discussion. 2015 adjusted EBITDA was also negatively impacted by reduced volume and reduced coal sales per ton sold, partially offset by decreased cost per ton sold. Volume was negatively impacted by the asset sales previously mentioned and further deterioration in both the thermal and metallurgical markets. We were able to partially offset the effects of the negative volume and pricing through productivity gains and continuing to shift volume to lower cost operations. Longwall operations accounted for 41% of our shipment volume in 2015 versus 31% in 2014.

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Adjusted EBITDA increased in 2014 when compared to 2013 due to the gain on sale of operating and idled thermal coal mines in Kentucky ($20.6 million). See Note 3, "Divestitures," to the Consolidated Financial Statements for further discussion. The gains were partially offset by the impact of an increase in per ton operating losses, caused by lower pricing for both metallurgical and thermal coal. The startup of the longwall at the Leer mining complex, the idling and divesting of higher-cost production, and lower sales-sensitive costs contributed to lower per-ton costs, which largely offset the impact of lower sales pricing.

Other — Adjusted EBITDA decreased in 2015 and 2014 when compared with the respective prior year due to reduced benefit from coal risk management settlements, and increased liquidated damages on logistics contracts. 2015 was also negatively impacted by reduced volume related to low-priced natural gas, and further deterioration of overseas markets.

Results of Operations

Items impacting comparability of results

We recorded tangible asset impairment and mine closure charges of approximately $2,628.3 million, $24.1 million, and $220.9 million during 2015, 2014 and 2013, respectively.

We recorded goodwill impairment charges of $265.4 million during 2013.

As part of a strategy to divest non-core thermal coal assets, on August 16, 2013, we sold Canyon Fuel Company, LLC ("Canyon Fuel") to Bowie Resources, LLC for $422.7 million. Canyon Fuel operated the Sufco and Skyline longwall mining complexes and the Dugout Canyon continuous miner operation in Utah. We recognized a gain on the sale of Canyon Fuel, net of tax, of $77.0 million. The results of Canyon Fuel, including the gain on sale, are presented as discontinued operations. See Note 3 to the Consolidated Financial Statements, "Divestitures," for further information.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenues. Our revenues consist of coal sales and revenues from our ADDCAR subsidiary prior to its disposition in the first quarter of 2014.

Coal sales. The following table summarizes information about our coal sales during the year ended December 31, 2015 and compares it with the information for the year ended December 31, 2014:

	Year Ended December 31,		Increase (Decrease)
	2015	2014	
	(In thousands)		
Coal sales	$ 2,573,260	$ 2,935,181	$ (361,921)
Tons sold	127,632	134,360	(6,728)

Coal sales decreased in the year ended December 31, 2015 from the year ended December 31, 2014 on a consolidated basis, primarily due to lower tons sold and pricing in our Appalachian segment, resulting in approximately a $274 million reduction in coal sales revenue. Volume reductions accounted for approximately 64% of the decrease and lower prices approximately 36% of the decrease. Lower Powder River Basin and Other tons sold reduced coal sales approximately $34 million and $42 million, respectively. See discussion in "Operational Performance" above for further information about regional results.

Costs, expenses and other. The following table summarizes costs, expenses and other components of operating income for the year ended December 31, 2015 and compares it with the information for the year ended December 31, 2014:

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	Year Ended December 31,		(Increase) Decrease in Net Loss
	2015	2014	
	(In thousands)		
Cost of sales (exclusive of items shown separately below)	$ 2,206,433	$ 2,566,193	$ 359,760
Depreciation, depletion and amortization	379,345	418,748	39,403
Amortization of acquired sales contracts, net	(8,811)	(13,187)	(4,376)
Change in fair value of coal derivatives and coal trading activities, net	(1,583)	(3,686)	(2,103)
Asset impairment and mine closure costs	2,628,303	24,113	(2,604,190)
Losses from disposed operations resulting from Patriot Coal bankruptcy	116,343	—	(116,343)
Selling, general and administrative expenses	98,783	114,223	15,440
Other operating expense (income), net	19,510	(19,754)	(39,264)
Total costs, expenses and other	$ 5,438,323	$ 3,086,650	$ (2,351,673)

Cost of sales. Our cost of sales decreased in the year ended December 31, 2015 from the year ended December 31, 2014, due to lower transportation costs on lower export sales volumes (a decrease of approximately $66 million), lower diesel fuel costs (approximately $88 million), improved productivity at our Leer longwall operation (approximately $28 million), savings associated with one sold and two idled Appalachian complexes (approximately $77 million), lower sales sensitive costs (approximately $30 million), and other savings associated with cost-control efforts across all regions. See discussion in "Operational Performance" above for information about regional cost results.

Depreciation, depletion and amortization. When compared with the year ended December 31, 2014, depreciation, depletion and amortization costs decreased in the year ended December 31, 2015 due to the effect of lower production and sales volume, continued low capital spending levels, and the effect of the significant asset impairments at the end of the third quarter of 2015.

Asset impairment and mine closure costs. Continued market deterioration, particularly for Appalachian products, was an indicator of impairment of certain assets. Our testing indicated impairment of several active and undeveloped properties. Impairment costs in the year ended December 31, 2015 include a significant portion of our assets at three current operating complexes, and a significant portion of our undeveloped coal reserves value. In the third quarter of 2014, we idled a metallurgical coal mining complex in Appalachia, where we had previously idled two contract mining operations. See Note 5, "Impairment Charges and Mine Closure Costs," to the Consolidated Financial Statements for further discussion.

Losses from disposed operations relating to Patriot Coal bankruptcy. In the year ended December 31, 2015 we recorded liabilities related to reclamation and employee obligations that we inherited as a result of the Patriot Coal bankruptcy. See further information regarding the losses related to the Patriot Coal bankruptcy in Note 7, "Losses from disposed operations resulting from Patriot Coal bankruptcy" to the Consolidated Financial Statements.

Selling, general and administrative expenses. Total selling, general and administrative expenses decreased when compared with the year ended December 31, 2014, primarily due to decreased compensation costs of $13.8 million.

Other operating expense (income), net. When compared with the year ended December 31, 2014, other operating expense (income), net decreased during the year ended December 31, 2015, as a result of increased costs of $16.4 million related to shortfalls under throughput arrangements, and lower net gains from sales of assets of $37.1 million. These were partially offset by a $24 million gain on a contract settlement in 2015.

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Non-operating expense. The following table summarizes non-operating expense for the year ended December 31, 2015 and compares it with the information for the year ended December 31, 2014:

	Year Ended December 31,		(Increase) Decrease in Net Loss
	2015	2014	$
	(In thousands)		
Net loss resulting from early retirement of debt and debt restructuring	$ (27,910)	$ —	$ (27,910)

Amounts reported as nonoperating consist of expenses resulting from financing activities, other than interest costs. In 2015, we incurred $24.2 million of legal and financial advisory fees associated with our debt restructuring efforts. Additionally, in the fourth quarter of 2015 we terminated our revolving credit agreement resulting in the write-off of $3.7 million of deferred financing costs.

Provision for (benefit from) income taxes. The following table summarizes our benefit from income taxes for the year ended December 31, 2015 and compares it with the information for the year ended December 31, 2014:

	Year Ended December 31,		Decrease in Net Loss
	2015	2014	
	(In thousands)		
Provision for (benefit from) income taxes	$ (373,380)	$ 25,634	$ 399,014

The income tax benefit in the year ended December 31, 2015 compared to the income tax provision in the year ended December 31, 2014 was largely due to the approximately $2.6 billion increase in asset impairment losses recorded in the current year partially offset by the increase of a valuation allowance relating to both federal and state net operating loss carryforwards. See further discussion in Note 15, “Taxes,” to the Consolidated Financial Statements for further discussion.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenues. Our revenues consist of coal sales and revenues from our ADDCAR subsidiary prior to its disposition in the first quarter of 2014.

Coal sales. The following table compares information about coal sales during the year ended December 31, 2014 with the information for the year ended December 31, 2013:

	Year Ended December 31,		
	2014	2013	Increase (Decrease)
	(In thousands)		
Coal sales	$ 2,935,181	$ 3,000,476	$ (65,295)
Tons sold	134,360	134,300	60

Coal sales decreased in the year ended December 31, 2014 from the year ended December 31, 2013 on a consolidated basis, primarily due to the impact of lower average per-ton pricing (a decrease of approximately $66 million). Average pricing decreased slightly from $22.34 to $21.85 per ton, primarily due to declines in export shipments, as fluctuations in regional pricing offset each other. See discussion in “Operational Performance” above for further information about regional results.

Costs, expenses and other. The following table compares costs, expenses and other components of operating income for the year ended December 31, 2014 with the information for the year ended December 31, 2013:

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	Year Ended December 31,		(Increase) Decrease in Net Loss
	2014	2013	
	(In thousands)		
Cost of sales (exclusive of items shown separately below)	$ 2,566,193	$ 2,663,136	$ 96,943
Depreciation, depletion and amortization	418,748	426,442	7,694
Amortization of acquired sales contracts, net	(13,187)	(9,457)	3,730
Change in fair value of coal derivatives and coal trading activities, net	(3,686)	7,845	11,531
Asset impairment and mine closure costs	24,113	220,879	196,766
Goodwill impairment	—	265,423	265,423
Selling, general and administrative expenses	114,223	133,448	19,225
Other operating income, net	(19,754)	(30,218)	(10,464)
Total costs, expenses and other	$ 3,086,650	$ 3,677,498	$ 590,848

Cost of sales. Our cost of sales decreased in the year ended December 31, 2014 from the year ended December 31, 2013, due to a decrease in transportation costs (approximately $83 million) and the sale of the ADDCAR subsidiary ($11.9 million). See discussion in “Operational Performance” above for information about regional cost results.

Depreciation, depletion and amortization. When compared with the year ended December 31, 2013, depreciation, depletion and amortization costs decreased in the year ended December 31, 2014 due to lower overall production and capital spending levels.

Asset impairment and mine closure costs. In the face of weak coal markets, management has chosen to concentrate metallurgical coal production at our lowest-cost and highest-margin operations. In the third quarter of 2014, we idled an additional metallurgical coal mining complex in Appalachia, where we had previously idled two contract mining operations. In the third quarter of 2013, in response to market conditions, we recorded impairment charges related to a Kentucky coal operation and our highwall mining equipment subsidiary. In addition, we recorded an other-than-temporary impairment of investments in equity method investees and related loans receivable. See further discussion in the Consolidated Financial Statements in Note 5, "Impairment Charges and Mine Closure Costs" and Note 10, " Equity Method Investments and Membership Interests in Joint Ventures."

Goodwill impairment. The remaining $265.4 million of goodwill from the ICG acquisition was impaired in the fourth quarter of 2013, as a result of weakness in the metallurgical coal markets. See further discussion in ''Critical Accounting Policies'' below.

Selling, general and administrative expenses. Total selling, general and administrative expenses decreased when compared with the year ended December 31, 2013, due to decreases in legal and professional fees ($6.5 million), lower costs related to our pension plans ($8.5 million), and decreases in discretionary spending.

Other operating expense (income), net. When compared with the year ended December 31, 2013, other operating income, net decreased during the year ended December 31, 2014, primarily as a result of costs of $36.5 million in the year ended December 31, 2014 related to export shortfalls under throughput arrangements (an increase of $24.8 million from the year ended December 31, 2013), and a decrease in realized gains of $26.6 million on derivatives used to manage coal price risk. These were offset by an increase in gains on asset disposals of $22.9 million, primarily from the divestitures of mining operations in the Appalachia region and our ADDCAR subsidiary, and a decrease in contract settlement losses of $10.9 million.

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Non-operating expense. The following table summarizes non-operating expense for the year ended December 31, 2014 and compares it with the information for the year ended December 31, 2013:

	Year Ended December 31,		Decrease in Net Loss
	2014	2013	$
	(In thousands)		
Net loss resulting from early retirement of debt and debt restructuring	$ —	$ (42,921)	$ 42,921

Amounts reported as nonoperating consist of expenses resulting from financing activities, other than interest costs. In the fourth quarter of 2013, we retired our 8.75% senior notes due in 2016 and reduced the capacity of our revolving credit facility, in conjunction with a refinancing discussed in the "Liquidity and Capital Resources" section. As a result, we paid a tender premium and wrote off unamortized discount and fees.

Provision for (benefit from) Income taxes. The following table summarizes our benefit from income taxes for the year ended December 31, 2014 and compares it with the information for the year ended December 31, 2013:

	Year Ended December 31,		Increase in Net Loss
	2014	2013	
	(In thousands)		
Provision for (benefit from) income taxes	$ 25,634	$ (335,498)	$ (361,132)

The income tax provision in the year ended December 31, 2014 compared to an effective rate of 31% on our pretax loss in the year ended December 31, 2013 was the result of the establishment of a valuation allowance totaling approximately $227 million relating to 2014 federal and state net operating loss carryforwards. See further discussion in Note 15, "Taxes," to the Consolidated Financial Statements for further discussion.

Income from discontinued operations, net of tax. The results of our Canyon Fuel subsidiary prior to its divestiture, including the gain on divestiture, are segregated from continuing operations. See further information in Note 3, "Divestitures", to the Consolidated Financial Statements.

	Year Ended December 31,		Increase in Net Loss
	2014	2013	
	(In thousands)		
Income from discontinued operations, net of tax	$ —	$ 103,396	$ 103,396

Reconciliation of NON-GAAP measures

Segment coal sales per ton sold

Segment coal sales per ton sold are calculated as the segment's coal sales revenues divided by segment tons sold. The segments' sales per ton sold are adjusted for transportation costs, and may be adjusted for other items that, due to generally accepted accounting principles, are classified in "other income" on the statement of operations, but relate to price protection on the sale of coal. Segment sales per ton sold is not a measure of financial performance in accordance with generally accepted accounting principles. We believe segment sales per ton sold better reflects our revenue for the quality of coal sold and our operating results by including all income from coal sales. The adjustments made to arrive at these measures are significant in understanding and assessing our financial condition. Therefore, segment coal sales revenues should not be considered in isolation, nor as an alternative to coal sales revenues under generally accepted accounting principles.

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	Year Ended December 31,		
	2015	2014	2013
Reported segment coal sales revenues	$ 2,395,258	$ 2,693,898	$ 2,702,865

Coal risk management derivative settlements classified in “other income”	(3,231)	(5,958)	(32,535)
Transportation costs	181,233	247,241	330,146
Coal sales	2,573,260	2,935,181	3,000,476
Other revenues	—	1,938	13,881
Revenues in the consolidated statements of operations	$ 2,573,260	$ 2,937,119	$ 3,014,357

Segment cost per ton sold

Segment costs per ton sold are calculated as the segment’s cost of coal sales divided by segment tons sold. The segments’ cost of tons sold are adjusted for transportation costs, and may be adjusted for other items that, due to generally accepted accounting principles, are classified in “other income” on the statement of operations, but relate directly to the costs incurred to produce coal. Segment cost of tons sold is not a measure of financial performance in accordance with generally accepted accounting principles. We believe segment cost of tons sold better reflects our controllable costs and our operating results by including all costs incurred to produce coal. The adjustments made to arrive at these measures are significant in understanding and assessing our financial condition. Therefore, segment cost of tons sold should not be considered in isolation, nor as an alternative to cost of sales under generally accepted accounting principles.

	Year Ended December 31,		
	2015	2014	2013
Reported segment cost of coal sales	$ 2,368,100	$ 2,743,182	$ 2,743,766
Diesel fuel risk management derivative settlements classified in “other income”	(8,162)	(6,789)	(14,939)
Transportation costs	181,233	247,241	330,146
Depreciation, depletion and amortization in reported segment cost of tons sold presented on separate line on statement of operations	(373,299)	(414,379)	(418,736)
Other (other operating segments, operating overhead, etc.)	38,561	(3,062)	22,899
Cost of sales in the consolidated statements of operations	$ 2,206,433	$ 2,566,193	$ 2,663,136

Reconciliation of Segment Adjusted EBITDA to Net Income

The discussion in “Results of Operations” above includes references to our Adjusted EBITDA. Adjusted EBITDA is defined as net income attributable to the Company before the effect of net interest expense, income taxes, depreciation, depletion and amortization and the amortization of acquired sales contracts. Adjusted EBITDA may also be adjusted for items that may not reflect the trend of future results. We believe that Adjusted EBITDA presents a useful measure of our ability to service existing debt and incur additional debt based on ongoing operations. Investors should be aware that our presentation of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies. The table below shows how we calculate Adjusted EBITDA.

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	Year Ended December 31,		
	2015	2014	2013
Reported Adjusted EBITDA from coal operations	$ 358,181	$ 365,299	$ 387,435
EBITDA from discontinued operations	—	—	173,776
Corporate and other	(108,064)	(85,156)	(135,289)
Adjusted EBITDA	250,117	280,143	425,922
Income tax benefit (provision)	373,380	(25,634)	335,498
Interest expense, net	(393,549)	(383,188)	(374,664)
Depreciation, depletion and amortization	(379,345)	(418,748)	(426,442)
Amortization of acquired sales contracts, net	8,811	13,187	9,457
Asset impairment and mine closure costs	(2,628,303)	(24,113)	(220,879)
Losses from disposed operations resulting from Patriot Coal bankruptcy	(116,343)	—	—
Goodwill impairment	—	—	(265,423)
Other nonoperating expenses	(27,910)	—	(42,921)
Settlement of UMWA legal claims	—	—	(12,000)
Interest, depreciation, depletion and amortization classified as discontinued operations	—	—	(70,380)
Net loss	$ (2,913,142)	$ (558,353)	$ (641,832)

Corporate and other includes primarily selling, general and administrative expenses, income from our equity investments, certain actuarial adjustments, and certain changes in the fair value of coal derivatives and coal trading activities. Corporate and other adjusted EBITDA decreased $22.9 million in the year ended December 31, 2015 when compared to the year ended December 31, 2014 due to the unfavorable year over year net change in pension settlement and curtailment costs of $23.8 million, further unfavorable year over year net change of $14.7 million in other various actuarial liabilities, and fully reserving an uncollectable customer receivable of $7.8 million. These impacts were partially offset by a $24 million gain on the settlement of a customer contract.

Corporate and other adjusted EBITDA decreased $50.1 million in the year ended December 31, 2014 when compared to the year ended December 31, 2013 due to the favorable year over year net change in pension settlement and curtailment costs of $21.4 million, further favorable year over year net change of $7.4 million in other various actuarial liabilities, an $11.5 million favorable year over year change in the fair value of certain coal derivatives and coal trading activities, and a $5.0 million settlement with Patriot Coal in the year ended December 31, 2013.

Liquidity and Capital Resources

The filing of the Bankruptcy Petitions constituted an event of default that accelerated our obligations under our Debt Instruments, all as further described in Note 26, “Subsequent Events”, to the Consolidated Financial Statements included in the Form 10-K. Pursuant to the Bankruptcy Code, the filing of the Bankruptcy Petitions automatically stayed most actions against the Debtors, including most actions to collect indebtedness incurred prior to the Petition

Date or to exercise control over the Debtors' property. Accordingly, although the filing of the Bankruptcy Petitions triggered defaults under Debt Instruments, creditors are stayed from taking action as a result of these defaults. Additionally, under Section 502(b)(2) of the Bankruptcy Code, the Company is no longer required to pay interest on its senior unsecured notes and senior secured notes accruing on or after the Petition Date. However, the Debtors will be required to pay interest on amounts borrowed under the Superpriority Secured Debtor-in-Possession Credit Agreement as amended by the Waiver and Consent and Amendment No. 1, dated as of March 4, 2016, (the "DIP Credit Agreement").

On December 31, 2015, we had $651.0 million of cash and liquid securities on hand. Based on our current internal financial forecasts, we believe that our cash on hand, cash generated from the results of our operations and funds available under our DIP Credit Agreement will be sufficient to fund anticipated cash requirements until a plan of reorganization is confirmed for minimum operating and capital expenditures and for working capital purposes. However, given the current level of volatility in the market and the unpredictability of certain costs that could potentially arise in our operations, our liquidity needs could be significantly higher than we currently anticipate. In particular, weak coal market industry conditions, depressed

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metallurgical coal prices, reduced steel production and reduced global steel demand may continue to impact our results of operations and our available liquidity.

Securitization Agreement

We are party to an accounts receivable securitization program under which eligible trade receivables are sold, without recourse, to a multi-seller, asset-backed commercial paper conduit. The entity through which these receivables are sold, Arch Receivable Company, LLC, is consolidated into our financial statements but is a non-debtor special purpose vehicle. As of December 31, 2015 we could borrow and request letters of credit to be issued under the facility, and were required to pay facility fees, program fees and letter of credit fees (based on amounts of outstanding letters of credit) and certain other fees (based on amounts withdrawn and unreimbursed letters of credit). The total aggregate letters of credit that can be issued are limited by eligible accounts receivable, as defined under the terms of the securitization agreement. The securitization agreement expires on December 8, 2017.

At December 31, 2015, we had letters of credit outstanding under our securitization program totaling $179 million. We had no borrowing capacity under the facility as the amount of outstanding letters of credit exceeded the borrowing base. Letters of credit can be issued up to the $200 million facility maximum, but amounts above the borrowing base must be backed by cash collateral. Cash collateral supporting outstanding letters of credit at December 31, 2015 was $97.5 million.

On January 13, 2016, we agreed with our securitization financing providers that, subject to certain amendments (the "Amendments"), they will continue the $200 million trade accounts receivable securitization facility provided to Arch Receivable Company, LLC. Pursuant to the Amendments, which have been approved by the Court on a final basis, we are no longer eligible to borrow amounts under the facility but are allowed to continue to issue letters of credit thereunder. Continuing this facility prevents the need to use either existing cash liquidity or higher cost Debtor-In-Possession financing to support our letters of credit.

Debtor-In-Possession Financing

On January 21, 2016, the Superpriority Secured Debtor-in-Possession Credit Agreement as amended by the Waiver and Consent and Amendment No. 1, dated as of March 4, 2016, (the "DIP Credit Agreement") was entered into by and among us, as borrower, certain of the Debtors, as guarantors (the "Guarantors" and, together with us, the "Loan Parties"), the lenders from time to time party thereto (the "DIP Lenders") and Wilmington Trust, National Association, as administrative agent and collateral agent for the DIP Lenders (in such capacities, the "DIP Agent").

The DIP Credit Agreement which has been approved by the Court on a final basis provides for a super-priority senior secured debtor-in-possession credit facility (the "DIP Facility") consisting of term loans (collectively, the "DIP Term Loan") in the aggregate principal amount of up to $275 million that may be funded in not more than two draws not later than six months after the effective date of the DIP Facility (such six month period, the "Availability Period"). Any portion of the DIP Term Loan commitment that has not been funded on or prior to the end of the Availability Period will be permanently cancelled.

The maturity date of the DIP Facility is the earliest of (i) January 31, 2017, (ii) the date of the substantial consummation of a plan of reorganization that is confirmed pursuant to an order of the Court, (iii) the consummation of the sale of all or substantially all of the assets of the Loan Parties pursuant to Section 363 of the Bankruptcy Code and (iv) the date the obligations under the DIP Facility are accelerated pursuant to the terms of the DIP Credit Agreement. Borrowings under the DIP Facility bear interest at an interest rate per annum equal to, at the Company's option (i) LIBOR plus 9.00%, subject to a 1.00% LIBOR floor or (ii) the base rate plus 8.00%.

Obligations under the DIP Credit Agreement will be guaranteed on a super-priority senior secured basis by all of our existing and future wholly-owned domestic subsidiaries, and all newly created or acquired wholly-owned domestic subsidiaries, subject to customary limited exceptions.

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The lenders under the DIP Credit Agreement will have a first priority lien on all encumbered and unencumbered assets of the Loan Parties (the "DIP Lien"), subject to a $75 million carve-out for super-priority claims relating to the Debtors' bonding obligations, a customary professional fees carve-out and certain exceptions.

The Loan Parties are subject to certain financial maintenance covenants under the DIP Credit Agreement, including, without limitation, (i) maximum capital expenditures and (ii) minimum liquidity (defined as unrestricted cash and cash equivalents of the Company and its domestic subsidiaries (other than any securitization subsidiary or bonding subsidiary), *plus* withdrawable funds from brokerage accounts of the Company and its domestic subsidiaries (other than any securitization subsidiary or bonding subsidiary) *plus* any unused commitments that are available to be drawn by the Company pursuant to the terms of the DIP Credit Agreement) of (A) $300 million prior to the entry of a final order of the Court approving the DIP facility (the "Final Order"), which was

entered on February 25, 2016 and (B) $500 million following the entry of the Final Order, in each case tested on a monthly basis. The DIP Credit Agreement contains customary affirmative and negative covenants and representations for debtor-in-possession financings. In addition to customary events of default for debtor-in-possession financings, the DIP Credit Agreement contains milestones relating to the Chapter 11 Cases and any failure to comply with such milestones constitutes an event of default.

The DIP Facility is subject to certain usual and customary prepayment events, including 100% of net cash proceeds of (i) debt issuances (other than debt permitted to be incurred under the terms of the DIP Credit Agreement), (ii) non-ordinary course asset sales or dispositions in excess of $50 million in the aggregate (with no individual asset sale or disposition in excess of $7.5 million) and (iii) any casualty event in excess of $50 million in the aggregate, subject to customary reinvestment rights, in each case to be applied to prepay the DIP Term Loan. At a hearing held on February 23, 2016 in the Chapter 11 Cases, the Court approved the DIP Facility on a final basis, overruling the objections of the Creditors' Committee and certain other parties who asserted, among other things, that the DIP Financing was unnecessary and argued that the Debtors should enter into an alternate debtor-in-possession financing facility proposed by certain members of the Creditors' Committee.

The following is a summary of cash provided by or used in each of the indicated types of activities:

	Year Ended December 31,		
	2015	2014	2013
	(In thousands)		
Cash provided by (used in):			
Operating activities	$ (44,367)	$ (33,582)	$ 55,742
Investing activities	(180,341)	(111,434)	125,445
Financing activities	(58,742)	(31,852)	(54,710)

Cash used in operating activities increased in the year ended December 31, 2015 compared to the year ended December 31, 2014. Furthermore, cash provided by operating activities in the year ended December 31, 2013 became cash used in operating activities in the year ended December 31, 2014. This trend is primarily due to continued deterioration of the coal markets. We offset some of the impact of this continued deterioration through cost control efforts and concentrating activity at our most efficient operations, and we benefited from lower input costs, particularly diesel fuel. In addition we deferred payment of semi-annual interest on certain unsecured obligations that were due in December 2015 (See Note 13 to the Consolidated Financial Statements, "Accrued Expenses and Other Current Liabilities" for further discussion).

We used $180.3 million of cash in investing activities during the year ended December 31, 2015, compared to using $111.4 million of cash in the year ended December 31, 2014, and generating $125.4 million of cash in the year ended December 31, 2013. We received $422.7 million from the divestiture of the Canyon Fuel operations in 2013 compared to $46.7 million from divestitures in 2014, and $0.7 million in 2015. Capital expenditures decreased approximately $28 million and $149 million during 2015 and 2014, respectively, when compared to the previous year due to the startup of the Leer mining complex longwall in the first quarter of 2014 and ongoing cash management efforts. In 2013 we focused our spending on expanding our metallurgical coal production capacity, primarily the Leer Mine development for approximately $119 million,

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net of proceeds from the sale and leaseback of longwall shields. We purchased and sold short term investments that provided $43.5 million in 2015, used $6.3 million in 2014, and used $19.2 million in 2013. Restricted cash increased $91.9 million from 2014 to 2015 primarily due to increased collateral requirements related to outstanding letters of credit.

Cash used in financing activities was approximately $150.6 million, $37.5 million and $54.7 million in 2015, 2014 and 2013, respectively. In 2015 we incurred $24.2 million of legal and financial advisory fees associated with our debt restructuring efforts. In 2013, we borrowed an additional $300.0 million face amount on the term loan and issued $350.0 million 8.00% senior notes due in 2019 to retire 8.75% senior unsecured notes due 2016 for $628.7 million. See further information about our outstanding debt balances in Note 14, "Debt and Financing Arrangements" to the Consolidated Financial Statements. We decreased the dividend rate from $0.03 per quarter to $0.01 per annum in the first quarter of 2014, and eliminated the dividend in the first quarter of 2015 resulting in no dividends paid in 2015 as compared to $2.1 million in 2014 and $25.5 million in 2013.

Ratio of Earnings to Fixed Charges

The following table sets forth our ratios of earnings to combined fixed charges and preference dividends for the periods indicated:

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Ratio of earnings to fixed charges(1)	N/A(2)	N/A(2)	N/A	1.26x	1.25x

(1) Earnings consist of income from continuing operations before income taxes and are adjusted to include only distributed income from affiliates accounted for on the equity method and fixed charges (excluding capitalized interest). Fixed charges consist of interest incurred on indebtedness, the portion of operating lease rentals deemed representative of the interest factor and the amortization of debt expense.

(2) Total losses for the ratio calculation were $2,853.0 million and total fixed charges were $407.1 million for the year ended December 31, 2015. Total losses for the ratio calculation were $120.9 million and total fixed charges were $404.5 million for the year ended December 31, 2014. Total losses for the ratio calculation were $638.3 million and total fixed charges were $450.7 million for the year ended December 31, 2013.

Contractual Obligations

	Payments Due by Period				
	2016	2017-2018	2019-2020	after 2020	Total
	(Dollars in thousands)				
Long-term debt, including related interest	$ 375,176	$ 2,508,000	$ 2,491,350	$ 1,033,547	$ 6,408,073
Operating leases	20,857	23,689	5,599	9,807	59,952
Coal lease rights	68,947	27,088	24,291	103,771	224,097

Coal purchase obligations	—	—	—	—	—
Unconditional purchase obligations	94,552	35,954	22,917	11,076	164,499
Total contractual obligations	$ 559,532	$ 2,594,731	$ 2,544,157	$ 1,158,201	$ 6,856,621

The above table reflects contractual maturities, although $5.1 billion of debt is classified as current due to the default caused by the Company's bankruptcy filing.

The Chapter 11 Cases could materially modify and reduce our obligations. Pursuant to Section 362 of the Bankruptcy Code, the filing of the Bankruptcy Petitions automatically stayed most actions against us, including actions to collect indebtedness incurred prior to the Petition date or to exercise control over our property. Subject to certain exceptions under the

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Bankruptcy Code, the filing of our Chapter 11 Cases also automatically stayed the continuation of most legal proceedings, including third party litigation matters described under Item 3, "Legal Proceedings," or the filing of other actions against or on behalf of us or our property to recover on, collect or secure a claim arising prior to the Petition Date or to exercise control over property of our bankruptcy estates, unless and until the Court modifies or lifts the automatic stay as to any such claim.

The related interest on long-term debt was calculated using rates in effect at December 31, 2015 for the remaining term of outstanding borrowings.

Coal lease rights represent non-cancelable royalty lease agreements, as well as lease bonus payments due.

Unconditional purchase obligations include open purchase orders and other purchase commitments, which have not been recognized as a liability. The commitments in the table above relate to contractual commitments for the purchase of materials and supplies, payments for services and capital expenditures.

The table above excludes our asset retirement obligations. Our consolidated balance sheet reflects a liability of $410.5 million for asset retirement obligations that arise from SMCRA and similar state statutes, which require that mine property be restored in accordance with specified standards and an approved reclamation plan. Asset retirement obligations are recorded at fair value when incurred and accretion expense is recognized through the expected date of settlement. Determining the fair value of asset retirement obligations involves a number of estimates, as discussed in the section entitled "Critical Accounting Policies" below, including the timing of payments to satisfy the obligations. The timing of payments to satisfy asset retirement obligations is based on numerous factors, including mine closure dates. Please see the notes to our Consolidated Financial Statements for more information about our asset retirement obligations.

The table above also excludes certain other obligations reflected in our consolidated balance sheet, including estimated funding for pension and postretirement benefit plans and worker's compensation obligations. The timing of contributions to our pension plans varies based on a number of factors, including changes in the fair value of plan assets and actuarial assumptions. Please see the section entitled "Critical Accounting Policies" below for more information about these assumptions. We expect to make contributions of $0.5 million to our pension plans in 2016, which is impacted by the Moving Ahead for Progress in the 21st Century Act (MAP-21) enacted July 6, 2012. MAP-21 does not reduce our obligations under the plan, but redistributes the timing of required payments by providing near term funding relief for sponsors under the Pension Protection Act.

Please see the notes to our Consolidated Financial Statements for more information about the amounts we have recorded for workers' compensation and pension and postretirement benefit obligations.

The table above excludes future contingent payments of up to $58.5 million related to development financing for certain of our equity investees. Our obligation to make these payments, as well as the timing of any payments required, is contingent upon a number of factors, including project development progress, receipt of permits and the obtaining of construction financing.

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to certain off-balance sheet arrangements. These arrangements include guarantees, indemnifications, financial instruments with off-balance sheet risk, such as bank letters of credit and performance or surety bonds. Liabilities related to these arrangements are not reflected in our consolidated balance sheets, and we do not expect any material adverse effects on our financial condition, results of operations or cash flows to result from these off-balance sheet arrangements.

We use a combination of surety bonds, corporate guarantees (e.g., self bonds) and letters of credit to secure our financial obligations for reclamation, workers' compensation, coal lease obligations and other obligations as follows as of December 31, 2015:

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	Reclamation Obligations	Lease Obligations	Workers' Compensation Obligations	Other	Total
	(Dollars in thousands)				
Self bonding	$ 485,546	$ —	$ —	$ —	$ 485,546
Surety bonds	155,291	49,372	19,534	6,659	230,856
Letters of credit	11,166	—	117,568	6,790	135,524

In addition, we have agreed to continue to provide surety bonds for certain Magnum obligations, primarily reclamation. The surety bonding amounts are mandated by the state and are not directly related to the estimated cost to reclaim the properties. At December 31, 2015, we had $33.7 million of surety bonds and have posted $30.2 million in letters of credit related to Magnum properties.

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Critical Accounting Policies

We prepare our financial statements in accordance with accounting principles that are generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities. Management bases our estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. Additionally, these estimates and judgments are discussed with our audit committee on a periodic basis. Actual results may differ from the estimates used under different assumptions or conditions. We have provided a description of all significant accounting policies in the notes to our consolidated financial statements. We believe that of these significant accounting policies, the following may involve a higher degree of judgment or complexity:

Derivative Financial Instruments

We utilize derivative instruments to manage exposures to commodity prices. Additionally, we may hold certain coal derivative instruments for trading purposes. Derivative financial instruments are recognized in the balance sheet at fair value. Certain coal contracts may meet the definition of a derivative instrument, but because they provide for the physical purchase or sale of coal in quantities expected to be used or sold by us over a reasonable period in the normal course of business, they are not recognized on the balance sheet.

Certain derivative instruments are designated as the hedge instrument in a hedging relationship. In a cash flow hedge, we hedge the risk of changes in future cash flows related to a forecasted purchase or sale. Changes in the fair value of the derivative instrument used as a hedge instrument in a cash flow hedge are recorded in other comprehensive income. Amounts in other comprehensive income are reclassified to earnings when the hedged transaction affects earnings and are classified in a manner consistent with the transaction being hedged.

We formally document all relationships between hedging instruments and hedged items, as well as our risk management objectives for undertaking various hedge transactions. We evaluate the effectiveness of our hedging relationships both at the hedge inception and on an ongoing basis.

Impairment of Long-lived Assets

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. These events and circumstances include, but are not limited to, a current expectation that a long-lived asset will be disposed of significantly before the end of its previously estimated useful life, a significant adverse change in the extent or manner in which we use a long-lived asset or a change in its physical condition.

When such events or changes in circumstances occur, a recoverability test is performed comparing projected undiscounted cash flows from the use and eventual disposition of an asset or asset group to its carrying amount. If the projected undiscounted cash flows are less than the carrying amount, an impairment is recorded for the excess of the carrying amount over the estimate fair value, which is generally determined using discounted future cash flows. If we recognize an impairment loss, the adjusted carrying amount of the asset becomes the new cost basis. For a depreciable long-lived asset, the new cost basis will be depreciated (amortized) over the remaining estimated useful life of the asset.

We make various assumptions, including assumptions regarding future cash flows in our assessments of long-lived assets for impairment. The assumptions about future cash flows and growth rates are based on the current and long-term business plans related to the long-lived assets. Discount rate assumptions are based on an assessment of the risk inherent in the future cash flows of the long-lived assets. These assumptions require significant judgments on our part, and the conclusions that we reach could vary significantly based upon these judgments.

For additional information on impairment charges related to this filing, see Note 5, “Impairment Charges and Mine Closure Costs” in the Consolidated Financial Statements.

Asset Retirement Obligations

Our asset retirement obligations arise from SMCRA and similar state statutes, which require that mine property be restored in accordance with specified standards and an approved reclamation plan. Significant reclamation activities include reclaiming refuse and slurry ponds, reclaiming the pit and support acreage at surface mines, and sealing portals at deep mines. Our asset

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retirement obligations are initially recorded at fair value, or the amount at which the obligations could be settled in a current transaction between willing parties. This involves determining the present value of estimated future cash flows on a mine-by-mine basis based upon current permit requirements and various estimates and assumptions, including estimates of disturbed acreage, reclamation costs and assumptions regarding equipment productivity. We estimate disturbed acreage based on approved mining plans and related engineering data. Since we plan to use internal resources to perform the majority of our reclamation activities, our estimate of reclamation costs involves estimating third-party profit margins, which we base on our historical experience with contractors that perform certain types of reclamation activities. We base productivity assumptions on historical experience with the equipment that we expect to utilize in the reclamation activities. In order to determine fair value, we discount our estimates of cash flows to their present value. We base our discount rate on the rates of treasury bonds with maturities similar to expected mine lives, adjusted for our credit standing.

Accretion expense is recognized on the obligation through the expected settlement date. On at least an annual basis, we review our entire reclamation liability and make necessary adjustments for permit changes as granted by state authorities, changes in the timing and extent of reclamation activities, and revisions to cost estimates and productivity assumptions, to reflect current experience. Any difference between the recorded amount of the liability and the actual cost of reclamation will be recognized as a gain or loss when the obligation is settled. We expect our actual cost to reclaim our properties will be less than the expected cash flows used to determine the asset retirement obligation. At December 31, 2015, our balance sheet reflected asset retirement obligation

liabilities of $410.5 million, including amounts classified as a current liability. As of December 31, 2015, we estimate the aggregate undiscounted cost of final mine closures to be approximately $921 million.

See the rollforward of the asset retirement obligation liability in Note 16 to the Consolidated Financial Statements, “Asset Retirement Obligations”.

Employee Benefit Plans

We have non-contributory defined benefit pension plans covering certain of our salaried and hourly employees. Benefits are generally based on the employee’s age and compensation. The actuarially-determined funded status of the defined benefit plans is reflected in the balance sheet.

The calculation of our net periodic benefit costs (pension expense) and benefit obligation (pension liability) associated with our defined benefit pension plans requires the use of a number of assumptions. These assumptions are summarized in Note 21, “Employee Benefit Plans”, to the Consolidated Financial Statements Changes in these assumptions can result in different pension expense and liability amounts, and actual experience can differ from the assumptions.

- The expected long-term rate of return on plan assets is an assumption reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. We establish the expected long-term rate of return at the beginning of each fiscal year based upon historical returns and projected returns on the underlying mix of invested assets. The pension plan’s investment targets are 60% equity and 40% fixed income securities. Investments are rebalanced on a periodic basis to approximate these targeted guidelines. The long-term rate of return assumptions are less than the plan’s actual life-to-date returns. Any difference between the actual experience and the assumed experience is recorded in other comprehensive income and amortized into earnings in the future. The impact of lowering the expected long-term rate of return on plan assets 0.5% for 2015 would have been an increase in expense of approximately $1.5 million.

- The discount rate represents our estimate of the interest rate at which pension benefits could be effectively settled. Assumed discount rates are used in the measurement of the projected, accumulated and vested benefit obligations and the service and interest cost components of the net periodic pension cost. In estimating that rate, rates of return on high-quality fixed-income debt instruments are required. We utilize a bond portfolio model that includes bonds that are rated “AA” or higher with maturities that match the expected benefit payments under the plan. The impact of lowering the discount rate 0.5% for 2015 would have been an increase in expense of approximately $2.8 million.

The differences generated from changes in assumed discount rates and returns on plan assets are amortized into earnings over a five-year period, which represents the average amount of time before participants vest in their benefits.

We also currently provide certain postretirement medical and life insurance coverage for eligible employees. Generally, covered employees who terminate employment after meeting eligibility requirements are eligible for postretirement coverage

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for themselves and their dependents. The salaried employee postretirement benefit plans are contributory, with retiree contributions adjusted periodically, and contain other cost-sharing features such as deductibles and coinsurance.

Actuarial assumptions are required to determine the amounts reported as obligations and costs related to the postretirement benefit plan. The discount rate assumption reflects the rates available on high-quality fixed-income debt instruments at year-end and is calculated in the same manner as discussed above for the pension plan. A change of 0.5% in these assumptions would not have had a significant impact on the benefit costs in 2015 .

Income Taxes

We provide for deferred income taxes for temporary differences arising from differences between the financial statement and tax basis of assets and liabilities existing at each balance sheet date using enacted tax rates expected to be in effect when the related taxes are expected to be paid or recovered. We initially recognize the effects of a tax position when it is more than 50 percent likely, based on the technical merits, that the position will be sustained upon examination, including resolution of the related appeals or litigation processes, if any. Our determination of whether or not a tax position has met the recognition threshold considers the facts, circumstances, and information available at the reporting date.

We reassess our ability to realize our deferred tax assets annually in the fourth quarter, during our annual budget process, or when circumstances indicate that the ability to realize deferred tax assets has changed. The assessment takes into account expectations of future taxable income or loss, available tax planning strategies and the reversal of temporary differences. The development of these expectations involves the use of estimates such as production levels, operating profitability, timing of development activities and the cost and timing of reclamation work. A valuation allowance may be recorded to reflect the amount of future tax benefits that management believes are not likely to be realized. If actual outcomes differ from our expectations, we may record additional valuation allowance through income tax expense in the period such determination is made.

As our recent cumulative losses constitute significant negative evidence with regard to future taxable income, we have relied solely on the expected reversal of taxable temporary differences to support the future realization of our deferred tax assets. We perform a detailed scheduling process of our net taxable temporary differences.

At December 31, 2014, all deductible temporary differences were expected to be realized as there were sufficient deferred tax liabilities within the same jurisdiction and of the same character that are available to offset them. Valuation allowances were established for federal and state net operating losses and tax credits that were not offset by the reversal of other net taxable temporary differences before the expiration of the attribute.

At December 31, 2015, additional losses were realized relating primarily to asset impairment charges. As a result, the expected reversal of taxable temporary differences were not sufficient to support the future realization of the deferred tax assets and an additional $865.1 million valuation allowance was recorded. The total deferred tax assets are completely offset by a valuation allowance.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We manage our commodity price risk for our non-trading, thermal coal sales through the use of long-term coal supply agreements, and to a limited extent, through the use of derivative instruments. Sales commitments in the metallurgical coal market are typically not long-term in nature, and we are therefore subject to fluctuations in market pricing.

Our commitments for 2016 and 2017 are as follows:

	2016		2017	
	Tons (in millions)	$ per ton	Tons (in millions)	$ per ton
Powder River Basin				
Committed, Priced	69.8	$ 13.34	37.8	$ 13.84
Committed, Unpriced	4.8		9.0	
Appalachia				
Committed, Priced Thermal	3.7	$ 54.36	2.1	$ 45.35
Committed, Unpriced Thermal	—		—	
Committed, Priced Metallurgical	1.9	$ 71.57	1.4	$ 77.03
Committed, Unpriced Metallurgical	0.7		0.7	
Other Bituminous				
Committed, Priced	4.0	$ 32.15	3.3	$ 33.33
Committed, Unpriced	—		—	

We are also exposed to commodity price risk in our coal trading activities, which represents the potential future loss that could be caused by an adverse change in the market value of coal. Our coal trading portfolio included forward, swap and put and call option contracts at December 31, 2015. The estimated future realization of the value of the trading portfolio is $5.8 million of gains in 2016.

We monitor and manage market price risk for our trading activities with a variety of tools, including Value at Risk (VaR), position limits, management alerts for mark to market monitoring and loss limits, scenario analysis, sensitivity analysis and review of daily changes in market dynamics. Management believes that presenting high, low, end of year and average VaR is the best available method to give investors insight into the level of commodity risk of our trading positions. Illiquid positions, such as long-dated trades that are not quoted by brokers or exchanges, are not included in VaR.

VaR is a statistical one-tail confidence interval and down side risk estimate that relies on recent history to estimate how the value of the portfolio of positions will change if markets behave in the same way as they have in the recent past. While presenting VaR will provide a similar framework for discussing risk across companies, VaR estimates from two independent sources are rarely calculated in the same way. Without a thorough understanding of how each VaR model was calculated, it would be difficult to compare two different VaR calculations from different sources. The level of confidence is 95%. The time across which these possible value changes are being estimated is through the end of the next business day. A closed-form delta-neutral method used throughout the finance and energy sectors is employed to calculate this VaR. VaR is back tested to verify usefulness.

On average, portfolio value should not fall more than VaR on 95 out of 100 business days. Conversely, portfolio value declines of more than VaR should be expected, on average, 5 out of 100 business days. When more value than VaR is lost due to market price changes, VaR is not representative of how much value beyond VaR will be lost.

During the year ended December 31, 2015, VaR for our coal trading positions that are recorded at fair value through earnings ranged from under $0.1 million to $0.9 million. The linear mean of each daily VaR was $0.4 million. The final VaR at December 31, 2015 was $0.1 million.

We are exposed to fluctuations in the fair value of coal derivatives that we enter into to manage the price risk related to future coal sales, but for which we do not elect hedge accounting. Any gains or losses on these derivative instruments would be offset in the pricing of the physical coal sale. During the year ended December 31, 2015 VaR for our risk management positions that are recorded at fair value through earnings ranged from $0.1 million to $0.5 million. The linear mean of each daily VaR was $0.2 million. The final VaR at December 31, 2015 was $0.1 million.

We are also exposed to the risk of fluctuations in cash flows related to our purchase of diesel fuel. We expect to use approximately 50 to 58 million gallons of diesel fuel for use in our operations during 2016. We may enter into forward physical purchase contracts, as well as purchased heating oil options, to reduce volatility in the price of diesel fuel for our operations. At December 31, 2015, we had purchased heating oil call options for approximately 56 million gallons for the purpose of protecting against substantial increases in pricerelating to 2015 diesel purchases. These positions reduce our risk of cash flow fluctuations related to these surcharges but the positions are not accounted for as hedges. A $0.25 per gallon decrease in the price of heating oil would not result in an increase in our expense related to the heating oil derivatives. We also at times have purchased heating oil call options to manage the price risk associated with fuel surcharges on barge and rail shipments, which cover increases in diesel fuel prices. At December 31, 2015, we had no positions outstanding for this purpose.

We are exposed to market risk associated with interest rates due to our existing level of indebtedness. At December 31, 2015, of our $5.1 billion principal amount of debt outstanding, approximately $1.9 billion of outstanding borrowings have interest rates that fluctuate based on changes in the market rates. An increase in the interest rates related to these borrowings of 25 basis points would not result in an annualized increase in interest expense based on interest rates in effect at December 31, 2015, because our term loan has a minimum interest rate that exceeds the current market rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Consolidated Financial Statements and consolidated financial statement schedule of Arch Coal, Inc. and subsidiaries are included in this Annual Report on Form 10-K beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

We performed an evaluation under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2015. Based on that evaluation, our management, including our chief executive officer and chief financial officer, concluded that the disclosure controls and procedures were effective as of such date. There were no changes in our internal control over financial reporting during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We incorporate by reference the opinion of independent registered public accounting firm and management's report on internal control over financial reporting included on pages F-3 and F-4, respectively, of this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION.

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Except for the disclosures contained in Part I of this report under the caption "Executive Officers", the information required under this item is incorporated herein by reference in an amendment to this Annual Report on Form 10-K, which will be filed within 120 days after the close of our Company's 2015 fiscal year.

ITEM 11. EXECUTIVE COMPENSATION.

The information required under this item is incorporated herein by reference in an amendment to this Annual Report on Form 10-K, which will be filed within 120 days after the close of our Company's 2015 fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Except as provided below, the information required under this item is incorporated herein by reference in an amendment to this Annual Report on Form 10-K, which will be filed within 120 days after the close of our Company's 2015 fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by Items 404 and 407(a) of Regulation S-K is included under the caption "Directors and Corporate Governance Practices" in an amendment to this Annual Report on Form 10-K, which will be filed within 120 days after the close of our Company's 2015 fiscal year.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The following table sets forth the fees accrued or paid to Ernst & Young LLP, the Company's independent registered public accounting firm, for the years ended December 31, 2015 and December 31, 2014:

	Fee	
Service	**2015**	**2014**
Audit(1)	$ 2,327,680	$ 1,989,282
Audit-Related(2)	48,636	0
Tax(3)	6,500	14,500
All Other	—	0

(1) Audit fees include fees for professional services rendered by Ernst & Young LLP for the audits of our annual consolidated financial statements and report on internal control over financial reporting, the review procedures on the consolidated financial statements included in our Forms 10-Q, as well as the statutory audits of our international subsidiaries and other services related to Securities and Exchange Commission filings, including comfort letters and consents.

(2) Audit-related fees include fees for the carve-out audits of a certain entity.

(3) Tax fees consist of amounts billed for tax compliance matters.

The Audit Committee has adopted an audit and non-audit services pre-approval policy that requires the Audit Committee, or the chairman of the Audit Committee, to pre-approve services to be provided by our independent registered public accounting firm. The Audit Committee will consider whether the services to be provided by the independent registered

public accounting firm are prohibited by the SEC's rules on auditor independence and whether the independent registered public accounting firm is best positioned to provide the most effective and efficient service. The Audit Committee is mindful of the relationship between fees for audit and non-audit services in deciding whether to pre-approve such services. The Audit Committee has delegated to the chairman of the Audit Committee pre-approval authority between committee meetings, and the chairman must report any pre-approval decisions to the committee at the next regularly scheduled committee meeting. All non-audit services performed by Ernst & Young LLP in 2015 and 2014 were pre-approved in accordance with the procedures established by the Audit Committee.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

Financial Statements

Reference is made to the index set forth on page F-1 of this report.

Financial Statement Schedules

The following financial statement schedule of Arch Coal, Inc. is at the page indicated:

All other financial statement schedules listed under SEC rules but not included in this report are omitted because they are not applicable or the required information is provided in the notes to our consolidated financial statements.

Exhibits

Reference is made to the Exhibit Index beginning on page 87 of this report.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Arch Coal, Inc.

/s/ John W. Eaves
John W. Eaves
Chairman and Chief Executive Officer
March 15, 2016

Signatures	Capacity	Date
/s/ John W. Eaves John W. Eaves	Chairman and Chief Executive Officer, (Principal Executive Officer)	March 15, 2016
/s/ John T. Drexler John T. Drexler	Senior Vice President and Chief Financial Officer (Principal Financial Officer) (Principal Accounting Officer)	March 15, 2016
* David D. Freudenthal	Director	March 15, 2016
* Patricia F. Godley	Director	March 15, 2016

*		
Paul T. Hanrahan	Director	March 15, 2016
*		
Douglas H. Hunt	Director	March 15, 2016

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*		
J. Thomas Jones	Director	March 15, 2016
*		
Paul A. Lang	Director	March 15, 2016
*		
George C. Morris III	Director	March 15, 2016
*		
Theodore D. Sands	Director	March 15, 2016
*		
Wesley M. Taylor	Director	March 15, 2016
*		
Peter I. Wold	Director	March 15, 2016

*By /s/ Robert G. Jones
Robert G. Jones,
Attorney-in-Fact

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Exhibit Index

Exhibit	Description
3.1	Restated Certificate of Incorporation of Arch Coal, Inc. (incorporated herein by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on May 5, 2006).
3.2	Arch Coal, Inc. Bylaws, as amended effective as of February 25, 2015 (incorporated herein by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on February 27, 2015).
4.1	Indenture, dated as of August 9, 2010, by and between Arch Coal, Inc. and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on August 9, 2010)
4.2	First Supplemental Indenture, dated as of August 9, 2010, by and among Arch Coal, Inc., the subsidiary guarantors named therein, and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed on August 9, 2010)
4.3	Second Supplemental Indenture, dated as of December 16, 2010, by and among Arch Coal West, LLC, Arch Coal, Inc., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.7 to the registrant's Annual Report on Form 10-K for the period ended December 31, 2010).
4.4	Third Supplemental Indenture, dated as of June 24, 2011, by and among Arch Coal, Inc., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.13 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011).
4.5	Fourth Supplemental Indenture, dated as of October 7, 2011, by and among Arch Coal, Inc., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.14 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011).

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4.6	Fifth Supplemental Indenture, dated as of July 2, 2012, by and among Arch Coal, Inc., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.2 to the registrant's Quarterly Report on Form 10-Q

for the period ended June 30, 2012).

4.7 Sixth Supplemental Indenture, dated as of July 31, 2012, by and among Arch Coal, Inc., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.5 to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2012).

4.8 Seventh Supplemental Indenture, dated as of July 26, 2013, by and among Arch Coal, Inc., the subsidiary guarantors named therein and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.2 to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2013).

4.9 Eighth Supplemental Indenture, dated December 2, 2013, by and among Arch Coal, Inc. the subsidiary guarantors named therein and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.21 to the registrant's Annual Report on Form 10-K for the period ended December 31, 2013).

4.10 Indenture, dated as of June 14, 2011, by and among Arch Coal, Inc., the subsidiary guarantors named therein and UMB Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on June 14, 2011).

4.11 First Supplemental Indenture, dated as of July 5, 2011, by and among Arch Coal, Inc., the subsidiary guarantors named therein and UMB Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.16 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011).

4.12 Second Supplemental Indenture, dated as of October 7, 2011, by and among Arch Coal, Inc., the subsidiary guarantors named therein and UMB Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.17 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011).

4.13 Third Supplemental Indenture, dated as of July 2, 2012, by and among Arch Coal, Inc., the subsidiary guarantors named therein and UMB Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.3 to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2012).

4.14 Fourth Supplemental Indenture, dated as of July 31, 2012, by and among Arch Coal, Inc., the subsidiary guarantors named therein and UMB Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.6 to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2012).

4.15 Fifth Supplemental Indenture, dated as of July 26, 2013, by and among Arch Coal, Inc., the subsidiary guarantors named therein and UMB Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.3 to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2013).

4.16 Sixth Supplemental Indenture, dated as of December 2, 2013, by and among Arch Coal, Inc., the subsidiary guarantors named therein and UMB Bank National Association (incorporated herein by reference to Exhibit 4.28 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2013).

4.17 Indenture, dated as of November 21, 2012, among Arch Coal, Inc., the subsidiary guarantors named therein and UMB Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on November 26, 2012).

4.18 First Supplemental Indenture, dated as of July 26, 2013, by and among Arch Coal, Inc., the subsidiary guarantors named therein and UMB Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.4 to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2013).

4.19 Second Supplemental Indenture, dated as of December 2, 2013, by and among Arch Coal, Inc., the subsidiary guarantors named therein and UMB Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.31 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2013).

4.2 Indenture, dated as of December 17, 2013, by and among Arch Coal, Inc., the subsidiary guarantors named therein and UMB Bank National Association, as trustee and collateral agent (incorporated herein by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on December 17, 2013).

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10.1 Amended and Restated Credit Agreement, dated as of June 14, 2011, by and among the Company, the lenders party thereto, PNC Bank, National Association, as administrative agent and Bank of America, N.A., The Royal Bank of Scotland PLC and Citibank, N.A., as co-documentation agents (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on June 17, 2011).

10.2 Incremental Amendment, dated as of November 21, 2012, by and among Arch Coal, Inc., as Borrower, the guarantors party thereto, the incremental term loan lenders party thereto, Bank of America, N.A., as Term Loan Administrative Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, PNC Capital Markets LLC, Morgan Stanley Senior Funding, Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, BBVA Securities Inc., RBS Securities Inc. and Union Bank, N.A., as Lead Arrangers, as Lead Arrangers (incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on November 26, 2012).

10.3 First Amendment to Amended and Restated Credit Agreement, dated as of May 16, 2012, by and among Arch Coal, Inc., as Borrower, the guarantors party thereto, the lenders party thereto, and PNC Bank, National Association, as Revolver Administrative Agent (incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on May 17, 2012).

10.4 Second Amendment to Amended and Restated Credit Agreement, dated as of November 21, 2012, by and among Arch Coal, Inc., as Borrower, the guarantors party thereto, the lenders party thereto, Bank of America, N.A., as Term Loan Administrative Agent, and PNC Bank, National Association, as Revolver Administrative Agent (incorporated herein by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K filed on November 26, 2012).

10.5 Third Amendment to Amended and Restated Credit Agreement, dated as of November 21, 2012, by and among Arch Coal, Inc., as Borrower, the guarantors party thereto, the revolver lenders party thereto and PNC Bank, National Association, as Revolver Administrative Agent (incorporated herein by reference to Exhibit 10.3 to the registrant's Current Report on Form 8-K filed on November 26, 2012).

10.6 Amendment Number Four to Amended and Restated Credit Agreement, dated as of December 17, 2013, by and among Arch Coal, Inc., as Borrower, the guarantors party thereto, the lenders party thereto, Bank of America, N.A., as term loan administrative agent, and PNC Bank, National Association, as Revolver Administrative Agent (incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on December 17, 2013).

10.7* Form of Employment Agreement for Executive Officers of Arch Coal, Inc. (incorporated herein by reference to Exhibit 10.4 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011).

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10.8	Coal Lease Agreement dated as of March 31, 1992, among Allegheny Land Company, as lessee, and UAC and Phoenix Coal Corporation, as lessors, and related guarantee (incorporated herein by reference to the Current Report on Form 8-K filed by Ashland Coal, Inc. on April 6, 1992).
10.9	Federal Coal Lease dated as of June 24, 1993 between the U.S. Department of the Interior and Southern Utah Fuel Company (incorporated herein by reference to Exhibit 10.17 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.10	Federal Coal Lease between the U.S. Department of the Interior and Utah Fuel Company (incorporated herein by reference to Exhibit 10.18 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.11	Federal Coal Lease dated as of July 19, 1997 between the U.S. Department of the Interior and Canyon Fuel Company, LLC (incorporated herein by reference to Exhibit 10.19 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.12	Federal Coal Lease dated as of January 24, 1996 between the U.S. Department of the Interior and the Thunder Basin Coal Company (incorporated herein by reference to Exhibit 10.20 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.13	Federal Coal Lease Readjustment dated as of November 1, 1967 between the U.S. Department of the Interior and the Thunder Basin Coal Company (incorporated herein by reference to Exhibit 10.21 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.14	Federal Coal Lease effective as of May 1, 1995 between the U.S. Department of the Interior and Mountain Coal Company (incorporated herein by reference to Exhibit 10.22 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.15	Federal Coal Lease dated as of January 1, 1999 between the Department of the Interior and Ark Land Company (incorporated herein by reference to Exhibit 10.23 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1998).
10.16	Federal Coal Lease dated as of October 1, 1999 between the U.S. Department of the Interior and Canyon Fuel Company, LLC (incorporated herein by reference to Exhibit 10 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999).
10.17	Federal Coal Lease effective as of March 1, 2005 by and between the United States of America and Ark Land LT, Inc. covering the tract of land known as "Little Thunder" in Campbell County, Wyoming (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K filed by the registrant on February 10, 2005).
10.18	Modified Coal Lease (WYW71692) executed January 1, 2003 by and between the United States of America, through the Bureau of Land Management, as lessor, and Triton Coal Company, LLC, as lessee, covering a tract of land known as "North Rochelle" in Campbell County, Wyoming (incorporated by reference to Exhibit 10.24 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2004).
10.19	Coal Lease (WYW127221) executed January 1, 1998 by and between the United States of America, through the Bureau of Land Management, as lessor, and Triton Coal Company, LLC, as lessee, covering a tract of land known as "North Roundup" in Campbell County, Wyoming (incorporated by reference to Exhibit 10.24 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2004).
10.20*	Form of Indemnity Agreement between Arch Coal, Inc. and Indemnitee (as defined therein) (incorporated herein by reference to Exhibit 10.15 to the Registration Statement on Form S-4 (Registration No. 333-28149) filed by the registrant on May 30, 1997).
10.21*	Arch Coal, Inc. Incentive Compensation Plan For Executive Officers (incorporated herein by reference to Appendix B to the proxy statement on Schedule 14A filed by the registrant on March 22, 2010).
10.22*	Arch Coal, Inc. Deferred Compensation Plan (incorporated herein by reference to Exhibit 10.26 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2014).
10.23*	Arch Coal, Inc. Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on May 8, 2013).
10.24*	Arch Mineral Corporation 1996 ERISA Forfeiture Plan (incorporated herein by reference to Exhibit 10.20 to the Registration Statement on Form S-4 (Registration No. 333-28149) filed by the registrant on May 30, 1997).
10.25*	Arch Coal, Inc. Outside Directors' Deferred Compensation Plan (incorporated herein by reference to Exhibit 10.4 of the registrant's Current Report on Form 8-K filed on December 11, 2008).
10.26*	Arch Coal, Inc. Supplemental Retirement Plan (as amended on December 5, 2008) (incorporated herein by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K filed on December 11, 2008).
10.27*	Form of Restricted Stock Unit Contract (incorporated herein by reference to Exhibit 10.5 to the registrant's Current Report on Form 8-K filed on February 24, 2006).
10.28*	Form of Non-Qualified Stock Option Agreement (for stock options granted prior to February 21, 2008) (incorporated herein by reference to Exhibit 10.35 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2006).
10.29*	Form of 2008 Restricted Stock Unit Contract for Messrs. Leer and Eaves (incorporated herein by reference to Exhibit 10.3 to the registrant's Current Report on Form 8-K filed on February 27, 2008).
10.30*	Form of 2008 Non-Qualified Stock Option Agreement for Messrs. Leer and Eaves (incorporated herein by reference to Exhibit 10.4 to the registrant's Current Report on Form 8-K filed on February 27, 2008).

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10.31*	Form of Non-Qualified Stock Option Agreement (for stock options granted on or after February 21, 2008) (incorporated herein by reference to Exhibit 10.5 to the registrant's Current Report on Form 8-K filed on February 27, 2008).
10.32*	Form of Non-Qualified Stock Option Agreement (incorporated herein by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2013).
10.33*	Form of Performance Unit Contract (incorporated herein by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2013).
10.34*	Form of 2011 Non-Qualified Stock Option Agreement (incorporated herein by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2012).
10.35*	Form of 2011 Restricted Stock Unit Contract (incorporated herein by reference to Exhibit 10.2 to the registrant's Quarterly Report on

Form 10-Q for the period ended March 31, 2012).

10.36* Form of 2011 Restricted Stock Unit Contract for Non-Employee Directors (incorporated herein by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2012).

10.37* Form of 2011 Performance Unit Contract (incorporated herein by reference to Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2012).

10.38* Form of Restricted Stock Unit Contract (incorporated herein by reference to Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2013).

10.39* Form of Restricted Stock Unit Contract for Non-Employee Directors (incorporated herein by reference to Exhibit 10.5 to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2013).

10.40* Form of Director Indemnity Agreement (incorporated herein by reference to Exhibit 10.40 to the registrant's Annual Report on Form 10-K for the period ended December 31, 2010).

10.41* Form of Performance Shares Contract (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2014).

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10.42 Amended and Restated Receivables Purchase Agreement, dated as of February 24, 2010, among Arch Receivable Company, LLC, Arch Coal Sales Company, Inc., Market Street Funding LLC, as issuer, the financial institutions from time to time party thereto, as LC Participants, and PNC Bank, National Association, as Administrator on behalf of the Purchasers and as LC Bank (incorporated herein by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2010).

10.43 First Amendment to Amended and Restated Receivables Purchase Agreement, dated January 31, 2011, among Arch Receivable Company, LLC, Arch Coal Sales Company, Inc. and the other parties thereto (incorporated by reference to Exhibit 10.41 to the registrant's Annual Report on Form 10-K for the period ended December 31, 2010).

10.44 Second Amendment to Amended and Restated Receivables Purchase Agreement dated June 15, 2011 (incorporated by reference to Exhibit 10.5 to the registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2011).

10.45 Third Amendment to Amended and Restated Receivables Purchase Agreement dated November 21, 2011, among Arch Receivable Company, LLC, Arch Coal Sales Company, Inc. and the other parties thereto (incorporated herein by reference to Exhibit 10.38 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011).

10.46 Fourth Amendment to Amended and Restated Receivables Purchase Agreement dated December 13, 2011, among Arch Receivable Company, LLC, Arch Coal Sales Company, Inc. and the other parties thereto (incorporated herein by reference to Exhibit 10.39 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2011).

10.47 Fifth Amendment to Amended and Restated Receivables Purchase Agreement dated December 11, 2012, among Arch Receivable Company, LLC, Arch Coal Sales Company, Inc. and the other parties thereto (incorporated herein by reference to Exhibit 10.45 to the registrant's Annual Report on Form 10-K for the period ended December 31, 2012).

10.48 Sixth Amendment to Amended and Restated Receivables Purchase Agreement dated October 4, 2013, among Arch Receivable Company, LLC, Arch Coal Sales Company, Inc., and the other parties thereto (incorporated herein by reference to Exhibit 10.51 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2013).

10.49 Seventh Amendment to Amended and Restated Receiveables Purchase Agreement dated December 10, 2013, among Arch Receivable Company, LLC, Arch Coal Sales Company, Inc., and the other parties thereto (incorporated herein by reference to Exhibit 10.52 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2013).

10.50 Eighth Amendment to Amended and Restated Receivables Purchase Agreement dated October 28, 2014, among Arch Receivables Company, LLC, Arch Coal Sales Company, Inc., and the other parties thereto (incorporated by reference to Exhibit 10.54 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2014).

10.51 Ninth Amendment to Amended and Restated Receivables Purchase Agreement, dated December 29, 2014, among Arch Receivables Company, LLC, Arch Coal Sales Company, Inc., and the other parties thereto (incorporated herein by reference to Exhibit 10.55 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2014).

10.52 Second Supplemental Indenture dated as of July 16, 2015 among Arch Coal, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on July 17, 2015).

10.53 Superpriority Senior Secured Debtor in Possession Credit Agreement, dated as of January 21, 2016, by and among Arch Coal, Inc., subsidiaries of Arch Coal, Inc. from time to time party thereto as guarantors, the lenders from time to time party thereto and the Agent (as defined therein).

10.54 Second Amended and Restated Receivables Purchase Agreement, dated as of January 13, 2016, among Arch Receivable Company, LLC, Arch Coal Sales Company, Inc. and the other parties thereto.

10.55 Restructuring Support Agreement, dated as of January 10, 2016, by and among the Debtors (as defined therein) and the Consenting Lenders (as defined therein) (incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on January 11, 2016).

10.56 Waiver and Consent and Amendment No. 1, dated as of March 4, 2016, to the Superpriority Senior Debtor-in-Possession Credit Agreement, by and among Arch Coal, Inc., subsidiaries of Arch Coal, Inc. from time to time party thereto as guarantors, the lenders from time to time party thereto and the Agent (as defined therein).

10.57 First Amendment to Restructuring Support Agreement dated as of February 25, 2016 by and among the Debtors (as defined therein) and the Consenting Lenders (as defined therein).

12.1 Computation of ratio of earnings to combined fixed charges and preference dividends.

21.1 Subsidiaries of the registrant.

23.1 Consent of Ernst & Young LLP.

23.2 Consent of Weir International, Inc.

24.1 Power of Attorney.

31.1 Rule 13a-14(a)/15d-14(a) Certification of John W. Eaves.

31.2 Rule 13a-14(a)/15d-14(a) Certification of John T. Drexler.

32.1 Section 1350 Certification of John W. Eaves.

32.2 Section 1350 Certification of John T. Drexler.

95 Mine Safety Disclosure Exhibit.

101 Interactive Data File (Form 10-K for the year ended December 31, 2015 filed in XBRL). The financial information contained in the

XBRL-related documents is “unaudited” and “unreviewed.”

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* Denotes management contract or compensatory plan arrangements.

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FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Arch Coal, Inc.

We have audited the accompanying consolidated balance sheets of Arch Coal, Inc. and subsidiaries (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Arch Coal, Inc. and subsidiaries at December 31, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1, to the consolidated financial statements, the Company has recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Arch Coal, Inc.’s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 15, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

St. Louis, Missouri
March 15, 2016

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Arch Coal, Inc.

We have audited Arch Coal, Inc. and subsidiaries’ (the Company’s) internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Arch Coal, Inc. and subsidiaries’ management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report on

Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Arch Coal, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Arch Coal, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2015, and our report dated March 15, 2016, expressed an unqualified opinion thereon that included an explanatory paragraph regarding Arch Coal, Inc.'s ability to continue as a going concern.

/s/ Ernst & Young LLP

St. Louis, Missouri
March 15, 2016

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REPORT OF MANAGEMENT

The management of Arch Coal, Inc. (the "Company") is responsible for the preparation of the consolidated financial statements and related financial information in this annual report. The financial statements are prepared in accordance with accounting principles generally accepted in the United States and necessarily include some amounts that are based on management's informed estimates and judgments, with appropriate consideration given to materiality.

The Company maintains a system of internal accounting controls designed to provide reasonable assurance that financial records are reliable for purposes of preparing financial statements and that assets are properly accounted for and safeguarded. The concept of reasonable assurance is based on the recognition that the cost of a system of internal accounting controls should not exceed the value of the benefits derived. The Company has a professional staff of internal auditors who monitor compliance with and assess the effectiveness of the system of internal accounting controls.

The Audit Committee of the Board of Directors, comprised of independent directors, meets regularly with management, the internal auditors, and the independent auditors to discuss matters relating to financial reporting, internal accounting control, and the nature, extent and results of the audit effort. The independent auditors and internal auditors have full and free access to the Audit Committee, with and without management present.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Arch Coal, Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Securities Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed under the supervision of our principal executive officer and principal financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not detect or prevent misstatements. Projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or processes may deteriorate.

Under the supervision and with the participation of the Company's management, including its principal executive officer and principal financial officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2015 based on the criteria set forth in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation, management concluded that the Company's internal control over financial reporting is effective as of December 31, 2015.

The Company's independent registered public accounting firm, Ernst & Young LLP, has issued an audit opinion on the Company's internal control over financial reporting as of December 31, 2015.

Arch Coal, Inc. and Subsidiaries
Consolidated Statements of Operations
(in thousands, except per share data)

	Year Ended December 31,		
	2015	2014	2013
Revenues	$ 2,573,260	$ 2,937,119	$ 3,014,357
Costs, expenses and other operating			
Cost of sales (exclusive of items shown separately below)	2,206,433	2,566,193	2,663,136
Depreciation, depletion and amortization	379,345	418,748	426,442
Amortization of acquired sales contracts, net	(8,811)	(13,187)	(9,457)
Change in fair value of coal derivatives and coal trading activities, net	(1,583)	(3,686)	7,845
Asset impairment and mine closure costs	2,628,303	24,113	220,879
Goodwill impairment	—	—	265,423
Losses from disposed operations resulting from Patriot Coal bankruptcy	116,343	—	—
Selling, general and administrative expenses	98,783	114,223	133,448
Other operating expense (income), net	19,510	(19,754)	(30,218)
	5,438,323	3,086,650	3,677,498
Loss from operations	(2,865,063)	(149,531)	(663,141)
Interest expense, net			
Interest expense	(397,979)	(390,946)	(381,267)
Interest and investment income	4,430	7,758	6,603
	(393,549)	(383,188)	(374,664)
Nonoperating expense			
Net loss resulting from early retirement of debt and debt restructuring	(27,910)	—	(42,921)
Loss from continuing operations before income taxes	(3,286,522)	(532,719)	(1,080,726)
Provision for (benefit from) income taxes	(373,380)	25,634	(335,498)
Loss from continuing operations	(2,913,142)	(558,353)	(745,228)
Income from discontinued operations, including gain on sale - net of tax	—	—	103,396
Net loss	(2,913,142)	(558,353)	(641,832)
Losses per common share			
Basic and diluted LPS- Loss from continuing operations	$ (136.86)	$ (26.31)	$ (35.15)
Basic and diluted LPS - Net loss	$ (136.86)	$ (26.31)	$ (30.26)
Basic and diluted weighted average shares outstanding	21,285	21,222	21,210
Dividends declared per common share	$ —	$ 0.10	$ 1.20

The accompanying notes are an integral part of the consolidated financial statements.

Arch Coal, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Net loss	$ (2,913,142)	$ (558,353)	$ (641,832)
Derivative instruments			
Comprehensive income (loss) before tax	(3,477)	3,102	(2,626)
Income tax benefit (provision)	1,252	(1,117)	947
	(2,225)	1,985	(1,679)
Pension, postretirement and other post-employment benefits			
Comprehensive income (loss) before tax	(5,592)	(44,143)	77,201
Income tax benefit (provision)	2,011	15,891	(27,803)
	(3,581)	(28,252)	49,398
Available-for-sale securities			
Comprehensive income (loss) before tax	1,185	(12,788)	10,190
Income tax benefit (provision)	(435)	4,604	(3,710)
	750	(8,184)	6,480
Total other comprehensive income (loss)	(5,056)	(34,451)	54,199
Total comprehensive loss	$ (2,918,198)	$ (592,804)	$ (587,633)

The accompanying notes are an integral part of the consolidated financial statements.

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Arch Coal, Inc. and Subsidiaries
Consolidated Balance Sheets
(in thousands, except per share data)

	December 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 450,781	$ 734,231
Short term investments	200,192	248,954
Restricted cash	97,542	5,678
Trade accounts receivable (net of allowance for doubtful accounts of $7.8 million and $0.2 million, respectively)	117,405	211,506
Other receivables	18,362	20,511
Inventories	196,720	190,253
Prepaid royalties	10,022	11,118
Deferred income taxes	—	52,728
Coal derivative assets	8,035	13,257
Other current assets	104,723	54,515
Total current assets	1,203,782	1,542,751
Property, plant and equipment		
Coal lands and mineral rights	3,713,639	6,040,656
Plant and equipment	2,359,674	2,935,381
Deferred mine development	553,286	891,649
	6,626,599	9,867,686
Less accumulated depreciation, depletion and amortization	(3,007,570)	(3,414,228)
Property, plant and equipment, net	3,619,029	6,453,458
Other assets		
Prepaid royalties	23,671	66,806
Equity investments	201,877	235,842
Other noncurrent assets	58,379	130,866
Total other assets	283,927	433,514
Total assets	$ 5,106,738	$ 8,429,723
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities		
Accounts payable	$ 128,131	$ 180,113
Accrued expenses and other current liabilities	329,450	302,396
Current maturities of debt	5,107,210	36,885
Total current liabilities	5,564,791	519,394
Long-term debt	30,953	5,123,485
Asset retirement obligations	396,659	398,896
Accrued pension benefits	27,373	16,260
Accrued postretirement benefits other than pension	99,810	32,668
Accrued workers' compensation	112,270	94,291
Deferred income taxes	—	422,809
Other noncurrent liabilities	119,171	153,766
Total liabilities	6,351,027	6,761,569
Stockholders' equity (deficit)		
Common stock, $0.01 par value, authorized 26,000 shares, issued 21,446 and 21,379 shares at December 31, 2015 and 2014, respectively	2,145	2,141
Paid-in capital	3,054,211	3,048,460
Treasury stock, at cost	(53,863)	(53,863)
Accumulated deficit	(4,244,967)	(1,331,825)
Accumulated other comprehensive income	(1,815)	3,241
Total stockholders' equity (deficit)	(1,244,289)	1,668,154
Total liabilities and stockholders' equity (deficit)	$ 5,106,738	$ 8,429,723

The accompanying notes are an integral part of the consolidated financial statements.

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Arch Coal, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,

	2015	2014	2013
Operating activities			
Net loss	$ (2,913,142)	$ (558,353)	$ (641,832)
Adjustments to reconcile net loss to cash provided by operating activities:			
Depreciation, depletion and amortization	379,345	418,748	447,704
Amortization of acquired sales contracts, net	(8,811)	(13,187)	(9,457)
Prepaid royalties expensed	8,109	9,698	13,706
Deferred income taxes	(367,210)	25,152	(263,099)
Employee stock-based compensation expense	5,760	9,847	11,790
Gains on disposals and divestitures	(2,270)	(27,512)	(120,321)
Asset impairment and noncash mine closure costs	2,613,345	16,868	220,879
Goodwill impairment	—	—	265,423
Losses from disposed operations resulting from Patriot Coal bankruptcy	116,343	—	—
Amortization relating to financing activities	25,241	17,363	24,789
Net loss resulting from early retirement of debt and debt restructuring	27,910	—	42,921
Changes in:			
Receivables	98,212	(8,991)	62,881
Inventories	(6,534)	41,548	44,635
Coal derivative assets and liabilities	973	5,449	3,606
Accounts payable, accrued expenses and other current liabilities	(15,532)	41,680	(78,126)
Asset retirement obligations	16,640	18,288	17,432
Pension, postretirement and other postemployment benefits	4,800	(25,347)	7,284
Other	(27,546)	(4,833)	5,527
Cash provided by (used in) operating activities	(44,367)	(33,582)	55,742
Investing activities			
Capital expenditures	(119,024)	(147,286)	(296,984)
Minimum royalty payments	(5,871)	(7,317)	(14,947)
Proceeds from sale-leaseback transactions	—	—	34,919
Proceeds from disposals and divestitures	2,191	62,358	433,453
Purchases of short term investments	(246,735)	(211,929)	(213,726)
Proceeds from sales of short term investments	290,205	205,611	194,537
Proceeds from sale of investments in equity investments and securities	2,259	9,464	—
Investments in and advances to affiliates, net	(11,502)	(16,657)	(15,260)
Withdrawals (deposits) of restricted cash	(91,864)	(5,678)	3,453
Cash provided by (used in) investing activities	(180,341)	(111,434)	125,445
Financing activities			
Proceeds from term loan	—	—	294,000
Proceeds from issuance of senior notes	—	—	350,000
Payments to retire debt	—	(300)	(628,660)
Payments on term loan	(19,500)	(19,500)	(17,250)
Net payments on other debt	(11,332)	(5,395)	(6,836)
Debt financing costs	—	(4,519)	(20,489)
Dividends paid	—	(2,123)	(25,475)
Expenses related to debt restructuring	(27,910)	—	—
Other	—	(15)	—
Cash used in financing activities	(58,742)	(31,852)	(54,710)
Increase (decrease) in cash and cash equivalents	(283,450)	(176,868)	126,477
Cash and cash equivalents, beginning of period	734,231	911,099	784,622
Cash and cash equivalents, end of period	$ 450,781	$ 734,231	$ 911,099
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the year for interest	$ 283,337	$ 361,727	$ 380,389
Cash refunded during the year for income taxes, net	$ 4,138	$ 4,896	$ 18,741

The accompanying notes are an integral part of the consolidated financial statements.

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Arch Coal, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity (Deficit)
Three Years Ended December 31, 2015

	Common Stock	Paid-In Capital	Treasury Stock, at Cost	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	(In thousands, except per share data)					
BALANCE AT JANUARY 1, 2013	$ 2,141	$ 3,026,823	$ (53,848)	$ (104,042)	$ (16,507)	$ 2,854,567
Total comprehensive (loss)	—	—	—	(641,832)	54,199	(587,633)
Dividends on common shares ($1.20 per share)	—	—	—	(25,475)	—	(25,475)
Issuance of 39 shares of common stock under the stock incentive plan — restricted stock and restricted stock units, net of forfeitures	0	0	—	—	—	—
Employee stock-based compensation expense	—	11,790	—	—	—	11,790
BALANCE AT DECEMBER 31, 2013	2,141	3,038,613	(53,848)	(771,349)	37,692	2,253,249
Total comprehensive income (loss)	—	—	—	(558,353)	(34,451)	(592,804)
Dividends on common shares ($0.10 per share)	—	—	—	(2,123)	—	(2,123)
Treasury shares purchased	0	0	(15)	—	—	(15)
Employee stock-based compensation expense	—	9,847	—	—	—	9,847
BALANCE AT DECEMBER 31, 2014	2,141	3,048,460	(53,863)	(1,331,825)	3,241	1,668,154

Total comprehensive income (loss)	—	—	—	(2,913,142)	(5,056)	(2,918,198)
Issuance of 64 shares of common stock under the stock incentive plan-restricted stock and restricted stock units, net of forfeitures	4	(9)				(5)
Employee stock-based compensation expense	—	5,760	—	—	—	5,760
BALANCE AT DECEMBER 31, 2015	$ 2,145	$ 3,054,211	$ (53,863)	$ (4,244,967)	$ (1,815)	$ (1,244,289)

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Arch Coal, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Basis of Presentation

The accompanying consolidated financial statements include the accounts of Arch Coal, Inc. and its subsidiaries and controlled entities (the "Company"). The Company's primary business is the production of thermal and metallurgical coal from surface and underground mines located throughout the United States, for sale to utility, industrial and steel producers both in the United States and around the world. The Company currently operates mining complexes in West Virginia, Kentucky, Maryland, Virginia, Illinois, Wyoming and Colorado. All subsidiaries are wholly-owned. Intercompany transactions and accounts have been eliminated in consolidation.

Filing Under Chapter 11 of the United States Bankruptcy Code

On January 11, 2016 (the "Petition Date"), Arch and substantially all of its wholly owned domestic subsidiaries (the "Filing Subsidiaries" and, together with Arch, the "Debtors") filed voluntary petitions for reorganization (collectively, the "Bankruptcy Petitions") under Chapter 11 of Title 11 of the U.S. Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Eastern District of Missouri (the "Court"). The Debtor's Chapter 11 Cases (collectively, the "Chapter 11 Cases") are being jointly administered under the caption *In re Arch Coal, Inc., et al.* Case No. 16-40120 (lead case). Each Debtor will continue to operate its business as a "debtor in possession" under the jurisdiction of the Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Court.

The filing of the Bankruptcy Petitions constituted an event of default that accelerated Arch's obligations under the documents governing each of Arch's 7.00% senior notes due 2019, 9.875% senior notes due 2019, 8.00% senior secured second lien notes due 2019, 7.25% senior notes due 2020, 7.25% senior notes due 2021 (together, the "senior notes") and senior secured first lien term loan due 2018 (the "Existing Credit Agreement") (collectively with the senior notes, the "Debt Instruments"), all as further described in Note 14, "Debt and Financing Arrangements" to the Consolidated Financial Statements included in the Form 10-K. Immediately after filing the Bankruptcy Petitions, Arch began notifying all known current or potential creditors of the Debtors of the bankruptcy filings.

Additionally, on the Petition Date, the New York Stock Exchange (the "NYSE") determined that the Company's stock was no longer suitable for listing pursuant to Section 8.02.01D of the NYSE continued listing standards and trading in the Company's common stock was suspended on January 11, 2016. We expect that the existing common stock of the Company will be extinguished upon the Company's emergence from Chapter 11 and existing equity holders will not receive consideration in respect of their equity interests.

On the Petition Date, the Debtors filed a number of motions with the Court generally designed to stabilize their operations and facilitate the Debtors' transition into Chapter 11. Certain of these motions sought authority from the Court for the Debtors to make payments upon, or otherwise honor, certain pre-petition obligations (e.g., obligations related to certain employee wages, salaries and benefits and certain vendors and other providers essential to the Debtors' businesses). The Court has entered orders approving the relief sought in these motions.

Pursuant to Section 362 of the Bankruptcy Code, the filing of the Bankruptcy Petitions automatically stayed most actions against the Debtors, including actions to collect indebtedness incurred prior to the Petition Date or to exercise control over the Debtors' property. Subject to certain exceptions under the Bankruptcy Code, the filing of the Debtors' Chapter 11 Cases also automatically stayed the continuation of most legal proceedings, including the third party litigation matters described under "Legal Proceedings," or the filing of other actions against or on behalf of the Debtors or their property to recover on, collect or secure a claim arising prior to the Petition Date or to exercise control over property of the Debtors' bankruptcy estates, unless and until the Court modifies or lifts the automatic stay as to any such claim. Notwithstanding the general application of the automatic stay described above, governmental authorities may determine to continue actions brought under their police and regulatory powers.

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As required by the Bankruptcy Code, the U.S. Trustee for the Eastern District of Missouri appointed an official committee of unsecured creditors (the "Creditors' Committee") on January 25, 2016. The Creditors' Committee represents all unsecured creditors of the Debtors and has a right to be heard on all matters that come before the Court.

As a result of extremely challenging current market conditions, the Company believes it will require a significant restructuring of its balance sheet in order to continue as a going concern in the long term. The Company's ability to continue as a going concern is dependent upon, among other things, improvement in current market conditions, its ability to become profitable and maintain profitability and its ability to successfully implement its Chapter 11 plan strategy. As a result of the Bankruptcy Petitions, the realization of the Debtors' assets and the satisfaction of liabilities are subject to significant uncertainty. While operating as a debtor-in-possession pursuant to the Bankruptcy Code, the Company may sell or otherwise dispose of or liquidate assets or settle liabilities, subject to the approval of the Court or as otherwise permitted in the ordinary course of business for amounts other than those reflected in the accompanying consolidated financial statements. Further, a Chapter 11 plan is likely to materially change the amounts and classifications of assets and liabilities reported in the Company's Consolidated Financial Statements.

On August 4, 2015, the Company effected a 1-for-10 reverse stock split of its common stock. Each stockholder's percentage ownership and proportional voting power remain unchanged as a result of the reverse stock split. All applicable share data, per share amounts and related information in the Consolidated Financial Statements and notes thereto have been adjusted retroactively to give effect to the 1-for-10 reverse stock split.

The Company completed the sale of Canyon Fuel Company, LLC (Canyon Fuel) on August 16, 2013. The results of these mining complexes have been segregated from continuing operations and are reflected, net of tax, as discontinued operations in the consolidated statements of operations for 2013. See further discussion in Note 3, “Divestitures”.

In response to weak coal markets, the Company has idled or closed mines in the Appalachia region and sold other non-core operating subsidiaries and assets. The results from these operations and gains or losses on the disposal are reflected in income from continuing operations in the consolidated statements of operations. See further discussion in Note 5, “Impairment Charges and Mine Closure Costs”.

2. Accounting Policies

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for financial reporting and U.S. Securities and Exchange Commission regulations.

Accounting Pronouncements

There are no accounting pronouncements whose adoption had, or is expected to have, a material impact on the Company’s consolidated financial statements.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses in the accompanying consolidated financial statements and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost. Cash equivalents consist of highly-liquid investments with an original maturity of three months or less when purchased.

Restricted cash

Restricted cash represents cash collateral supporting letters of credit issued under the Company’s accounts receivable securitization program.

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Accounts Receivable

Accounts receivable are recorded at amounts that are expected to be collected, based on past collection history, the economic environment and specified risks identified in the receivables portfolio.

Inventories

Coal and supplies inventories are valued at the lower of average cost or market. Coal inventory costs include labor, supplies, equipment costs, transportation costs incurred prior to the transfer of title to customers and operating overhead. The costs of removing overburden, called stripping costs, incurred during the production phase of the mine are considered variable production costs and are included in the cost of the coal extracted during the period the stripping costs are incurred.

Investments and Membership Interests in Joint Ventures

Investments and membership interests in joint ventures are accounted for under the equity method of accounting if the Company has the ability to exercise significant influence, but not control, over the entity. The Company’s share of the entity’s income or loss is reflected in “Other operating expense (income), net” in the consolidated statements of operations. Information about investment activity is provided in Note 10, “ Equity Method Investments and Membership Interests in Joint Ventures”.

Investments in debt securities and marketable equity securities that do not qualify for equity method accounting are classified as available-for-sale and are recorded at their fair values. Unrealized gains and losses on these investments are recorded in other comprehensive income or loss. A decline in the value of an investment that is considered other-than-temporary would be recognized in operating expenses.

Acquired Sales Contracts

Coal supply agreements (sales contracts) acquired in a business combination are capitalized at their fair value and amortized over the tons of coal shipped during the term of the contract. The fair value of a sales contract is determined by discounting the cash flows attributable to the difference between the contract price and the prevailing forward prices for the tons under contract at the date of acquisition. See Note 11, “Acquired Sales Contracts” for further information related to the Company’s acquired sales contracts.

Exploration Costs

Costs to acquire permits for exploration activities are capitalized. Drilling and other costs related to locating coal deposits and evaluating the economic viability of such deposits are expensed as incurred.

Prepaid Royalties

Leased mineral rights are often acquired through royalty payments. When royalty payments represent prepayments recoupable against royalties owed on future revenues from the underlying coal, they are recorded as a prepaid asset, with amounts expected to be recouped within one year classified as current. When coal from these leases is sold, the royalties owed are recouped against the prepayment and charged to cost of sales. An impairment charge is recognized for prepaid royalties that are not expected to be recouped.

Property, Plant and Equipment

Plant and Equipment

Plant and equipment are recorded at cost. Interest costs incurred during the construction period for major asset additions are capitalized. We did not capitalize any interest costs during the years ended December 31, 2015 and 2014 respectively. Expenditures that extend the useful lives of existing plant and equipment or increase the productivity of the asset are capitalized. The cost of maintenance and repairs that do not extend the useful life or increase the productivity of the asset is expensed as incurred.

Preparation plants and loadouts are depreciated using the units-of-production method over the estimated recoverable reserves, subject to a minimum level of depreciation. Other plant and equipment are depreciated principally using the straight-line method over the estimated useful lives of the assets, limited by the remaining life of the mine. The useful lives of mining equipment, including longwalls, draglines and shovels, range from 5 to 32 years. The useful lives of buildings and leasehold improvements generally range from 10 to 30 years.

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Deferred Mine Development

Costs of developing new mines or significantly expanding the capacity of existing mines are capitalized and amortized using the units-of-production method over the estimated recoverable reserves that are associated with the property being benefited. Costs may include construction permits and licenses; mine design; construction of access roads, shafts, slopes and main entries; and removing overburden to access reserves in a new pit. Additionally, deferred mine development includes the asset cost associated with asset retirement obligations.

Coal Lands and Mineral Rights

Rights to coal reserves may be acquired directly through governmental or private entities. A significant portion of the Company's coal reserves are controlled through leasing arrangements. Lease agreements are generally long-term in nature (original terms range from 10 to 50 years), and substantially all of the leases contain provisions that allow for automatic extension of the lease term providing certain requirements are met.

The net book value of the Company's coal interests was $2.4 billion and $4.7 billion at December 31, 2015 and 2014, respectively. Payments to acquire royalty lease agreements and lease bonus payments are capitalized as a cost of the underlying mineral reserves and depleted over the life of proven and probable reserves. Coal lease rights are depleted using the units-of-production method, and the rights are assumed to have no residual value.

Future lease bonus payments total $60.0 million in 2016.

Depreciation, depletion and amortization.

The depreciation, depletion and amortization related to long-lived assets is reflected in the statement of operations as a separate line item. No depreciation, depletion or amortization is included in any other operating cost categories.

Impairment

If facts and circumstances suggest that the carrying value of a long-lived asset or asset group may not be recoverable, the asset or asset group is reviewed for potential impairment. If this review indicates that the carrying amount of the asset will not be recoverable through projected undiscounted cash flows generated by the asset and its related asset group over its remaining life, then an impairment loss is recognized by reducing the carrying value of the asset to its fair value. The Company may, under certain circumstances, idle mining operations in response to market conditions or other factors. Because an idling is not a permanent closure, it is not considered an automatic indicator of impairment. See additional discussion in Note 5, "Impairment Charges and Mine Closure Costs."

Goodwill

In a business combination, goodwill represents the excess of the purchase price over the fair value assigned to the net tangible and identifiable intangible assets acquired. The Company tests goodwill for impairment annually as of the beginning of the fourth quarter, or when circumstances indicate a possible impairment may exist. If the results of the testing indicate that the carrying amount of a reporting unit exceeds the fair value of the reporting unit, the fair value of goodwill must be calculated. An impairment loss generally would be recognized when the carrying amount of goodwill exceeds the implied fair value of goodwill, determined by subtracting the fair value of the other assets and liabilities associated with the reporting unit from the total fair value of the reporting unit. The fair value of a reporting unit is determined using a discounted cash flow ("DCF") technique. A number of significant assumptions and estimates are involved in the application of the DCF analysis to forecast operating cash flows, including the discount rate, projections of production volumes, quality and costs to produce; projections of sales volumes by market (e.g., thermal versus metallurgical); and projections of market prices. See additional discussion in Note 6, "Goodwill."

Deferred Financing Costs

The Company capitalizes costs incurred in connection with new borrowings, the establishment or enhancement of credit facilities and the issuance of debt securities. These costs are amortized as an adjustment to interest expense over the life of the borrowing or term of the credit facility using the interest method. The unamortized balance of deferred financing costs was

$66.3 million and $89.1 million at December 31, 2015 and 2014, respectively. Amounts classified as current were $65.6 million and $25.5 million at December 31, 2015 and 2014, respectively. Current amounts are recorded in “Other current assets” and noncurrent amounts are recorded in “Other noncurrent assets” in the accompanying consolidated balance sheets.

Revenue Recognition

Revenues include sales to customers of coal produced at Company operations and coal purchased from third parties. The Company recognizes revenue at the time risk of loss passes to the customer at contracted amounts. Transportation costs are included in cost of sales and amounts billed by the Company to its customers for transportation are included in revenues.

Other Operating Expense (Income), net

Other operating expense (income), net in the accompanying consolidated statements of operations reflects income and expense from sources other than physical coal sales, including: bookouts, or the practice of offsetting purchase and sale contracts for shipping convenience purposes; contract settlements; liquidated damage charges related to unused terminal and port capacity; royalties earned from properties leased to third parties; income from equity investments (Note 10); gains and losses from divestitures and dispositions of assets (Note 3); and realized gains and losses on derivatives that do not qualify for hedge accounting and are not held for trading purposes (Note 12).

Asset Retirement Obligations

The Company’s legal obligations associated with the retirement of long-lived assets are recognized at fair value at the time the obligations are incurred. Accretion expense is recognized through the expected settlement date of the obligation. Obligations are incurred at the time development of a mine commences for underground and surface mines or construction begins for support facilities, refuse areas and slurry ponds. The obligation’s fair value is determined using a discounted cash flow technique and is based upon permit requirements and various estimates and assumptions that would be used by market participants, including estimates of disturbed acreage, reclamation costs and assumptions regarding equipment productivity. Upon initial recognition of a liability, a corresponding amount is capitalized as part of the carrying value of the related long-lived asset.

The Company reviews its asset retirement obligation at least annually and makes necessary adjustments for permit changes as granted by state authorities and for revisions of estimates of the amount and timing of costs. For ongoing operations, adjustments to the liability result in an adjustment to the corresponding asset. For idle operations, adjustments to the liability are recognized as income or expense in the period the adjustment is recorded. Any difference between the recorded obligation and the actual cost of reclamation is recorded in profit or loss in the period the obligation is settled. See additional discussion in Note 16, “Asset Retirement Obligations.”

Loss Contingencies

The Company accrues for cost related to contingencies when a loss is probable and the amount is reasonably determinable. Disclosure of contingencies is included in the financial statements when it is at least reasonably possible that a material loss or an additional material loss in excess of amounts already accrued may be incurred. The amount accrued represents the Company’s best estimate of the loss, or, if no best estimate within a range of outcomes exists, the minimum amount in the range.

Derivative Instruments

The Company generally utilizes derivative instruments to manage exposures to commodity prices. Additionally, the Company may hold certain coal derivative instruments for trading purposes. Derivative financial instruments are recognized in the balance sheet at fair value. Certain coal contracts may meet the definition of a derivative instrument, but because they provide for the physical purchase or sale of coal in quantities expected to be used or sold by the Company over a reasonable period in the normal course of business, they are not recognized on the balance sheet.

Certain derivative instruments are designated as the hedge instrument in a hedging relationship. In a fair value hedge, the Company hedges the risk of changes in the fair value of a firm commitment, typically a fixed-price coal sales contract. Changes in both the hedged firm commitment and the fair value of a derivative used as a hedge instrument in a fair value hedge are recorded in earnings. In a cash flow hedge, the Company hedges the risk of changes in future cash flows related to a forecasted purchase or sale. Changes in the fair value of the derivative instrument used as a hedge instrument in a cash flow hedge are

recorded in other comprehensive income or loss. Amounts in other comprehensive income or loss are reclassified to earnings when the hedged transaction affects earnings and are classified in a manner consistent with the transaction being hedged. The Company formally documents the relationships between hedging instruments and the respective hedged items, as well as its risk management objectives for hedge transactions.

The Company evaluates the effectiveness of its hedging relationships both at the hedge’s inception and on an ongoing basis. Any ineffective portion of the change in fair value of a derivative instrument used as a hedge instrument in a fair value or cash flow hedge is recognized immediately in earnings. The ineffective portion is based on the extent to which exact offset is not achieved between the change in fair value of the hedge instrument and the cumulative change in expected future cash flows on the hedged transaction from inception of the hedge in a cash flow hedge or the change in the fair value. Ineffectiveness was insignificant for the years ended December 31, 2015, 2014 and 2013.

See Note 12, “Derivatives” for further disclosures related to the Company’s derivative instruments.

Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly hypothetical transaction between market participants at a given measurement date. Valuation techniques used must maximize the use of observable inputs and minimize the use of unobservable inputs. See Note 17, “Fair Value Measurements” for further disclosures related to the Company’s recurring fair value estimates.

Income Taxes

Deferred income taxes are provided for temporary differences arising from differences between the financial statement and tax basis of assets and liabilities existing at each balance sheet date using enacted tax rates anticipated to be in effect when the related taxes are expected to be paid or recovered. A valuation allowance is established if it is more likely than not that a deferred tax asset will not be realized. Management reassesses the ability to realize its deferred tax assets annually in the fourth quarter or when circumstances indicate that the ability to realize deferred tax assets has changed. In determining the need for a valuation allowance, the Company considers projected realization of tax benefits based on expected levels of future taxable income, available tax planning strategies and the reversal of temporary differences.

Benefits from tax positions that are uncertain are not recognized unless the Company concludes that it is more likely than not that the position would be sustained in a dispute with taxing authorities, should the dispute be taken to the court of last resort. The Company would measure any such benefit at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement with taxing authorities.

See Note 15, “Taxes” for further disclosures about income taxes.

Benefit Plans

The Company has non-contributory defined benefit pension plans covering most of its salaried and hourly employees. On January 1, 2015 the Company’s cash balance and excess pension plans were amended to freeze new service credits for any new or active employee. The Company also currently provides certain postretirement medical and life insurance coverage for eligible employees. The cost of providing these benefits are determined on an actuarial basis and accrued over the employee’s period of active service.

The Company recognizes the overfunded or underfunded status of these plans as determined on an actuarial basis on the balance sheet and the changes in the funded status are recognized in other comprehensive income. See Note 21, “Employee Benefit Plans” for additional disclosures relating to these obligations.

Stock-Based Compensation

The compensation cost of all stock-based awards is determined based on the grant-date fair value of the award, and is recognized over the requisite service period. The grant-date fair value of option awards is determined using a Black-Scholes option pricing model. Compensation cost for an award with performance conditions is accrued if it is probable that the conditions will be met. See further discussion in Note 19, “Stock-Based Compensation and Other Incentive Plans.”

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Accounting Standards Issued

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers. ASU 2014-09 is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted only in annual reporting periods beginning after December 15, 2016, including interim periods therein. Entities will be able to transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is in the process of evaluating the impact of ASU 2014-09 on the Company’s financial statements and disclosures.

In August 2014, the FASB issued ASU 2014-15, “Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties About an Entity’s Ability To Continue as a Going Concern.” ASU 2014-15 is intended to define management’s responsibility to evaluate whether there is substantial doubt about an organization’s ability to continue as a going concern and to provide related footnote disclosures. The update provides guidance to an organization’s management, with principles and definitions that are intended to reduce diversity in the timing and content of disclosures that are commonly provided by organizations today in the financial statement footnotes. The amendments are effective for the Company’s fiscal year and interim periods within those years beginning after November 1, 2017. Early application is permitted. The Company is in the process of evaluating the impact of ASU 2014-15 on the Company’s financial statements and disclosures.

In April 2015, the Financial Accounting Standards Board (“FASB”) issued the Accounting Standards Update No. 2015-03 (“ASU 2015-03”), Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires debt issuance costs related to recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of the liability, consistent with debt discounts. Amendments in the update are effective retrospectively for fiscal years and interim periods within those years, beginning after December 15, 2015, with early adoption permitted. Upon adoption of this guidance, the current financial statement classification of debt issuance costs will change from total assets to long-term debt on our Consolidated Balance Sheets.

In August 2015, the FASB issued ASU 2015-15, “*Interest - Imputation of Interest (Subtopic 835-30) - Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements*”. On April 7, 2015, the FASB issued ASU 2015-03, Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs, which requires entities to present debt issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of that debt liability. Given the absence of authoritative guidance within ASU 2015-03 for debt issuance costs related to line-of-credit arrangements, the SEC staff stated that they would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there

are any outstanding borrowings on the line-of-credit arrangement. ASU 2015-15 adds these SEC comments to the "S" section of the Codification. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In May 2015, the FASB issued ASU No. 2015-07 *"Fair Value Measurement (Topic 820), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)"*. This ASU eliminates the requirement to categorize within the fair value hierarchy investments who fair values are measured at net asset value (NAV) using the practical expedient in ASC 820. Instead entities will have to disclose the fair values of such investments so that financial statement users can reconcile amounts reported in the fair value hierarchy table to the amounts reported in the balance sheet. ASU 2015-07 is effective for public business entities in fiscal years beginning after 15 December 2015 and interim periods within those years. Early adoption is permitted and guidance will be applied retrospectively. The Company is currently evaluating the impact the adoption of ASU 2015-07 on the Company's financial statements and disclosures.

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In July 2015, the FASB issued Accounting Standards Update 2015-11, Simplifying the Measurement of Inventory, which requires that inventory within the scope of ASU 2015-11 be measured at the lower of cost and net realizable value. Inventory measured using last-in, first-out (LIFO) and the retail inventory method are not impacted by the new guidance. ASU 2015-11 applies to all other inventory, which includes inventory that is measured using first-in, first-out (FIFO) or average cost. An entity should measure inventory within the scope of ASU 2015-11 at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. ASU 2015-11 is effective for public business entities in fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the impact the adoption of ASU 2015-11 on the Company's financial statements and disclosures.

On November 20, 2015, the Financial Accounting Standards Board ("FASB") issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes, requiring all deferred tax assets and liabilities, and any related valuation allowance, to be classified as noncurrent on the balance sheet. The classification change for all deferred taxes as noncurrent simplifies entities' processes as it eliminates the need to separately identify the net current and net noncurrent deferred tax asset or liability in each jurisdiction and allocate valuation allowances. The Company is in the process of evaluating the impact of ASU 2015-07 on the Company's financial statements and disclosures.

3. Divestitures

During 2014, the Company entered into agreements to sell various non-core operations, including operating and idled thermal coal complexes in Kentucky and the Company's highwall manufacturing subsidiary. The Company received $46.7 million in cash and recognized a net pre-tax gain of $17.8 million from these divestitures, reflected in "other operating expense (income), net" in the Consolidated Statement of Operations.

As part of a strategy to divest non-core thermal coal assets, the Company entered into a definitive agreement on June 27, 2013 to sell Canyon Fuel, to Bowie Resources, LLC. Canyon Fuel operated two longwall mining complexes and a continuous miner operation in Utah. The sale was completed on August 16, 2013, for $422.7 million in cash, including adjustments to the purchase price to finalize working capital.

The following table summarizes the results of discontinued operations through the date of disposition:

	Year Ended December 31, 2013
Total Revenues	$ 219,002
Income from discontinued operations before income taxes	$ 32,167
Gain on sale	120,321
Less: income tax expense	49,092
Income from discontinued operations, including gain on sale - net of tax	$ 103,396
Basic earnings per common share from discontinued operations	$ 4.87
Diluted earnings per common share from discontinued operations	$ 4.87

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4. Accumulated Other Comprehensive Income (Loss)

The following items are included in accumulated other comprehensive income (loss):

	Derivative Instruments	Pension, Postretirement and Other Post-Employment Benefits	Available-for-Sale Securities	Accumulated Other Comprehensive Income (Loss)
	(In thousands)			
Balance at January 1, 2014	$ 565	$ 31,112	$ 6,015	$ 37,692
Unrealized gains	3,677	(22,516)	(5,727)	(24,566)
Amounts reclassified from accumulated other comprehensive income (loss)	(1,692)	(5,736)	(2,457)	(9,885)
Balance at December 31, 2014	2,550	2,860	(2,169)	3,241
Unrealized gains (losses)	3,903	(8,723)	(3,333)	(8,153)
Amounts reclassified from accumulated other	(6,128)	5,142	4,083	3,097

comprehensive income (loss)				
Balance at December 31, 2015	$ 325	$ (721)	$ (1,419)	$ (1,815)

The following amounts were reclassified out of accumulated other comprehensive income (loss) during the years ended December 31, 2015 and 2014, respectively:

Details about accumulated other comprehensive income components	Reclassifications 2015	2014	Line Item in the Consolidated Statement of Operations
	(in thousands)		
Derivative instruments	$ 9,575	$ 2,643	Revenues
	(3,447)	(951)	Provision for (benefit from) income taxes
	$ 6,128	$ 1,692	Net of tax
Pension, postretirement and other post-employment benefits			
Amortization of prior service credits	$ 8,335(1)	$ 11,760	
Amortization of net actuarial gains (losses)	(16,369)(1)	(2,797)	
	(8,034)	8,963	Total before tax
	2,892	(3,227)	Provision for (benefit from) income taxes
	$ (5,142)	$ 5,736	Net of tax
Available-for-sale securities	$ (6,391)(2)	$ 3,838	Interest and investment income
	2,308	(1,381)	Provision for (benefit from) income taxes
	$ (4,083)	$ 2,457	Net of tax

(1) Production-related benefits and workers' compensation costs are included in costs to produce coal.
(2) The gains and losses on sales of available-for-sale-securities are determined on a specific identification basis.

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5. Impairment Charges and Mine Closure Costs

The following table summarizes the amounts reflected on the line "Asset impairment and mine closure costs" in the consolidated statements of operations:

Description	Year Ended December 31, 2015	2014	2013
		(In thousands)	
Coal lands and mineral rights	$ 2,210,488	$ —	$ 79,094
Plant and equipment	199,107	1,512	36,296
Deferred development	159,474	—	13,451
Prepaid royalties	41,990	15,356	1,104
Equity investments	21,325	—	28,947
Notes receivable	—	—	49,203
Inventories	66	—	12,765
Other	(4,147)	7,245	19
Total	$ 2,628,303	$ 24,113	$ 220,879

2015 Impairment Charges

In 2015, as a result of the continued deterioration in thermal and metallurgical coal markets and projections for a muted pricing recovery, certain of the Company's mine complexes have incurred and are expected to continue to incur operating losses. The Company determined that the further weakening of the pricing environment in the last half of the year and the projected operating losses represent indicators of impairment with respect to certain of its long-lived assets or assets groups. Using current pricing expectations which reflect marketplace participant assumptions, life of mine cash flows were used to determine if the undiscounted cash flows exceed the current asset values for certain operating complexes in the Company's Appalachia segment. For multiple operating complexes, the undiscounted cash flows did not exceed the carrying value of the long-lived assets. Discounted cash flows were utilized to reduce the carrying value of those assets to fair value. The discount rate used reflects the current financial difficulties present in the commodities sector in general and coal mining specifically; the perceived risk of financing coal mining in light of industry defaults; and the lack of an active market for buying or selling coal mining assets. Additionally, the Company determined that the current market conditions represent an indicator of impairment for certain undeveloped coal properties that were acquired in times of significantly higher coal prices. Current prices and the significant capital outlay that would be required to develop these reserves indicate that the carrying value is not recoverable. As a result the Company recorded a $2.6 billion asset impairment charge in the last two quarters of 2015 of which $2.1 billion was recorded during the third quarter and the remaining $0.5 billion was recorded in the fourth quarter. Of the total charge. $2.2 billion was recorded to the Company's Appalachia segment, with the remaining $0.4 billion to the Company's Other operating segment. There is no fair value remaining related to the impaired assets.

During the second quarter of 2015, the Company recorded $19.1 million to "Asset impairment and mine closure costs" in the Consolidated Statements of Operations. An impairment charge of $12.2 million relates to the portion of an advance royalty balance on a reserve base mined at the Company's Mountain Laurel, Spruce and Briar Branch operations that will not be recouped based on latest estimates of sales volume and pricing through the March 2017 recoupment period. Additionally, the company recorded a $5.6 million impairment charge related to the closure of a higher-cost mining complex serving the metallurgical coal markets.

2014 Impairment Charges

During the Company's annual budgeting process for 2015 (performed in the fall of 2014), a review of forecasted revenues indicated that the remaining balance of advance royalty payments made on a reserve base supplying the Company's Mountain Laurel, Spruce Mine and Briar Branch operations would not be recoupable against future royalties payments. Under

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the lease, any unrecouped advance payment balance at March 31, 2017 will be forfeited by the Company. Based on estimates of sales volumes and pricing through the end of the recoupment period, an impairment charge was recorded during the fourth quarter of 2014 for $15.4 million of the remaining $48.0 million balance that would not be recouped.

In response to weak metallurgical coal markets the Company idled a higher-cost mining complex in the third quarter of 2014 in order to concentrate on metallurgical coal production from its lowest-cost and highest-margin operations. Closure charges of $5.1 million were recognized during the third quarter of 2014 relating to the idling.

2013 Impairment Charges

As a result of the weak thermal coal markets in Appalachia, the Company assessed in the third quarter of 2013 whether the carrying values of certain assets were recoverable through future cash flows. The Company determined that the carrying amounts of certain assets associated with the Hazard mining complex in Kentucky and the Company's ADDCAR subsidiary, which manufactures and sells its patented highwall mining system, could not be recovered through future cash flows expected to be generated from use of the assets and their ultimate disposal.

The assets' fair values were determined based on projections of cash flows to be generated from use of the assets and their ultimate disposal including estimates relating to market demand, coal prices, production costs and mine plans, and recovery value of the assets. An impairment charge of $142.8 million was recognized to adjust the carrying value of the assets to their fair value of $71.3 million.

During 2013, the Company also recognized other-than-temporary impairment charges related to equity method investments. See further discussion in Note 10, "Equity Method Investments and Membership Interests in Joint Ventures."

Due to the unobservable inputs within the modeling used to determine fair market value within the Company's asset impairment process, the fair value would be considered level 3 within the fair value hierarchy.

6. Goodwill

Changes in the carrying value of goodwill for the three years ended December 31, 2015 are as follows:

	(In thousands)
Balance at January 1, 2013	$ 265,423
Impairment	(265,423)
Balance at December 31, 2013	$ —

The Company performed its annual impairment testing as of October 1, 2013 on its two remaining Appalachia reporting units with goodwill balances, the Leer mining complex and an undeveloped property adjacent to it. The fair value of these two reporting units are sensitive to the volatility in the demand for and pricing of metallurgical coal, and continuing weakness in the metallurgical coal markets resulted in a reassessment of key marketing and operating assumptions during the Company's annual budgeting process. As a result, the book values of the reporting units exceeded their fair values after the first step of the goodwill impairment tests. It was also determined that the goodwill had no fair value, and the Company recognized an impairment loss for the remaining reporting units totaling $265.4 million.

7. Losses from disposed operations resulting from Patriot Coal bankruptcy

On December 31, 2005, Arch entered into a purchase and sale agreement with Magnum to sell certain operations. On July 23, 2008, Patriot acquired Magnum. On May 12, 2015, Patriot and certain of its wholly owned subsidiaries ("Debtors"), including Magnum, filed voluntary petitions for reorganization under Chapter 11 of the U.S. Code in the U.S. Bankruptcy

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Court for the Eastern District of Virginia. Subsequently, on October 28, 2015, Patriot's Plan of Reorganization was approved, including an authorization to reject their collective bargaining agreements and modify certain union-related retiree benefits. As a result of the Plan of Reorganization, the Company became statutorily responsible for retiree medical benefits pursuant to Section 9711 of the Coal Industry Retiree Health Benefit Act of 1992 for certain retirees of Magnum who retired prior to October 1, 1994. In addition, the Company has provided surety bonds to Patriot related to permits that were sold to an affiliate of Virginia Conservation Legacy Fund, Inc. ("VCLF"). Should VCLF not perform required reclamation, the Company would incur losses under the bonds and related indemnity agreements. The Company recognized $116.3 million in losses in 2015 related to the previously disposed operations as a result of the Patriot Coal bankruptcy. An original charge of $149.3 million was recorded in the third quarter of 2015 based on our best estimate at the time. This was subsequently reduced by $33.0 million in the fourth quarter due to revised census data and changes in underlying assumptions related to the retiree medical benefits.

8. Inventories

Inventories consist of the following:

	December 31, 2015	December 31, 2014
	(In thousands)	
Coal	$ 85,043	$ 71,901
Repair parts and supplies	111,677	118,352
	$ 196,720	$ 190,253

The repair parts and supplies are stated net of an allowance for slow-moving and obsolete inventories of $6.0 million at December 31, 2015 and $6.6 million at December 31, 2014.

9. Investments in Available-for-Sale Securities

The Company has invested primarily in highly liquid investment-grade corporate bonds. These investments are held in the custody of a major financial institution. These securities, along with the Company's investments in marketable equity securities, are classified as available-for-sale securities and, accordingly, the unrealized gains and losses are recorded through other comprehensive income.

The Company's investments in available-for-sale marketable securities are as follows:

	December 31, 2015					
					Balance Sheet Classification	
	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Short-Term Investments	Other Assets
	(In thousands)					
Available-for-sale:						
U.S. government and agency securities	$ 10,007	$ —	$ (12)	$ 9,995	$ 9,995	
Corporate notes and bonds	190,496	—	(299)	190,197	190,197	—
Equity securities	3,938	668	(2,888)	1,718	—	1,718
Total Investments	$ 204,441	$ 668	$ (3,199)	$ 201,910	$ 200,192	$ 1,718

	December 31, 2014					
					Balance Sheet Classification	
	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Short-Term Investments	Other Assets
	(In thousands)					
Available-for-sale:						
Corporate notes and bonds	$ 253,590	$ —	$ (4,636)	$ 248,954	$ 248,954	$ —
Equity securities	3,910	4,125	(2,890)	5,145	—	5,145
Total Investments	$ 257,500	$ 4,125	$ (7,526)	$ 254,099	$ 248,954	$ 5,145

The aggregate fair value of investments with unrealized losses that had been owned for less than a year was $184.6 million and $163.0 million at December 31, 2015 and 2014, respectively. The aggregate fair value of investments with unrealized losses that have been owned for over a year was $15.8 million and $86.1 million at December 31, 2015 and 2014, respectively.

The debt securities outstanding at December 31, 2015 have maturity dates ranging from the first quarter of 2016 through the second quarter of 2017. The Company classifies its investments as current based on the nature of the investments and their availability to provide cash for use in current operations, if needed.

10. Equity Method Investments and Membership Interests in Joint Ventures

The Company accounts for its investments and membership interests in joint ventures under the equity method of accounting if the Company has the ability to exercise significant influence, but not control, over the entity. Equity method investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investments may not be recoverable. Certain of the Company's investments are in development stage companies whose success depends on factors including the receipt of permits and other regulatory environmental issues, the ability of the investee companies to raise additional funds in financial markets that can be volatile and other key business factors, any of which may impact the Company's ability to recover its investment.

Below are the equity method investments reflected in the consolidated balance sheets:

Investee	Knight Hawk	DTA	Millennium	Tongue River	DKRW	Tenaska	Other	Total
Balance at January 1, 2013	$ 149,063	$ 15,462	$ 32,214	$ 14,697	$ 15,515	$ 15,264	$ —	$ 242,215
Advances to (distributions from) affiliates, net	(13,536)	3,644	6,476	4,004	—	—	200	788
Equity in comprehensive income (loss)	17,279	(4,969)	(2,796)	(282)	(1,832)	—	—	7,400
Impairment of equity investment	—	—	—	—	(13,683)	(15,264)	—	(28,947)

Balance at December 31, 2013	152,806	14,137	35,894	18,419	—	—	200	221,456
Advances to (distributions from) affiliates, net	(12,603)	3,774	6,742	2,541	—	—	3,600	4,054
Equity in comprehensive income (loss)	18,274	(4,173)	(2,413)	(220)	—	—	(1,136)	10,332
Balance at December 31, 2014	158,477	13,738	40,223	20,740	—	—	2,664	235,842
Advances to (distributions from) affiliates, net	(29,862)	3,207	7,052	913	—	—	330	(18,360)
Equity in comprehensive income (loss)	22,977	(3,706)	(9,686)	(328)	—	—	(1,278)	7,979
Impairment of equity investment	—	—	—	(21,325)	—	—	—	(21,325)
Sale of equity investment	—	—	—	—	—	—	(2,259)	$ (2,259)
Balance at December 31, 2015	$ 151,592	$ 13,239	$ 37,589	$ —	$ —	$ —	$ (543)	$ 201,877

The Company holds a 49% equity interest in Knight Hawk Holdings, LLC (“Knight Hawk”), a coal producer in the Illinois Basin.

The Company holds a general partnership interest of 21.875% in Dominion Terminal Associates (“DTA”), which is accounted for under the equity method. DTA operates a ground storage-to-vessel coal transloading facility in Newport News, Virginia for use by the partners. Under the terms of a throughput and handling agreement with DTA, each partner is charged its share of cash operating and debt-service costs in exchange for the right to use the facility’s loading capacity and is required to make periodic cash advances to DTA to fund such costs.

The Company holds a 38% ownership interest in Millennium Bulk Terminals-Longview, LLC (“Millennium”), the owner of a brownfield bulk commodity terminal on the Columbia River near Longview, Washington. Additional future purchase consideration is due upon the completion of certain project milestones. Millennium continues to work on obtaining the required approvals and necessary permits to complete dredging and other upgrades to ship coal, alumina and cementitious material from the terminal. The Company will control 38% of the terminal’s throughput and storage capacity, in order to facilitate export shipments of coal off the west coast of the United States.

The Company holds a 35% membership interest in the Tongue River Holding Company, LLC (“Tongue River”) joint venture. Tongue River will develop and construct a railway line near Miles City, Montana and the Company’s Otter Creek reserves. The Company has the right, upon the receipt of permits and approval for construction or under other prescribed circumstances, to require the other investors to purchase all of the Company’s units in the venture at an amount equal to the capital contributions made by the Company at that time, less any distributions received. During the third quarter of 2015, the

Company recorded an impairment charge of $21.3 million representing the entire value of the Company’s investment in the project; the impairment charge is included on the line “Asset impairment and mine closure costs.”

The Company holds a 24% equity interest in DKRW Advanced Fuels LLC (“DKRW”), who had entered into an Engineering, Procurement and Construction Agreement with a Chinese company to construct and commission the Medicine Bow coal-to-liquids facility. However, as the project did not progress to the next stage of development, the Company recorded an other-than-temporary impairment charge of $57.7 million in the third quarter of 2013, representing the Company’s equity investment of $13.7 million and an outstanding $44.0 million loan receivable balance. The impairment charges are included on the line “Asset impairment and mine closure costs” in the consolidated statement of operations.

During the second quarter of 2013, Tenaska Trailblazer Partners, LLC (“Tenaska”) announced that it was discontinuing its development plans for the Trailblazer Energy Center in Texas. As a result, the Company recorded a $20.5 million impairment charge, which consisted of its 35% equity investment of $15.3 million and a $5.2 million receivable balance related to advances for development work. The impairment charges are included on the line “Asset impairment and mine closure costs” in the consolidated statement of operations.

The Company may be required to make future contingent payments of up to $58.5 million related to development financing for certain of its equity investees. The Company’s obligation to make these payments, as well as the timing of any payments required, is contingent upon the achievement of project development milestones.

11. Acquired Sales Contracts

The acquired sales contracts reflected in the consolidated balance sheets are as follows:

	December 31, 2015			December 31, 2014		
	Assets	Liabilities	Net Total	Assets	Liabilities	Net Total
	(In thousands)			(In thousands)		
Acquired fair value	$ 131,299	$ 166,697		$ 131,299	$ 166,697	
Accumulated amortization	(130,839)	(151,354)		(130,363)	(134,988)	
Total	$ 460	$ 15,343	$ (14,883)	$ 936	$ 31,709	$ (30,773)
Balance Sheet classification:						
Other current	$ 460	$ 3,852		$ 462	$ 12,453	
Other noncurrent	$ —	$ 11,491		$ 474	$ 19,256	

The Company anticipates amortization of acquired sales contracts, based upon expected shipments in the next five years, to be income of approximately $3.3 million in 2016, $3.7 million in 2017, $3.7 million in 2018, $3.7 million in 2019 and $0.3 million in 2020.

12. Derivatives

Diesel fuel price risk management

The Company is exposed to price risk with respect to diesel fuel purchased for use in its operations. The Company anticipates purchasing approximately 50 to 58 million gallons of diesel fuel for use in its operations during 2016. To protect the Company's cash flows from increases in the price of diesel fuel for its operations, the Company may use forward physical diesel purchase contracts and purchase out-of-the-money heating oil call options to protect against substantial increases in pricing. At December 31, 2015, the Company had heating oil call options for approximately 56 million gallons at an average strike price of $1.98.

Coal risk management positions

The Company may sell or purchase forward contracts, swaps and options in the over-the-counter coal market in order to manage its exposure to coal prices. The Company has exposure to the risk of fluctuating coal prices related to forecasted sales

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or purchases of coal or to the risk of changes in the fair value of a fixed price physical sales contract. Certain derivative contracts may be designated as hedges of these risks.

At December 31, 2015, the Company held derivatives for risk management purposes that are expected to settle in the following years:

(Tons in thousands)	2016	2017	Total
Coal sales	480	—	480
Coal purchases	255	—	255

Coal trading positions

The Company may sell or purchase forward contracts, swaps and options in the over-the-counter coal market for trading purposes. The Company is exposed to the risk of changes in coal prices on the value of its coal trading portfolio. The unrecognized gains of $5.8 million in the trading portfolio are expected to be realized in 2016.

Tabular derivatives disclosures

The Company has master netting agreements with all of its counterparties which allow for the settlement of contracts in an asset position with contracts in a liability position in the event of default or termination. Such netting arrangements reduce the Company's credit exposure related to these counterparties. For classification purposes, the Company records the net fair value of all the positions with a given counterparty as a net asset or liability in the consolidated balance sheets. The amounts shown in the table below represent the fair value position of individual contracts, and not the net position presented in the accompanying consolidated balance sheets.

The fair value and location of derivatives reflected in the accompanying consolidated balance sheets are as follows:

Fair Value of Derivatives (In thousands)	December 31, 2015 Asset Derivative	December 31, 2015 Liability Derivative		December 31, 2014 Asset Derivative	December 31, 2014 Liability Derivative	
Derivatives Designated as Hedging Instruments						
Coal	$ 4	$ (20)		$ 6,535	$ (2,492)	
Derivatives Not Designated as Hedging Instruments						
Heating oil — diesel purchases	1,017	—		300	—	
Coal held for trading purposes, exchange traded swaps and futures	110,653	(104,814)		96,898	(93,272)	
Coal — risk management	3,912	(1,947)		8,510	(3,688)	
Natural gas	494	(247)		—	—	
Total	116,076	(107,008)		105,708	(96,960)	
Total derivatives	116,080	(107,028)		112,243	(99,452)	
Effect of counterparty netting	(107,028)	107,028		(98,686)	98,686	
Net derivatives as classified in the balance sheets	$ 9,052	$ —	$ 9,052	$ 13,557	$ (766)	$ 12,791

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		December 31, 2015	December 31, 2014
Net derivatives as reflected on the balance sheets			
Heating oil	Other current assets	$ 1,017	$ 300
Coal	Coal derivative assets	8,035	13,257
	Accrued expenses and other current liabilities	—	(766)
		$ 9,052	$ 12,791

The Company had a current asset for the right to reclaim cash collateral of $1.7 million and a current liability for the obligation to return cash collateral of $2.4 million at December 31, 2015 and 2014, respectively. These amounts are not included with the derivatives presented in the table above and are included in "other current assets" and "other current liabilities", respectively, in the accompanying consolidated balance sheets.

The effects of derivatives on measures of financial performance are as follows:

Derivatives used in Cash Flow Hedging Relationships (in thousands)
For the year ended December 31,

	Gain (Loss) Recognized in Other Comprehensive Income (Effective Portion)			Gains (Losses) Reclassified from Other Comprehensive Income into Income (Effective Portion)		
	2015	2014	2013	2015	2014	2013
Coal sales(1)	$ 12,816	$ 10,842	(338)	$ 18,635	$ 5,336	$ 3,664
Coal purchases(2)	(6,718)	(5,097)	526	(9,060)	(2,693)	(683)
	$ 6,098	$ 5,745	$ 188	$ 9,575	$ 2,643	$ 2,981

No ineffectiveness or amounts excluded from effectiveness testing relating to the Company's cash flow hedging relationships were recognized in the results of operations in the years ended December 31, 2015, 2014 and 2013.

Derivatives Not Designated as Hedging Instruments (in thousands)
For the year ended December 31,

	Gain (Loss) Recognized		
	2015	2014	2013
Coal — unrealized(3)	$ (3,883)	$ 430	$ (12,700)
Coal — realized(4)	$ 3,236	$ 5,956	$ 32,534
Heating oil — diesel purchases(4)	$ (8,294)	$ (7,848)	$ (9,791)
Heating oil — fuel surcharges(4)	$ —	$ (405)	$ (947)
Natural gas	$ 878	$ —	$ —
Foreign currency	$ (887)	$ —	$ —

Location in statement of operations:
(1) — Revenues
(2) — Cost of sales
(3) — Change in fair value of coal derivatives and coal trading activities, net
(4) — Other operating income, net

The Company recognized net unrealized and realized gains of $5.7 million, $3.2 million, and $4.9 million during the years ended December 31, 2015, 2014 and 2013, respectively, related to its trading portfolio, which are included in the caption "Change in fair value of coal derivatives and coal trading activities, net" in the accompanying consolidated statements of operations, and are not included in the previous tables reflecting the effects of derivatives on measures of financial performance.

Based on fair values at December 31, 2015, losses on derivative contracts designated as hedge instruments in cash flow hedges expected to be reclassified from other comprehensive income into earnings during the next twelve months are immaterial.

13. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	December 31,	
	2015	2014
	(In thousands)	
Payroll and employee benefits	$ 58,423	$ 73,362
Taxes other than income taxes	104,755	114,598
Interest	119,785	30,384
Acquired sales contracts	3,852	12,453
Workers' compensation	16,875	16,714
Asset retirement obligations	13,795	19,222
Other	11,965	35,663
	$ 329,450	$ 302,396

The increase in the accrued interest balance is due to the Company exercising the 30-day grace period under its indenture agreements with holders of its 9.875% Senior Notes due 2019, the 7.00% Senior Notes due 2019 and the 7.25% Senior Notes due 2021 on December 15, 2015. This extended the time period the Company had to make the approximately $90 million interest payment due December 15, 2015 without triggering an event of default under the indentures. Subsequently, on January 11, 2016 (the "Petition Date"), the Company and substantially all of its wholly owned domestic subsidiaries filed voluntary petitions for reorganization under Chapter 11 of Title 11 of the U.S. Code in the United States Bankruptcy Court for the Eastern District of Missouri. See additional details in Note 26, "Subsequent Events."

14. Debt and Financing Arrangements

	December 31,	
	2015	2014
	(In thousands)	
Term loan due 2018 ($1.9 billion and $1.93 billion face value, respectively)	$ 1,875,429	$ 1,890,846
7.00% senior notes due 2019 at par	1,000,000	1,000,000
8.00% senior secured notes due 2019 at par	350,000	350,000
9.875% senior notes ($375.0 million face value) due 2019	365,600	363,493
7.25% senior notes due 2020 at par	500,000	500,000
7.25% senior notes due 2021 at par	1,000,000	1,000,000
Other	47,134	56,031
	5,138,163	5,160,370
Less current maturities of debt	5,107,210	36,885
Long-term debt	$ 30,953	$ 5,123,485

Acceleration of Debt Obligations; Automatic Stay

The filing of the Bankruptcy Petitions constituted an event of default that accelerated the Company's obligations under the documents governing each of its 7.00% senior notes due 2019, 9.875% senior notes due 2019, 8.00% senior secured second lien notes due 2019, 7.25% senior notes due 2020, 7.25% senior notes due 2021 (together, the "senior notes") and senior secured first lien term loan due 2018. Immediately after filing the Bankruptcy Petitions, the Company began notifying all known current or potential creditors of the Debtors of the bankruptcy filings.

Pursuant to Section 362 of the Bankruptcy Code, the filing of the Bankruptcy Petitions automatically stayed most actions against the Debtors, including actions to collect indebtedness incurred prior to the Petition Date or to exercise control over the Debtors' property. Subject to certain exceptions under the Bankruptcy Code, the filing of the Debtors' Chapter 11 Cases also automatically stayed the continuation of most legal proceedings, including the third party litigation matters described under

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Item 3, "Legal Proceedings," or the filing of other actions against or on behalf of the Debtors or their property to recover on, collect or secure a claim arising prior to the Petition Date or to exercise control over property of the Debtors' bankruptcy estates, unless and until the Court modifies or lifts the automatic stay as to any such claim. Notwithstanding the general application of the automatic stay described above, governmental authorities may determine to continue actions brought under their police and regulatory powers

Credit Facilities

As of September 30, 2015, availability under the Company's revolver was subject to limits on secured debt in its senior note indentures. At September 30, 2015, the limit under the most restrictive indenture did not provide meaningful availability under the revolver and, as a result, on November 6, 2015 the Company delivered an irrevocable 5 day notice to the administrative agent to voluntarily terminate all commitments thereunder, which terminated on November 11, 2015. The Company had no borrowings outstanding under the revolving credit facility at September 30, 2015 and had not been using it as a source of liquidity in the recent past.

The Company is also party to an accounts receivable securitization program under which eligible trade receivables are sold, without recourse, to a multi-seller, asset-backed commercial paper conduit. The entity through which these receivables are sold is consolidated into the Company's financial statements. The Company may borrow and draw letters of credit against the facility, and pays facility fees, program fees and letter of credit fees (based on amounts of outstanding letters of credit). The total aggregate borrowings and letters of credit are limited by eligible accounts receivable, as defined under the terms of the credit facility agreement. The credit agreement expires on December 8, 2017.

At December 31, 2015, the Company had no available borrowing capacity under its lines of credit.

Term Loan

On May 16, 2012, the Company borrowed $1.4 billion under a secured term loan facility, issued at a 1% discount. The proceeds from the term loan were used to retire all outstanding borrowings under the revolving credit facility and the outstanding $450.0 million principal amount of 6.75% Senior Notes due 2013 issued by Arch Western Finance, LLC, the Company's indirect subsidiary. On November 21, 2012, the Company borrowed an incremental $250.0 million on the term loan facility at a 1% discount at the same rate as the initial borrowing. On December 17, 2013 the credit facility amendment increased the maximum amount of term loans allowed under the facility, and the Company borrowed an incremental $300.0 million aggregate principal amount at 98% of the face amount.

The term loan contains no financial maintenance covenants, is prepayable, and is secured by substantially all of the Company's assets. Quarterly principal payments of $3.5 million began in September 2012, increased to $4.125 million per quarter as a result of the incremental borrowing in November, 2012, and increased further to $4.875 million with the December 17, 2013 borrowing. A balloon payment of $1.8 billion is due in May, 2018. Interest is payable at a rate that is equal to a base of the greater of a LIBOR-based rate and 1.25%, plus 500 basis points.

2019 9.875% Notes

On November 21, 2012, the Company issued $375.0 million aggregate principal amount of 9.875% senior unsecured notes due 2019 (the "2019 9.875% Notes") at an issue price of 95.934% of the face amount. Interest is payable on the 2019 9.875% Notes annually on June 15 and December 15. The Company may redeem some or all of the notes at prices that are reflected as a percentage of the principal amount, as follows: 104.938% commencing December 15, 2016; 102.469% commencing December 15, 2017; and 100% on or after December 15, 2018.

The unsecured senior notes are guaranteed by substantially all of the Company's subsidiaries, except for Arch Receivable Company, LLC, which is the conduit for the accounts receivable securitization program, and the Company's subsidiaries outside the U.S.

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2019 Secured Notes

On December 17, 2013, the Company issued $350.0 million aggregate principal amount of 8.00% senior secured second lien notes due 2019 (the "2019 Secured Notes") at par. The 2019 Secured Notes are secured by the same assets that secure indebtedness under the senior secured term loan, but on a second priority basis, subject to certain exceptions and permitted liens. Interest is payable on the 2019 Secured Notes on January 15 and July 15 of each year. The Company may redeem some or all of the notes at prices that are reflected as a percentage of the principal amount, as follows: 104.0% commencing January 15, 2016, 102.0% commencing January 15, 2017, and 100% on or after January 15, 2018.

2020 Notes

The Company has outstanding $500.0 million in aggregate principal amount of 7.25% senior unsecured notes due in 2020 ("2020 Notes") at par. Interest is payable on the 2020 Notes on April 1 and October 1 of each year. The Company may redeem some or all of the 2020 Notes during the respective 12 month periods at prices that are reflected as a percentage of the principal amount, as follows: 103.625% commencing October 1, 2015; 102.417% commencing October 1, 2016; 101.208% commencing October 1, 2017; and 100% on or after October 1, 2018.

2019 7% Notes and 2021 Notes

The Company has outstanding $1.0 billion of 7.00% unsecured senior notes due 2019 ("2019 7% Notes") and $1.0 billion of 7.25% unsecured senior notes due 2021 ("2021 Notes"). Interest is payable on the 2019 7% Notes and 2021 Notes on June 15 and December 15 of each year. The Company may redeem some or all of the 2019 7% Notes at prices that are reflected as a percentage of the principal amount, as follows: 103.5% commencing June 15, 2015; 101.75% commencing June 15, 2016; and 100% on or after June 15, 2017. The Company may redeem some or all of the 2021 Notes at prices that are reflected as a percentage of the principal amount, as follows: 103.625% commencing June 15, 2016; 102.417% commencing June 15, 2017; 101.208% commencing June 15, 2018 and 100% on or after June 15, 2019. In each case, accrued and unpaid interest at the redemption date is due upon redemption.

Other Debt Retirements

On December 17, 2013, the Company retired the outstanding $600 million in aggregate principal amount of 8.75% senior unsecured notes due 2016 ("2016 Notes") for $628.7 million with the proceeds from the incremental term loan and the 2019 Secured Notes. The Company recorded a $41.0 million loss related to this transaction which is reflected in the line "Net loss resulting from early retirement of debt and debt restructuring" in the Consolidated Statements of Operations.

Debt Maturities

The contractual maturities of debt as of December 31, 2015 are as follows, although $5.1 billion is classified as current due to the default caused by the Company's bankruptcy filing.

Year		
2016	$	35,674
2017		30,484
2018		1,858,567
2019		1,731,317
2020		501,642
Thereafter		1,000,574
	$	5,158,258

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Debt Covenants

Terms of the Company's credit facilities and leases contain covenants that limit the ability of the Company to, among other things, acquire, dispose, merge or consolidate assets; incur additional debt; pay dividends and make distributions or repurchase stock; make investments; create liens; issue and sell capital stock of subsidiaries; enter into restrictions affecting the ability of restricted subsidiaries to make distributions, loans or advances to the Company; engage in transactions with affiliates and enter into sale and leaseback transactions. Failure by the Company to comply with such covenants could result in an event of default, which, if not cured or waived, could have a material adverse effect on the Company.

Financing Costs

The Company did not incur any financing costs in 2015 and paid financing costs of $4.5 million and $20.5 million in conjunction with its financing activities during the years ended December 31, 2014 and 2013, respectively.

During the year ended December 31, 2015, the Company wrote off $3.7 million of deferred financing costs related to the termination of the revolver facility. Additionally, the company incurred $24.2 million of legal fees and financial advisory fees associated with debt restructuring activities in 2015. All amounts have been reflected in the line, "Net loss resulting from early retirement and refinancing of debt" in the Consolidated Statement of Operations.

15. Taxes

The Company is subject to U.S. federal income tax as well as income tax in multiple state jurisdictions. The tax years 2002 through 2015 remain open to examination for U.S. federal income tax matters and 1998 through 2015 remain open to examination for various state income tax matters.

Significant components of the provision for (benefit from) income taxes are as follows:

	Year Ended December 31		
	2015	2014	2013
	(In thousands)		
Current:			
Federal	$ —	$ —	$ —
State	3	25	(647)
Total current	3	25	(647)
Deferred:			
Federal	(329,393)	18,535	(318,956)
State	(43,990)	7,074	(15,895)
Total deferred	(373,383)	25,609	(334,851)
	$ (373,380)	$ 25,634	$ (335,498)

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A reconciliation of the statutory federal income tax provision (benefit) at the statutory rate to the actual provision for (benefit from) income taxes follows:

	Year Ended December 31		
	2015	2014	2013
	(In thousands)		
Income tax provision (benefit) at statutory rate	$ (1,150,283)	$ (186,452)	$ (378,463)
Percentage depletion allowance	(19,035)	(12,692)	(15,796)
Goodwill	—	—	70,301
State taxes, net of effect of federal taxes	(76,445)	(3,903)	(25,265)
Change in valuation allowance	865,146	226,929	8,659
Other, net	7,237	1,752	5,066
	$ (373,380)	$ 25,634	$ (335,498)

In 2015, 2014 and 2013, compensatory stock options and other equity based compensation awards were exercised resulting in a tax expense of $6.7 million, $1.6 million and $1.5 million, respectively. The tax benefit will be recorded in paid-in capital at such point in time when a cash tax benefit is recognized.

Significant components of the Company's deferred tax assets and liabilities that result from carryforwards and temporary differences between the financial statement basis and tax basis of assets and liabilities are summarized as follows:

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	December 31,	
	2015	2014
	(In thousands)	
Deferred tax assets:		
Net operating loss carryforwards	$ 1,086,332	$ 871,848
Alternative minimum tax credit carryforwards	120,994	127,169
Reclamation and mine closure	121,276	114,430
Goodwill	38,671	50,072
Workers' compensation	42,835	38,924
Share based compensation	22,612	30,283
Acquired sales contracts	17,466	26,833
Retiree benefit plans	16,996	22,913
Contract obligations	—	15,693
Advance royalties	18,751	—
Losses from disposed operations resulting from Patriot Coal bankruptcy	39,287	—
Other, primarily accrued liabilities	45,303	64,503
Gross deferred tax assets	1,570,523	1,362,668
Valuation allowance	(1,135,399)	(270,251)
Total deferred tax assets	435,124	1,092,417
Deferred tax liabilities:		
Plant and equipment	389,169	1,354,396
Deferred development	41,047	95,129
Investment in tax partnerships	—	7,377
Other	4,706	5,533
Total deferred tax liabilities	434,922	1,462,435
Net deferred (asset) liability	(202)	370,018

The Company has federal net operating loss carryforwards for regular income tax purposes of $3.0 billion at December 31, 2015 that will expire between 2022 and 2035. The Company has an alternative minimum tax credit carryforward of $121.0 million at December 31, 2015, which has no expiration date and can be used to offset future regular tax in excess of the alternative minimum tax.

The Company recorded increases in its valuation allowance against its deferred tax assets of $865.1 million, $226.9 million and $8.7 million in 2015, 2014 and 2013, respectively. In 2015 and 2014, the Company determined that it would not realize the all of the benefit from federal and state net operating losses, based on projections of reversing timing differences in the future. Adjustments in 2013 relate to certain state and foreign net operating loss benefits.

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A reconciliation of the beginning and ending amounts of gross unrecognized tax benefits follows:

	(In thousands)
Balance at January 1, 2013	$ 31,150
Additions based on tax positions related to the current year	1,199
Additions for tax positions of prior years	688
Reductions as a result of lapses in the statute of limitations	(1,248)
Balance at December 31, 2013	31,789
Additions based on tax positions related to the current year	2,920
Balance at December 31, 2014	34,709
Additions for tax positions of the current year	4,168
Balance at December 31, 2015	$ 38,877

If recognized, the entire amount of the gross unrecognized tax benefits at December 31, 2015 would affect the effective tax rate.

The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. The Company had accrued interest and penalties of $1.7 million and $1.5 million at December 31, 2015 and 2014, respectively. In the next 12 months, no gross unrecognized tax benefits are expected to be reduced due to the expiration of the statute of limitations.

16. Asset Retirement Obligations

The Company's asset retirement obligations arise from the Federal Surface Mining Control and Reclamation Act of 1977 and similar state statutes, which require that mine property be restored in accordance with specified standards and an approved reclamation plan. The required reclamation activities to be performed are outlined in the Company's mining permits. These activities include reclaiming the pit and support acreage at surface mines, sealing portals at underground mines, and reclaiming refuse areas and slurry ponds.

The following table describes the changes to the Company's asset retirement obligation liability:

	Year Ended December 31,	
	2015	2014
	(In thousands)	
Balance at January 1 (including current portion)	$ 418,118	$ 427,653
Accretion expense	33,680	32,909
Obligations of divested operations	(334)	(30,684)
Adjustments to the liability from changes in estimates	(28,570)	627
Liabilities settled	(12,440)	(12,387)
Balance at December 31	$ 410,454	$ 418,118
Current portion included in accrued expenses	(13,795)	(19,222)
Noncurrent liability	$ 396,659	$ 398,896

As of December 31, 2015, the Company had $155.3 million in surety bonds outstanding, $485.5 million in self-bonding, and $11.2 million in letters of credit to secure reclamation bonding obligations.

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17. Fair Value Measurements

The hierarchy of fair value measurements assigns a level to fair value measurements based on the inputs used in the respective valuation techniques. The levels of the hierarchy, as defined below, give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

· Level 1 is defined as observable inputs such as quoted prices in active markets for identical assets. Level 1 assets include available-for-sale equity securities, U.S. Treasury securities, and coal swaps and futures that are submitted for clearing on the New York Mercantile Exchange.

· Level 2 is defined as observable inputs other than Level 1 prices. These include quoted prices for similar assets or liabilities in an active market, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Company's level 2 assets and liabilities include U.S. government agency securities and coal commodity contracts with fair values derived from quoted prices in over-the-counter markets or from prices received from direct broker quotes.

· Level 3 is defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. These include the Company's commodity option contracts (coal and heating oil) valued using modeling techniques, such as Black-Scholes, that require the use of inputs, particularly volatility, that are rarely observable. Changes in the unobservable inputs would not have had a significant impact on the reported Level 3 fair values at December 31, 2015 and 2014.

The table below sets forth, by level, the Company's financial assets and liabilities that are recorded at fair value in the accompanying consolidated balance sheet:

	Fair Value at December 31, 2015			
	Total	Level 1	Level 2	Level 3
	(In thousands)			
Assets:				
Investments in marketable securities	$ 201,910	$ 11,713	$ 190,197	$ —
Derivatives	9,052	5,597	1,023	2,432
Total assets	$ 210,962	$ 17,310	$ 191,220	$ 2,432
Liabilities:				
Derivatives	$ —	$ —	$ —	$ —

	Fair Value at December 31, 2014			
	Total	Level 1	Level 2	Level 3
	(In thousands)			
Assets:				
Investments in marketable securities	$ 254,099	$ 5,145	$ 248,954	$ —
Derivatives	13,557	9,026	1,491	3,040
Total assets	$ 267,656	$ 14,171	$ 250,445	$ 3,040
Liabilities:				
Derivatives	$ 766	$ —	$ 766	$ —

The Company's contracts with its counterparties allow for the settlement of contracts in an asset position with contracts in a liability position in the event of default or termination. For classification purposes, the Company records the net fair value of all the positions with these counterparties as a net asset or liability. Each level in the table above displays the underlying contracts according to their classification in the accompanying consolidated balance sheet, based on this counterparty netting.

The following table summarizes the change in the fair values of financial instruments categorized as level 3.

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	Year Ended December 31,	
	2015	2014
	(In thousands)	
Balance, beginning of period	$ 3,040	$ 4,946
Realized and unrealized losses recognized in earnings, net	(8,602)	(6,572)
Included in other comprehensive income	(1,341)	—
Purchases	13,541	5,288
Issuances	(4,046)	(622)
Settlements	(160)	—
Ending balance	$ 2,432	$ 3,040

Net unrealized losses of $2.7 million were recognized during the year ended December 31, 2015 related to level 3 financial instruments held on December 31, 2015.

Cash and Cash Equivalents

At December 31, 2015 and 2014, the carrying amounts of cash and cash equivalents approximate their fair value.

Fair Value of Long-Term Debt

At December 31, 2015 and 2014, the fair value of the Company's debt, including amounts classified as current, was $937.1 million and $2.7 billion, respectively. Fair values are based upon observed prices in an active market, when available, or from valuation models using market information, which fall into Level 2 in the fair value hierarchy.

18. Capital Stock

Stock Repurchase Plan

The Company's share repurchase program allows for the purchase of up to 1,400,000 shares of the Company's common stock. At December 31, 2015, 1,092,580 shares of common stock were available for repurchase under the plan. There is no expiration date on the program. Any future repurchases under the plan will be made at management's discretion and will depend on market conditions and other factors.

Reverse Stock Split

On August 4, 2015, the Company effected a 1-for-10 reverse stock split of our common stock. Each stockholder's percentage ownership and proportional voting power remain unchanged as a result of the reverse stock split. All applicable share data, per share amounts and related information in the Consolidated Financial Statements and notes thereto have been adjusted retroactively to give effect to the 1-for-10 reverse stock split.

19. Stock-Based Compensation and Other Incentive Plans

Under the Company's Stock Incentive Plan (the "Incentive Plan"), 3.1 million shares of the Company's common stock were reserved for awards to officers and other selected key management employees of the Company. The Incentive Plan provides the Board of Directors with the flexibility to grant stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance stock or units, merit awards, phantom stock awards and rights to acquire stock through purchase under a stock purchase program ("Awards"). Awards the Board of Directors elects to pay out in cash do not impact the shares authorized in the Incentive Plan. Shares available for award under the plan were 1.0 million at December 31, 2015.

Stock Options

Stock options are granted at a strike price equal to the closing market price of the Company's common stock on the date of grant and are generally subject to vesting provisions of at least one year from the date of grant. Information regarding stock option activity under the Incentive Plan follows for the year ended December 31, 2015:

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	Common Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Average Remaining Life
	(In thousands)			(years)
Options outstanding at January 1	682	$ 198.41		
Canceled	(17)	$ 151.72		
Expired	(10)	$ 300.62		
Options outstanding at December 31	655	$ 198.15	$ —	4.6
Options exercisable at December 31	488	$ 213.00	—	4.4
Unvested options at December 31	167			

The remaining unvested options have a weighted average grant date fair value of $35.47 per share.

The total grant-date fair value of options vested during the years ended December 31, 2015, 2014 and 2013 was $3.8 million, $8.7 million and $8.9 million, respectively. The options provide for the continuation of vesting for retirement-eligible recipients that meet certain criteria. The expense for these options is recognized through the date that the employee first becomes eligible to retire and is no longer required to provide service to earn part or all of the award. Compensation expense related to stock options for the years ended December 31, 2015, 2014 and 2013 was $1.4 million, $3.2 million and $6.7 million, respectively. Unrecognized compensation cost related to the unvested stock options of $0.2 million at December 31, 2015 will be recognized in 2016.The majority of the cost relating to the stock-based compensation plans is included in "Selling, general and administrative expenses" in the accompanying consolidated statements of operations.

Weighted average assumptions used in the Black-Scholes option pricing model for granted options follow:

	Year Ended December 31, 2013
Weighted average grant-date fair value per share of options granted	$ 23.70
Assumptions (weighted average):	
Risk-free interest rate	0.65%
Expected dividend yield	2.30%
Expected volatility	66.7%
Expected life (in years)	4.5

Expected volatilities are based on historical stock price movement and implied volatility from traded options on the Company's stock. The expected life of options is determined based on historical exercise activity.

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Restricted Stock and Restricted Stock Unit Awards

The Company may issue restricted stock and restricted stock units, which require no payment from the employee. Restricted stock cliff-vests at various dates and restricted stock units either vest ratably over or vest at the end of three years. Compensation expense is based on the fair value on the grant date and is recorded ratably over the vesting period. The employee receives cash compensation equal to the amount of dividends that would have been paid on the underlying shares.

Information regarding restricted stock and restricted stock unit activity and weighted average grant-date fair value follows for the year ended December 31, 2015:

	Restricted Stock		Restricted Stock Units	
	Common Shares	Weighted Average Grant-Date Fair Value	Common Shares	Weighted Average Grant-Date Fair Value
	(In thousands)		(In thousands)	
Outstanding at January 1	2	$ 134.42	307	$ 60.53
Granted	—	—	169	12.84
Vested	(2)	134.42	(66)	104.90
Canceled	—	—	(21)	35.81
Outstanding at December 31	—	—	389	33.69

The Company's recognized expense related to restricted stock and restricted stock units was $5.9 million, $5.6 million, and $5.0 million for the years ended December 31, 2015, 2014 and 2013, respectively

Long-Term Incentive Compensation

The Company has a long-term incentive program that allows for the award of performance units. The total number of units earned by a participant is based on financial and operational performance measures, and may be paid out in cash or in shares of the Company's common stock. The Company recognizes compensation expense over the three year term of the grant. The liabilities are remeasured quarterly. The Company recognized $7.9 million, $10.1 million and $9.1 million for the years ended December 31, 2015, 2014 and 2013, respectively. The expense is included primarily in "Selling, general and administrative expenses" in the accompanying consolidated statements of operations. Amounts accrued and unpaid for all grants under the plan totaled $17.8 million and $21.1 million as of December 31, 2015 and 2014, respectively.

Deferred Compensation Plan

The Company maintains a deferred compensation plan that allows eligible employees to defer receipt of compensation until the dates elected by the participant. Participants in the plan may defer up to 85% of their base salaries and up to 100% of their annual incentive awards. The plan also allows participants to defer receipt of up to 100% of the shares under any restricted stock unit or performance-contingent stock awards. The amounts deferred are invested in accounts that mirror the gains and losses of a number of different investment funds, including a hypothetical investment in shares of the Company's common stock. Participants are always vested in their deferrals to the plan and any related earnings. The Company has established a grantor trust to fund the obligations under the plan. The trust has purchased corporate-owned life insurance to offset these obligations. The net cash surrender values of the policies of $14.3 million and $37.6 million at December 31, 2015 and 2014, respectively, are included in "Other noncurrent assets" in the accompanying consolidated balance sheets. The participants have an unsecured contractual commitment by the Company to pay the amounts due under the plan. Any assets placed in trust by the Company to fund future obligations of the plan are subject to the claims of creditors in the event of insolvency or bankruptcy, and participants are general creditors of the company as to their deferred compensation in the plans.

Under the plan, the Company credits each participant's account with the number of units equal to the number of shares or units that the participant could purchase or receive with the amount of compensation deferred, based upon the fair market value of the underlying investment on that date. The amount the employee will receive from the plan will be based on the number of

units credited to each participant's account, valued on the basis of the fair market value of an equivalent number of shares or units of the underlying investment on that date. The liability under the plan was $19.5 million and $35.1 million at December 31, 2015 and 2014.

The Company's net income related to the deferred compensation plan for the years ended December 31, 2015, 2014 and 2013 was $0.9 million, $1.6 million and $2.6 million, respectively, most of which is included in "Selling, general and administrative expenses" in the accompanying consolidated statements of operations.

20. Workers' Compensation Expense

The following table details the components of workers' compensation expense:

	Year Ended December 31,		
	2015	2014	2013
	(In thousands)		
Total occupational disease	$ 15,199	$ 4,432	$ 6,137
Traumatic injury claims and assessments	16,781	19,924	21,089
Total workers' compensation expense	$ 31,980	$ 24,356	$ 27,226

Summarized below is information about the amounts recognized in the accompanying consolidated balance sheets for workers' compensation benefits:

	December 31,	
	2015	2014
	(In thousands)	
Occupational disease costs	$ 90,836	$ 72,749
Traumatic and other workers' compensation claims	38,309	38,256
Total obligations	129,145	111,005
Less amount included in accrued expenses	16,875	16,714
Noncurrent obligations	$ 112,270	$ 94,291

As of December 31, 2015, the Company had $148.2 million in surety bonds and letters of credit outstanding to secure workers' compensation obligations.

21. Employee Benefit Plans

Defined Benefit Pension and Other Postretirement Benefit Plans

The Company provides funded and unfunded non-contributory defined benefit pension plans covering certain of its salaried and hourly employees. Benefits are generally based on the employee's age and compensation. The Company funds the plans in an amount not less than the minimum statutory funding requirements or more than the maximum amount that can be deducted for U.S. federal income tax purposes.

The Company also currently provides certain postretirement medical and life insurance coverage for eligible employees. Generally, covered employees who terminate employment after meeting eligibility requirements are eligible for postretirement coverage for themselves and their dependents. The salaried

employee postretirement benefit plans are contributory, with retiree contributions adjusted annually, and contain other cost-sharing features such as deductibles and coinsurance. The Company's current funding policy is to fund the cost of all postretirement benefits as they are paid.

The idling of the Cumberland River mining operations in Appalachia in the third quarter of 2014 reduced the estimated years of future service for the CRCC Scotia Employee Association Pension Plan. On January 1, 2015, the Company's cash

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balance and excess plans were amended to freeze new service credits for any new or active employee. These two events triggered curtailment accounting, resulting in an immediate recognition of any unamortized gain or loss and the reduction in the projected benefit obligation which were recorded in the third and fourth quarter of 2014, respectively.

A curtailment was triggered in the third quarter of 2013 by reductions in employees' expected years of future service resulting primarily from the sale of Canyon Fuel.

Obligations and Funded Status.

Summaries of the changes in the benefit obligations, plan assets and funded status of the plans are as follows:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
	(In thousands)			
CHANGE IN BENEFIT OBLIGATIONS				
Benefit obligations at January 1	$ 353,736	$ 355,468	$ 36,098	$ 42,531
Service cost	9	21,478	866	1,649
Interest cost	14,604	17,070	1,904	1,841
Re-entry of former Magnum employees	—	—	85,843	—
Plan amendments	—	(23)	—	—
Curtailments	—	(25,787)	—	—
Benefits paid	(61,955)	(53,974)	(3,646)	(3,431)
Other-primarily actuarial loss (gain)	(5,102)	39,504	(17,605)	(6,492)
Benefit obligations at December 31	$ 301,292	$ 353,736	$ 103,460	$ 36,098
CHANGE IN PLAN ASSETS				
Value of plan assets at January 1	$ 336,709	$ 347,952	$ —	$ —
Actual return on plan assets	(1,679)	36,130	—	—
Employer contributions	424	6,601	3,646	3,431
Benefits paid	(61,955)	(53,974)	(3,646)	(3,431)
Value of plan assets at December 31	$ 273,499	$ 336,709	$ —	$ —
Accrued benefit cost	$ (27,793)	$ (17,027)	$ (103,460)	$ (36,098)
ITEMS NOT YET RECOGNIZED AS A COMPONENT OF NET PERIODIC BENEFIT COST				
Prior service credit (cost)	$ —	$ —	$ 26,944	$ 21,972
Accumulated gain (loss)	(16,769)	(11,332)	11,313	9,125
	$ (16,769)	$ (11,332)	$ 38,257	$ 31,097
BALANCE SHEET AMOUNTS				
Current liability	$ (420)	$ (767)	$ (3,650)	$ (3,430)
Noncurrent liability	$ (27,373)	$ (16,260)	$ (99,810)	$ (32,668)
	$ (27,793)	$ (17,027)	$ (103,460)	$ (36,098)

Pension Benefits

The accumulated benefit obligation for all pension plans was $301.3 million and $353.7 million at December 31, 2015 and 2014, respectively.

Net actuarial loss of $3.0 million will be amortized from accumulated other comprehensive income into net periodic benefit cost in 2016.

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Other Postretirement Benefits

Prior service credit and net actuarial gain of $10.7 million and $2.3 million, respectively, will be amortized from accumulated other comprehensive income into net periodic benefit cost in 2016.

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Components of Net Periodic Benefit Cost. The following table details the components of pension and postretirement benefit costs (credits):

	Pension Benefits			Other Postretirement Benefits		
	Year Ended December 31,			Year Ended December 31,		
	2015	2014	2013	2015	2014	2013
	(In thousands)					
Service cost	$ 9	$ 21,478	$ 27,065	$ 866	$ 1,649	$ 2,027
Interest cost	14,604	17,070	16,207	1,904	1,841	1,739
Curtailments	—	(25,368)	47	—	—	(5,444)
Settlements	2,656	646	—	—	—	—
Expected return on plan assets	(20,367)	(23,756)	(23,761)	—	—	—
Amortization of prior service credits	—	(257)	(204)	(8,335)	(10,003)	(10,621)
Amortization of other actuarial losses	8,850	3,128	14,616	(2,109)	(761)	(252)
Net benefit cost (credit)	$ 5,752	$ (7,059)	$ 33,970	$ (7,674)	$ (7,274)	$ (12,551)

The differences generated from changes in assumed discount rates and returns on plan assets are amortized into earnings over a five-year period.

Assumptions. The following table provides the weighted average assumptions used to determine the actuarial present value of projected benefit obligations at December 31 of the respective years.

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
Discount rate	4.59%	4.15%	4.57%	3.91%
Rate of compensation increase	N/A	N/A	N/A	N/A

The following table provides the weighted average assumptions used to determine net periodic benefit cost for the respective years ended December 31.

	Pension Benefits						Other Postretirement Benefits			
	2015	2014			2013		2015	2014	2013	
Discount rate	4.15%	5.08/	4.23/	4.14%	4.13/	5.05%	3.91%	4.58%	3.64/	4.58%
Rate of compensation increase	N/A	N/A			3.39%		N/A	N/A	N/A	N/A
Expected return on plan assets	7.00%	7.75%			7.75%		N/A	N/A	N/A	N/A

The discount rates used in 2014 and 2013 were reevaluated during the year for settlements and the curtailments as described previously. The obligations are remeasured at an updated discount rate that impacts the benefit cost recognized subsequent to the remeasurement.

The Company establishes the expected long-term rate of return at the beginning of each fiscal year based upon historical returns and projected returns on the underlying mix of invested assets. The Company utilizes modern portfolio theory modeling techniques in the development of its return assumptions. This technique projects rates of return that can be generated through various asset allocations that lie within the risk tolerance set forth by members of the Company's pension committee (the

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"Pension Committee"). The risk assessment provides a link between a pension plan's risk capacity, management's willingness to accept investment risk and the asset allocation process, which ultimately leads to the return generated by the invested assets.

The health care cost trend rate assumed for 2016 is 7.1% and is expected to reach an ultimate trend rate of 4.5% by 2028. A one-percentage-point increase in the health care cost trend rate would increase the postretirement benefit obligation at December 31, 2015 by $9.4 million and the net periodic postretirement benefit cost for the year ended December 31, 2015 by $0.1 million.

Plan Assets

The Pension Committee is responsible for overseeing the investment of pension plan assets. The Pension Committee is responsible for determining and monitoring appropriate asset allocations and for selecting or replacing investment managers, trustees and custodians. The pension plan's current investment targets are 60% equity and 40% fixed income securities. The Pension Committee reviews the actual asset allocation in light of these targets on a periodic basis and rebalances among investments as necessary. The Pension Committee evaluates the performance of investment managers as compared to the performance of specified benchmarks and peers and monitors the investment managers to ensure adherence to their stated investment style and to the plan's investment guidelines.

The Company's pension plan assets at December 31, 2015 and 2014, respectively, are categorized below according to the fair value hierarchy as defined in Note 17, "Fair Value Measurements":

	Total		Level 1		Level 2		Level 3	
	2015	2014	2015	2014	2015	2014	2015	2014
	(In thousands)							
Equity Securities:								
(A)								
U.S. small-cap	$ 11,640	$ 16,512	$ 11,640	$ 16,512	$ —	$ —	$ —	$ —
U.S. mid-cap	28,524	46,481	10,979	17,301	17,545	29,180	—	—
U.S. large-cap	67,244	89,008	33,249	43,181	33,995	45,827	—	—

Non-U.S.	18,785	25,905	—	—	18,785	25,905	—	—
Fixed income securities:	—	—	—	—	—	—	—	—
U.S. government securities(B)	18,844	13,708	18,183	12,988	661	720	—	—
Non-U.S. government securities(C)	766	1,599	—	—	766	1,599	—	—
U.S. government asset and mortgage backed securities(D)	1,056	830	—	—	1,056	830	—	—
Corporate fixed income(E)	39,939	22,702	—	—	39,939	22,702	—	—
State and local government securities(F)	5,725	8,005	—	—	5,725	8,005	—	—
Other fixed income(G)	57,209	83,735	—	—	57,209	83,735	—	—
Short-term investments(H)	3,898	6,818	—	—	3,898	6,818	—	—
Other investments(I)	19,869	21,406	—	—	1,234	3,336	18,635	18,070
Total	$ 273,499	$ 336,709	$ 74,051	$ 89,982	$ 180,813	$ 228,657	$ 18,635	$ 18,070

(A) Equity securities includes investments in 1) common stock, 2) preferred stock and 3) mutual funds. Investments in common and preferred stocks are valued using quoted market prices multiplied by the number of shares owned. Investments in mutual funds are valued at the net asset value per share multiplied by the number of shares held as of the measurement date and are traded on listed exchanges.

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(B) U.S. government securities includes agency and treasury debt. These investments are valued using dealer quotes in an active market.

(C) Non-U.S. government securities includes debt securities issued by foreign governments and are valued utilizing a price spread basis valuation technique with observable sources from investment dealers and research vendors.

(D) U.S. government asset and mortgage backed securities includes government-backed mortgage funds which are valued utilizing an income approach that includes various valuation techniques and sources such as discounted cash flows models, benchmark yields and securities, reported trades, issuer trades and/or other applicable data.

(E) Corporate fixed income is primarily comprised of corporate bonds and certain corporate asset-backed securities that are denominated in the U.S. dollar and are investment-grade securities. These investments are valued using dealer quotes.

(F) State and local government securities include different U.S. state and local municipal bonds and asset backed securities, these investments are valued utilizing a market approach that includes various valuation techniques and sources such as value generation models, broker quotes, benchmark yields and securities, reported trades, issuer trades and/or other applicable data.

(G) Other fixed income investments are actively managed fixed income vehicles that are valued at the net asset value per share multiplied by the number of shares held as of the measurement date.

(H) Short-term investments include governmental agency funds, government repurchase agreements, commingled funds, and pooled funds and mutual funds. Governmental agency funds are valued utilizing an option adjusted spread valuation technique and sources such as interest rate generation processes, benchmark yields and broker quotes. Investments in governmental repurchase agreements, commingled funds and pooled funds and mutual funds are valued at the net asset value per share multiplied by the number of shares held as of the measurement date.

(I) Other investments includes cash, forward contracts, derivative instruments, credit default swaps, interest rate swaps and mutual funds. Investments in interest rate swaps are valued utilizing a market approach that includes various valuation techniques and sources such as value generation models, broker quotes in active and non-active markets, benchmark yields and securities, reported trades, issuer trades and/or other applicable data. Forward contracts and derivative instruments are valued at their exchange listed price or broker quote in an active market. The mutual funds are valued at the net asset value per share multiplied by the number of shares held as of the measurement date and are traded on listed exchanges.

During 2013, the plan invested $16.0 million in Level 3 investments. Subsequent changes in fair value are the result of unrealized gains on the investment.

Cash Flows. The Company expects to make contributions of $0.5 million to the pension plans in 2016, which is impacted by the Moving Ahead for Progress in the 21st Century Act (MAP-21). MAP-21 does not reduce the Company's obligations under the plan, but redistributes the timing of required payments by providing near term funding relief for sponsors under the Pension Protection Act.

The following represents expected future benefit payments from the plan, which reflect expected future service, as appropriate:

	Pension Benefits	Other Postretirement Benefits

	(In thousands)	
2016	$ 19,164	$ 8,356
2017	20,320	8,341
2018	21,833	8,344
2019	21,341	8,281
2020	21,461	8,245
Next 5 years	106,953	38,178
	$ 211,072	$ 79,745

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Other Plans

The Company sponsors savings plans which were established to assist eligible employees in providing for their future retirement needs. The Company's expense, representing its contributions to the plans, was $20.5 million, $22.9 million and $25.1 million for the years ended December 31, 2015, 2014 and 2013, respectively.

22. Loss Per Common Share

The effect of options, restricted stock and restricted stock units that were excluded from the calculation of diluted weighted average shares outstanding because the exercise price or grant price of the securities exceeded the average market price of the Company's common stock were: 1.0 million shares of common stock for the year ended December 31, 2015, and 0.8 million shares of common stock for each of the years ending December 31, 2014 and December 31, 2013. The weighted average share impacts of options, restricted stock and restricted stock units that were excluded from the calculation of weighted average shares due to the Company's incurring a net loss for the three years ending December 31, 2015, 2014 and 2013 were not significant.

23. Leases

The Company leases equipment, land and various other properties under non-cancelable long-term leases, expiring at various dates. Certain leases contain options that would allow the Company to extend the lease or purchase the leased asset at the end of the base lease term.

In addition, the Company enters into various non-cancelable royalty lease agreements under which future minimum payments are due.

Minimum payments due in future years under these agreements in effect at December 31, 2015 are as follows:

	Operating Leases	Royalties
	(In thousands)	
2016	$ 20,857	$ 8,947
2017	17,277	13,991
2018	6,412	13,097
2019	3,448	12,295
2020	2,151	11,996
Thereafter	9,807	103,771
	$ 59,952	$ 164,097

Obligations for the future minimum payments under capital leases for equipment totaling $40.0 million and $46.0. million at December 31, 2015 and 2014, respectively, are included in other long term debt obligations in Note 14, "Debt and Financing Arrangements".

Rental expense, including amounts related to these operating leases and other shorter-term arrangements, amounted to $28.4 million in 2015, $42.1 million in 2014 and $42.1 million in 2013.

Royalties are paid to lessors either as a fixed price per ton or as a percentage of the gross selling price of the mined coal. Royalties under the majority of the Company's significant leases are paid on the percentage of gross selling price basis. Royalty expense, including production royalties, was $227.7 million in 2015, $242.5 million in 2014 and $261.1 million in 2013.

As of December 31, 2015, certain of the Company's lease obligations were secured by outstanding surety bonds totaling $49.4 million.

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24. Risk Concentrations

Credit Risk and Major Customers

The Company has a formal written credit policy that establishes procedures to determine creditworthiness and credit limits for trade customers and counterparties in the over-the-counter coal market. Generally, credit is extended based on an evaluation of the customer's financial condition. Collateral is not generally required, unless credit cannot be established. Credit losses are provided for in the financial statements and historically have been minimal.

The Company markets its steam coal principally to domestic and foreign electric utilities and its metallurgical coal to domestic and foreign steel producers. As of December 31, 2015 and 2014, accounts receivable from electric utilities of $83.8 million and $134.7 million, respectively, represented 72%

and 64% of total trade receivables at each date. As of December 31, 2015 and 2014, accounts receivable from sales of metallurgical-quality coal of $32.8 million and $76.0 million, respectively, represented 28% and 36% of total trade receivables at each date.

The Company uses shipping destination as the basis for attributing revenue to individual countries. Because title may transfer on brokered transactions at a point that does not reflect the end usage point, they are reflected as exports, and attributed to an end delivery point if that knowledge is known to the Company. The Company's foreign revenues by geographical location are as follows:

	Year Ended December 31,		
	2015	2014	2013
	(In thousands)		
Europe	$ 170,314	$ 277,565	$ 371,363
Asia	96,523	156,057	160,404
North America	40,315	78,445	80,322
Central and South America	55,323	20,496	55,493
Brokered Sales	32,848	79,354	154,442
Total	$ 395,323	$ 611,917	$ 822,024

The Company is committed under long-term contracts to supply steam coal that meets certain quality requirements at specified prices. These prices are generally adjusted based on market indices. Quantities sold under some of these contracts may vary from year to year within certain limits at the option of the customer. The Company sold approximately 127.6 million tons of coal in 2015. Approximately 68% of this tonnage (representing approximately 55% of the Company's revenues) was sold under long-term contracts (contracts having a term of greater than one year). Long-term contracts range in remaining life from one to five years.

Third-party sources of coal

The Company uses independent contractors to mine coal at certain mining complexes. The Company also purchases coal from third parties that it sells to customers. Factors beyond the Company's control could affect the availability of coal produced for or purchased by the Company. Disruptions in the quantities of coal produced for or purchased by the Company could impair its ability to fill customer orders or require it to purchase coal from other sources at prevailing market prices in order to satisfy those orders.

Transportation

The Company depends upon barge, rail, truck and belt transportation systems to deliver coal to its customers. Disruption of these transportation services due to weather-related problems, mechanical difficulties, strikes, lockouts, bottlenecks, and other events could temporarily impair the Company's ability to supply coal to its customers In the past, disruptions in rail service have resulted in missed shipments and production interruptions.

25. Commitments and Contingencies

The Company accrues for cost related to contingencies when a loss is probable and the amount is reasonably determinable. Disclosure of contingencies is included in the financial statements when it is at least reasonably possible that a material loss or an additional material loss in excess of amounts already accrued may be incurred.

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Allegheny Energy Supply ("Allegheny"), the sole customer of coal produced at the Company's subsidiary Wolf Run Mining Company's ("Wolf Run") Sycamore No. 2 mine, filed a lawsuit against Wolf Run, Hunter Ridge Holdings, Inc. ("Hunter Ridge"), and ICG in state court in Allegheny County, Pennsylvania on December 28, 2006, and amended its complaint on April 23, 2007. Allegheny claimed that Wolf Run breached a coal supply contract when it declared *force majeure* under the contract upon idling the Sycamore No. 2 mine in the third quarter of 2006, and that Wolf Run continued to breach the contract by failing to ship in volumes referenced in the contract. The Sycamore No. 2 mine was idled after encountering adverse geologic conditions and abandoned gas wells that were previously unidentified and unmapped.

After extensive searching for gas wells and rehabilitation of the mine, it was re-opened in 2007, but with notice to Allegheny that it would necessarily operate at reduced volumes in order to safely and effectively avoid the many gas wells within the reserve. The amended complaint also alleged that the production stoppages constitute a breach of the guarantee agreement by Hunter Ridge and breach of certain representations made upon entering into the contract in early 2005. Allegheny voluntarily dropped the breach of representation claims later. Allegheny claimed that it would incur costs in excess of $100 million to purchase replacement coal over the life of the contract. ICG, Wolf Run and Hunter Ridge answered the amended complaint on August 13, 2007, disputing all of the remaining claims.

On November 3, 2008, ICG, Wolf Run and Hunter Ridge filed an amended answer and counterclaim against the plaintiffs seeking to void the coal supply agreement due to, among other things, fraudulent inducement and conspiracy. On September 23, 2009, Allegheny filed a second amended complaint alleging several alternative theories of liability in its effort to extend contractual liability to ICG, which was not a party to the original contract and did not exist at the time Wolf Run and Allegheny entered into the contract. No new substantive claims were asserted. ICG answered the second amended complaint on October 13, 2009, denying all of the new claims. The Company's counterclaim was dismissed on motion for summary judgment entered on May 11, 2010. Allegheny's claims against ICG were also dismissed by summary judgment, but the claims against Wolf Run and Hunter Ridge were not. The court conducted a non-jury trial of this matter beginning on January 10, 2011 and concluding on February 1, 2011.

At the trial, Allegheny presented its evidence for breach of contract and claimed that it is entitled to past and future damages in the aggregate of between $228 million and $377 million. Wolf Run and Hunter Ridge presented their defense of the claims, including evidence with respect to the existence of force majeure conditions and excuse under the contract and applicable law. Wolf Run and Hunter Ridge presented evidence that Allegheny's damages calculations were significantly inflated because it did not seek to determine damages as of the time of the breach and in some instances artificially assumed future nondelivery or did not take into account the apparent requirement to supply coal in the future. On May 2, 2011, the trial court entered a Memorandum and Verdict determining that Wolf Run had breached the coal supply contract and that the performance shortfall was not excused by force majeure. The trial court awarded total damages and interest in the amount of $104.1 million, which consisted of $13.8 million for past damages, and $90.3 million for future

damages. ICG and Allegheny filed post-verdict motions in the trial court and on August 23, 2011, the court denied the parties' motions. The court entered a final judgment on August 25, 2011, in the amount of $104.1 million, which included pre-judgment interest.

The parties appealed the lower court's decision to the Superior Court of Pennsylvania. On August 13, 2012, the Superior Court of Pennsylvania affirmed the award of past damages, but ruled that the lower court should have calculated future damages as of the date of breach, and remanded the matter back to the lower court with instructions to recalculate that portion of the award. On November 19, 2012, Allegheny filed a Petition for Allowance of Appeal with the Supreme Court of Pennsylvania and Wolf Run and Hunter Ridge filed an Answer. On July 2, 2013, the Supreme Court of Pennsylvania denied the Petition of Allowance. As this action finalized the past damage award, Wolf Run paid $15.6 million for the past damage amount, including interest, to Allegheny in July 2013. The court held a hearing on this matter on November 5, 2014 and on February 16, 2015 awarded Allegheny $7.5 million plus interest for the future damages. On April 6, 2015, the parties entered into a settlement agreement pursuant to which Wolf Run agreed to pay $15 million and both parties agreed to release and discharge the other party from any further contractual liability. As a result, the Company accrued an additional $2.8 million during the first quarter of 2015 to bring the total amount accrued up to the settlement amount which was paid during April 2015. The expense associated with the accrual is reflected in the line item "Cost of sales".

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In addition, the Company is a party to numerous claims and lawsuits with respect to various matters. As of December 31, 2015 and 2014, the Company had accrued $2.8 million and $22.3 million, respectively, for all legal matters, including $2.8 million and $10.1 million, respectively, classified as current. The ultimate resolution of any such legal matter could result in outcomes which may be materially different from amounts the Company has accrued for such matters.

The Company has unconditional purchase obligations relating to purchases of coal, materials and supplies and capital commitments, other than reserve acquisitions, and is also a party to transportation capacity commitments. The future commitments under these agreements total $94.6 million in 2016, $25.4 million in 2017, $10.6 million in 2018, $11.3 million in 2019, $11.6 million in 2020 and $11.1 million thereafter. During the years ended December 31, 2015, 2014 and 2013, the Company fulfilled its commitments under agreements containing unconditional obligations. The Company recognized expense relating to transportation capacity agreements of $52.9 million, $36.5 million, and $12.0 million during the years ended December 31, 2015, 2014 and 2013, respectively.

26. Subsequent Events

Filing Under Chapter 11 of the United States Bankruptcy Code

On January 11, 2016 (the "Petition Date"), the Company and substantially all of its wholly owned domestic subsidiaries (the "Filing Subsidiaries" and, together with the Company, the "Debtors") filed voluntary petitions for reorganization (collectively, the "Bankruptcy Petitions") under Chapter 11 of Title 11 of the U.S. Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Eastern District of Missouri (the "Court"). The Debtor's Chapter 11 Cases (collectively, the "Chapter 11 Cases") are being jointly administered under the caption *In re Arch Coal, Inc., et al.* Case No. 16-40120 (lead case). Each Debtor will continue to operate its business as a "debtor in possession" under the jurisdiction of the Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Court.

The filing of the Bankruptcy Petitions constituted an event of default that accelerated the Company's obligations under the documents governing each of its 7.00% senior notes due 2019, 9.875% senior notes due 2019, 8.00% senior secured second lien notes due 2019, 7.25% senior notes due 2020, 7.25% senior notes due 2021 (together, the "senior notes") and senior secured first lien term loan due 2018 (the "Existing Credit Agreement") (collectively with the senior notes, the "Debt Instruments"), all as further described in Note 14, "Debt and Financing Arrangements." Immediately after filing the Bankruptcy Petitions, the Company began notifying all known current or potential creditors of the Debtors of the bankruptcy filings.

Additionally, on the Petition Date, the New York Stock Exchange (the "NYSE") determined that the Company's common stock was no longer suitable for listing pursuant to Section 8.02.01D of the NYSE continued listing standards and trading in the Company's common stock was suspended on January 11, 2016. We expect that the existing common stock of the Company will be extinguished upon the Company's emergence from Chapter 11 and existing equity holders will not receive consideration in respect of their equity interests.

On the Petition Date, the Debtors filed a number of motions with the Court generally designed to stabilize their operations and facilitate the Debtors' transition into Chapter 11. Certain of these motions sought authority from the Court for the Debtors to make payments upon, or otherwise honor, certain pre-petition obligations (e.g., obligations related to certain employee wages, salaries and benefits and certain vendors and other providers essential to the Debtors' businesses). The Court has entered orders approving the relief sought in these motions.

Pursuant to Section 362 of the Bankruptcy Code, the filing of the Bankruptcy Petitions automatically stayed most actions against the Debtors, including actions to collect indebtedness incurred prior to the Petition Date or to exercise control over the Debtors' property. Subject to certain exceptions under the Bankruptcy Code, the filing of the Debtors' Chapter 11 Cases also automatically stayed the continuation of most legal proceedings, including the third party litigation matters described under Item 3, "Legal Proceedings," or the filing of other actions against or on behalf of the Debtors or their property to recover on, collect or secure a claim arising prior to the Petition Date or to exercise control over property of the Debtors' bankruptcy estates, unless and until the Court modifies or lifts the automatic stay as to any such claim. Notwithstanding the general

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application of the automatic stay described above, governmental authorities may determine to continue actions brought under their police and regulatory powers.

As required by the Bankruptcy Code, the U.S. Trustee for the Eastern District of Missouri appointed an official committee of unsecured creditors (the "Creditors' Committee") on January 25, 2016. The Creditors' Committee represents all unsecured creditors of the Debtors and has a right to be heard on all matters that come before the Court.

Restructuring Support Agreement

In connection with the filing of the Bankruptcy Petitions, the Company entered into a Restructuring Support Agreement, dated as of January 10, 2016 (the "Restructuring Support Agreement"), among the Debtors and holders of over 50% of the Company's first lien term loans under the Existing Credit Agreement (the "Supporting First Lien Creditors"), providing that the Supporting First Lien Creditors will support a restructuring of the Debtors, subject to the following terms and conditions contemplated therein, among others:

- existing common stock of the Company would likely be extinguished upon the Company's emergence from Chapter 11, and existing equity holders would likely not receive consideration in respect of their equity interests;
- claims against the Debtors arising under the DIP Facility (as defined below) would be paid in full in cash or receive such other treatment as may be consented to by the holders of such claims;
- claims against the Debtors of holders of first lien term loans would be exchanged for (a) a combination of cash and $326.5 million (principal amount) of new first lien debt that would be issued by the reorganized Company and (b) 100% of the common stock of the reorganized Company outstanding on the effective date of the plan, subject to dilution on account of a proposed new management incentive plan and the distribution to unsecured creditors of any new common stock and warrants (as described below);
- first lien term loan deficiency claims (subject to certain exceptions) as well as second lien notes, unsecured notes and general unsecured claims against the Debtors would be exchanged for either (1) common stock in the reorganized Company and warrants or (2) the value of the unencumbered assets of the Company, if any, after giving effect to certain other payments and claims;
- either the Company's existing accounts receivable securitization facility would be reinstated or a new letter of credit facility would be entered into by the Company, in either case on terms acceptable to Supporting First Lien Creditors holding more than 66 2/3% of the aggregate amount of the first lien term loans held by Supporting First Lien Creditors; and
- the board of directors of the reorganized Company would consist of seven directors, at least one of whom would be independent, including the Company's Chief Executive Officers and six directors selected by certain of the Company's first-lien term lenders in consultation with the Company's Chief Executive Officer.

The Restructuring Support Agreement, if utilized as the basis for a plan of reorganization, is expected to reduce the Company's long-term debt by more than $4.5 billion.

We entered into an amendment to the Restructuring Support Agreement on February 25, 2016 (the "RSA Amendment"), which provides for the waiver of the termination event that would have occurred on February 25, 2016 as a result of the Debtors not having obtained Court approval of the assumption of the Restructuring Support Agreement within 45 days of the Petition Date. The Debtors had previously agreed, with the consent of the Majority Consenting Lenders under the Restructuring Support Agreement, to adjourn the Court hearing on the Restructuring Support Agreement at the request of the official committee of unsecured creditors appointed in the Debtors' Chapter 11 cases. Pursuant to the RSA Amendment, unless otherwise agreed by the Majority Consenting Lenders, the Debtors are required to obtain Court approval of the assumption of the Restructuring Support Agreement on or before the date that is 90 days from the Petition Date.

The RSA Amendment also provides for a waiver of any termination event that otherwise would occur as a result of the dismissal of the Chapter 11 case of one of our subsidiaries following the sale of such subsidiary and a 45-day extension of the date after which the Debtors and the Majority Consenting Lenders may modify the proposed distributions to holders of unsecured claims if holders of more than $1.6125 billion of unsecured claims against the Debtors have not executed a restructuring support agreement substantially in the form of the Restructuring Support Agreement.

Securitization Agreement

On January 13, 2016, the Company agreed with its securitization financing providers (the "Securitization Financing Providers") that, subject to certain amendments (the "Amendments"), they will continue the $200 million trade accounts receivable securitization facility provided to Arch Receivable Company, LLC, a non-debtor special-purpose entity that is a wholly owned subsidiary of the Company ("Arch Receivable") (the "Securitization Facility").

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Pursuant to the Amendments, which have been approved by the Court on a final basis, the Debtors agreed to a revised schedule of fees payable to the administrator and the Securitization Financing Providers. The cost of an advance backstopping a letter of credit issued under the Securitization Facility is determined by two factors: (a) a program fee of 2.65% per year and payable on each settlement date to each Securitization Financing Provider deemed to have made such an advance and (b) the "discount," which is calculated based on each Securitization Financing Provider's costs, including its cost of the issuance and placement of short term promissory notes to fund such an advance.

In connection with the Securitization Facility, Arch Receivable has granted to the administrator (for the benefit of the securitization purchasers) a first priority security interest in all of its assets, including all outstanding accounts receivable generated by the Debtors from the sale of coal and sold through the Securitization Facility (including collections, proceeds and certain other interests related thereto) (the "Receivables") and all proceeds thereof.

The agreements governing the Securitization Facility provide for the grant of analogous security interests by certain Debtors that generate Receivables from the sale of coal (such Debtors, the "Originators"). The agreements expressly state that the transfers of Receivables from the Originators to Arch and from Arch to Arch Receivable are intended to be true sales of the Receivables. However, if, against the intent of the parties (and notwithstanding entry of an order by the Court which provides that the transfers of the Receivables constitute true sales), any such transfer is recharacterized as a loan or extension of credit, each Originator has granted a first priority prepetition security interest in the Receivables and certain related collateral, pursuant to the agreements governing the Securitization Facility, for the ultimate benefit of the administrator and the Securitization Financing Providers (the "Liens"). The Debtors have agreed, in connection with the Amendments, to effectively extend such Liens to cover Receivables generated on or after the Petition Date.

The Originators do not guarantee the collection of Receivables that have been transferred to Arch Receivable. However, the Originators are obligated to reimburse Arch Receivable for inaccuracy of certain representations and warranties, dilution items with respect to Receivables and certain other limited indemnities (such obligations, the "Repayment Amounts"). Under the agreements governing the Securitization Facility, Arch Receivable is entitled to apply Repayment Amounts to amounts owed under the Securitization Facility.

Further, the Company has executed a performance guarantee through which it has promised to fulfill, or cause Arch Receivable, the designated servicer and each Originator to fulfill, each of their obligations under the agreements governing the Securitization Facility. In addition, as contemplated by the Amendments, the Originators have also executed a performance guarantee promising to fulfill obligations of all Originators under the agreements.

In addition, in connection with the Amendments, the Debtors have granted superpriority claims against the Debtors and in favor of Arch Receivable, the administrator and the Securitization Financing Providers in respect of certain of the Debtors' obligations under the agreements governing the Securitization Facility, including the Repayment Amounts and certain other limited indemnification and other obligations of the Debtors under the agreements.

Debtor-In-Possession Financing

On January 21, 2016, the Superpriority Secured Debtor-in-Possession Credit Agreement as amended by the waiver and consent and Amendment No. 1, dated as of March 4, 2016, (the "DIP Credit Agreement") was entered into by and among the Company, as borrower, certain of the Debtors, as guarantors (the "Guarantors" and, together with the Company, the "Loan Parties"), the lenders from time to time party thereto (the "DIP Lenders") and Wilmington Trust, National Association, as administrative agent and collateral agent for the DIP Lenders (in such capacities, the "DIP Agent").

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The DIP Credit Agreement, which has been approved by the Court on a final basis, provides for a super-priority senior secured debtor-in-possession credit facility (the "DIP Facility") consisting of term loans (collectively, the "DIP Term Loan") in the aggregate principal amount of up to $275 million that may be funded in not more than two draws not later than six months after the effective date of the DIP Facility (such six month period, the "Availability Period"). Any portion of the DIP Term Loan commitment that has not been funded on or prior to the end of the Availability Period will be permanently cancelled.

The maturity date of the DIP Facility is the earliest of (i) January 31, 2017, (ii) the date of the substantial consummation of a plan of reorganization that is confirmed pursuant to an order of the Court, (iii) the consummation of the sale of all or substantially all of the assets of the Loan Parties pursuant to Section 363 of the Bankruptcy Code and (iv) the date the obligations under the DIP Facility are accelerated pursuant to the terms of the DIP Credit Agreement. Borrowings under the DIP Facility bear interest at an interest rate per annum equal to, at the Company's option (i) LIBOR plus 9.00%, subject to a 1.00% LIBOR floor or (ii) the base rate plus 8.00%.

Obligations under the DIP Credit Agreement will be guaranteed on a super-priority senior secured basis by all existing and future wholly-owned domestic subsidiaries of Arch, and all newly created or acquired wholly-owned domestic subsidiaries of Arch, subject to customary limited exceptions.

The lenders under the DIP Credit Agreement will have a first priority lien on all encumbered and unencumbered assets of the Loan Parties (the "DIP Lien"), subject to a $75 million carve-out for super-priority claims relating to the Debtors' bonding obligations, a customary professional fees carve-out and certain exceptions.

The Loan Parties are subject to certain financial maintenance covenants under the DIP Credit Agreement, including, without limitation, (i) maximum capital expenditures and (ii) minimum liquidity (defined as unrestricted cash and cash equivalents of the Company and its domestic subsidiaries (other than any securitization subsidiary or bonding subsidiary), *plus* withdrawable funds from brokerage accounts of the Company and its domestic subsidiaries (other than any securitization subsidiary or bonding subsidiary) *plus* any unused commitments that are available to be drawn by the Company pursuant to the terms of the DIP Credit Agreement) of (A) $300 million prior to the entry of the Final Order and (B) $500 million following the entry of the Final Order, in each case tested on a monthly basis. The DIP Credit Agreement contains customary affirmative and negative covenants and representations for debtor-in-possession financings. In addition to customary events of default for debtor-in-possession financings, the DIP Credit Agreement contains milestones relating to the Chapter 11 Cases and any failure to comply with such milestones constitutes an event of default.

The DIP Facility is subject to certain usual and customary prepayment events, including 100% of net cash proceeds of (i) debt issuances (other than debt permitted to be incurred under the terms of the DIP Credit Agreement), (ii) non-ordinary course asset sales or dispositions in excess of $50 million in the aggregate (with no individual asset sale or disposition in excess of $7.5 million) and (iii) any casualty event in excess of $50 million in the aggregate, subject to customary reinvestment rights, in each case to be applied to prepay the DIP Term Loan. At a hearing held on February 23, 2016 in the Chapter 11 Cases, the Court approved the DIP Financing on a final basis, overruling the objections of the Creditors' Committee and certain other parties who asserted, among other things, that the DIP Financing was unnecessary and argued that the Debtors should enter into an alternate debtor-in-possession financing facility proposed by certain members of the Creditors' Committee.

Other Non-Bankruptcy Items

On February 1, 2016, a mining company that Arch Coal, Inc. leases coal reserves to in Kentucky announced plans to idle its mining operations related to those reserves. At December 31, 2015, the Company had a net book value of $66.8 million on the approximate 22.0 million tons of reserves. As a result, the company will record an impairment charge representing the remaining net book value of the reserves in the first quarter of 2016.

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27. Segment Information

The Company's reportable business segments are based on the major coal producing basins in which the Company operates and may include a number of mine complexes. The Company manages its coal sales by coal basin, not by individual mining complex. Geology, coal transportation routes to customers, regulatory environments and coal quality or type are characteristic to a basin, and, accordingly, market and contract pricing have developed by coal basin. Mining operations are evaluated based on their per-ton operating costs (defined as including all mining costs but excluding pass-through transportation expenses), as well as on other non-financial measures, such as safety and environmental performance. The Company's reportable segments are the Powder River Basin (PRB) segment, with operations in Wyoming; and the Appalachia (APP) segment, with operations in West Virginia, Kentucky, Maryland and Virginia. "All Other" includes the Company's coal mining operations in Colorado and Illinois and the ADDCAR subsidiary (which was sold during the first quarter of 2014).

Operating segment results for the years ended December 31, 2015, 2014 and 2013 are presented below. The Company measures its segments based on "adjusted earnings before interest, taxes, depreciation, depletion and amortization (Adjusted EBITDA)." The Company's management believes that Adjusted EBITDA presents a useful measure of our ability to service existing debt and incur additional debt based on ongoing operations. Adjusted EBITDA does not reflect mine closure or impairment costs, since those are not reflected in the operating income reviewed by management. See Note 5, "Impairment Charges and Mine Closure Costs" for discussion of these costs. The Corporate, Other and Eliminations grouping includes these charges, as well as the change in fair value of coal derivatives and coal trading activities, net; corporate overhead; land management activities; other support functions; and the elimination of intercompany transactions.

The asset amounts below represent an allocation of assets consistent with the basis used for the Company's incentive compensation plans. The amounts in Corporate, Other and Eliminations represent primarily corporate assets (cash, receivables, investments, plant, property and equipment) as well as unassigned coal reserves, above-market acquired sales contracts and other unassigned assets.

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	PRB	APP	All Other	Corporate, Other and Eliminations	Consolidated
Year Ended December 31, 2015					
Revenues	$ 1,448,440	$ 834,606	$ 290,214	$ —	$ 2,573,260
Adjusted EBITDA	258,300	82,837	17,044	(108,064)	250,117
Depreciation, depletion and amortization	176,257	156,273	40,768	6,047	379,345
Amortization of acquired sales contracts, net	(4,158)	(4,653)	—	—	(8,811)
Total assets	1,648,916	843,583	310,949	2,303,290	5,106,738
Capital expenditures	22,535	20,599	11,135	64,755	119,024
Year Ended December 31, 2014					
Revenues	$ 1,490,377	$ 1,108,358	$ 338,384	$ —	$ 2,937,119
Adjusted EBITDA	198,074	110,693	56,612	(85,236)	280,143
Depreciation, depletion and amortization	168,522	205,732	40,125	4,369	418,748
Amortization of acquired sales contracts, net	(3,961)	(9,433)	207	—	(13,187)
Total assets	1,772,230	3,379,834	339,809	2,937,850	8,429,723
Capital expenditures	44,305	23,638	12,993	66,350	147,286
Year Ended December 31, 2013					
Revenues	$ 1,482,812	$ 1,145,801	$ 385,744	$ —	$ 3,014,357
Adjusted EBITDA	206,910	88,883	94,948	(138,595)	252,146
Depreciation, depletion and amortization	171,324	202,952	45,741	6,425	426,442
Amortization of acquired sales contracts, net	(3,656)	(10,364)	4,563	—	(9,457)
Total assets	1,841,835	3,971,764	402,922	2,773,672	8,990,193
Capital expenditures	9,784	167,759	23,122	96,319	296,984

A reconciliation of segment losses to consolidated loss from continuing operations before income taxes follows:

	Year Ended December 31,		
	2015	2014	2013
Adjusted EBITDA	$ 250,117	$ 280,143	$ 252,146
Depreciation, depletion and amortization	(379,345)	(418,748)	(426,442)
Amortization of acquired sales contracts, net	8,811	13,187	9,457
Asset impairment costs	(2,628,303)	(24,113)	(220,879)
Goodwill impairment	—	—	(265,423)
Losses from disposed operations resulting from Patriot Coal bankruptcy	(116,343)	—	—
Settlement of UMWA legal claims	—	—	(12,000)
Interest expense, net	(393,549)	(383,188)	(374,664)
Nonoperating expense	(27,910)	—	(42,921)
Loss from continuing operations before income taxes	$ (3,286,522)	$ (532,719)	$ (1,080,726)

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28. Quarterly Selected Financial Data (unaudited)

	March 31 (a)	June 30 (a)	September 30 (a)	December 31 (a)
	(In thousands, except per share data)			

Year Ended December 31, 2015				
Revenues	$ 677,005	$ 644,462	$ 688,544	563,249
Gross profit (loss)	$ 14,256	$ (16,507)	$ 47,275	(44,964)
Asset impairment and mine closure costs	$ —	$ 19,146	$ 2,120,292	488,865
Loss from operations	$ (19,712)	$ (69,546)	$ (2,236,772)	$ (539,033)
Net loss	$ (113,195)	$ (168,103)	$ (1,999,476)	$ (632,368)
Diluted loss per common share	$ (5.32)	$ (7.93)	$ (93.91)	$ (29.70)

	March 31 (a)	June 30 (a) (b)	September 30 (a) (b)	December 31 (a) (b)
	(In thousands, except per share data)			
Year Ended December 31, 2014				
Revenues	$ 735,971	$ 713,776	$ 742,180	$ 745,192
Gross profit (loss)	$ (49,842)	$ (6,350)	$ (5,851)	$ 32,264
Asset impairment and mine closure costs	$ —	$ 1,512	$ 5,060	$ 17,541
Loss from operations	$ (73,123)	$ (35,805)	$ (35,300)	$ (5,303)
Net loss	$ (124,140)	$ (96,860)	$ (97,218)	$ (240,135)
Diluted loss per common share	$ (5.85)	$ (4.57)	$ (4.58)	$ (11.31)

(a) Challenging coal markets resulted in impairment charges relating to mining and other operations, investments in equity method subsidiaries and prepaid mining royalties in 2015 and 2014. See further discussion in Note 5, “Impairment Charges and Mine Closure Costs “ and Note 10, “ Equity Method Investments and Membership Interests in Joint Ventures.”

(b) The Company determined that it would not realize the benefit from federal and state net operating losses it generated in 2014, based on projections of future taxable income, and as a result, recorded a valuation allowance against net operating losses of $23.8. million, $18.3 million, $15.8 million and $807.2 million in the second, third and fourth quarters of 2014, respectively.

29. Supplemental Consolidating Financial Information

Pursuant to the indentures governing Arch Coal, Inc.’s senior notes, certain wholly-owned subsidiaries of the Company have fully and unconditionally guaranteed the senior notes on a joint and several basis. The following tables present consolidating financial information for (i) the Company, (ii) the issuer of the senior notes, (iii) the guarantors under the senior notes, and (iv) the entities which are not guarantors under the senior notes (Arch Receivable Company, LLC and the Company’s subsidiaries outside the United States):

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Condensed Consolidating Statements of Operations and Comprehensive Income
Year Ended December 31, 2015

	Parent/Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues	$ —	$ 2,573,260	$ —	$ —	$ 2,573,260
Costs, expenses and other					
Cost of sales (exclusive of items shown separately below)	22,378	2,186,804	—	(2,749)	2,206,433
Depreciation, depletion and amortization	3,775	375,568	2	—	379,345
Amortization of acquired sales contracts, net	—	(8,811)	—	—	(8,811)
Change in fair value of coal derivatives and coal trading activities, net	—	(1,583)	—	—	(1,583)
Asset impairment and mine closure costs	15,437	2,612,866	—	—	2,628,303
Losses from disposed operations resulting from Patriot Coal bankruptcy	116,343	—	—	—	116,343
Selling, general and administrative expenses	69,384	25,737	5,725	(2,063)	98,783
Other operating expense (income), net	5,869	13,021	(4,192)	4,812	19,510
	233,186	5,203,602	1,535	—	5,438,323
Loss from investment in subsidiaries	(2,574,565)	—	—	2,574,565	—
Loss from operations	(2,807,751)	(2,630,342)	(1,535)	2,574,565	(2,865,063)
Interest expense, net					
Interest expense	(478,432)	(26,284)	(4,916)	111,653	(397,979)
Interest and investment income	27,510	82,881	5,692	(111,653)	4,430
	(450,922)	56,597	776	—	(393,549)
Net loss resulting from early retirement of debt and debt restructuring	(27,910)	—	—	—	(27,910)
Loss from continuing operations before income taxes	(3,286,583)	(2,573,745)	(759)	2,574,565	(3,286,522)
Provision for (benefit from) income taxes	(373,441)	—	61	—	(373,380)
Net loss	(2,913,142)	(2,573,745)	(820)	2,574,565	(2,913,142)
Total comprehensive loss	$ (2,918,198)	$ (2,579,601)	$ (820)	$ 2,580,421	$ (2,918,198)

Condensed Consolidating Statements of Operations and Comprehensive Income
Year Ended December 31, 2014

	Parent/Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues	$ —	$ 2,937,119	$ —	$ —	$ 2,937,119
Costs, expenses and other					
Cost of sales (exclusive of items shown separately below)	3,016	2,566,572	—	(3,395)	2,566,193
Depreciation, depletion and amortization	5,154	413,559	35	—	418,748
Amortization of acquired sales contracts, net	—	(13,187)	—	—	(13,187)
Change in fair value of coal derivatives and coal trading activities, net	—	(3,686)	—	—	(3,686)
Asset impairment and mine closure costs	3,642	20,471	—	—	24,113
Selling, general and administrative expenses	79,902	29,739	6,626	(2,044)	114,223
Other operating income, net	(4,480)	(15,726)	(4,987)	5,439	(19,754)
	87,234	2,997,742	1,674	—	3,086,650
Loss from investment in subsidiaries	(13,085)	—	—	13,085	—
Loss from operations	(100,319)	(60,623)	(1,674)	13,085	(149,531)
Interest expense, net					
Interest expense	(463,823)	(26,137)	(4,259)	103,273	(390,946)
Interest and investment income	31,389	74,511	5,131	(103,273)	7,758
	(432,434)	48,374	872	—	(383,188)
Loss from continuing operations before income taxes	(532,753)	(12,249)	(802)	13,085	(532,719)
Provision for (benefit from) income taxes	25,600	—	34	—	25,634
Net loss	(558,353)	(12,249)	(836)	13,085	(558,353)
Total comprehensive loss	$ (592,804)	$ (34,439)	$ (836)	$ 35,275	$ (592,804)

Condensed Consolidating Statements of Operations and Comprehensive Income
Year Ended December 31, 2013

	Parent/Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Revenues	$ —	$ 3,014,357	$ —	$ —	$ 3,014,357
Costs, expenses and other					—
Cost of sales (exclusive of items shown separately below)	9,117	2,657,583	—	(3,564)	2,663,136
Depreciation, depletion and amortization	5,949	420,458	35	—	426,442
Amortization of acquired sales contracts, net	—	(9,457)	—	—	(9,457)
Change in fair value of coal derivatives and coal trading activities, net	—	7,845	—	—	7,845
Asset impairment and mine closure costs	78,150	142,729	—	—	220,879
Goodwill impairment	—	265,423	—	—	265,423
Selling, general and administrative expenses	88,820	39,825	7,038	(2,235)	133,448
Other operating income, net	4,209	(34,856)	(5,370)	5,799	(30,218)
	186,245	3,489,550	1,703	—	3,677,498
Loss from investment in subsidiaries	(328,889)	—	—	328,889	—
Income (loss) from operations	(515,134)	(475,193)	(1,703)	328,889	(663,141)
Interest expense, net					
Interest expense	(449,614)	(24,747)	(4,214)	97,308	(381,267)
Interest and investment income	30,285	68,248	5,378	(97,308)	6,603
	(419,329)	43,501	1,164	—	(374,664)
Other non-operating expense					
Net loss resulting from early retirement of debt	(42,921)	—	—	—	(42,921)
Loss from continuing operations before income taxes	(977,384)	(431,692)	(539)	328,889	(1,080,726)
Provision for (benefit from) income taxes	(335,552)	—	54	—	(335,498)
Loss from continuing operations	(641,832)	(431,692)	(593)	328,889	(745,228)
Income from discontinued operations, net of tax	—	103,396	—	—	103,396
Net Loss	(641,832)	(328,296)	(593)	328,889	(641,832)
Total comprehensive income (loss)	$ (587,633)	$ (304,278)	$ (593)	$ 304,871	$ (587,633)

Condensed Consolidating Balance Sheets
December 31, 2015

	Parent/Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Assets					
Cash and cash equivalents	$ 337,646	$ 100,428	$ 12,707	$ —	$ 450,781
Short term investments	200,192	—	—	—	200,192
Restricted cash	—	—	97,542	—	97,542
Receivables	12,463	3,153	124,581	(4,430)	135,767
Inventories	—	196,720	—	—	196,720
Other	83,017	38,794	969	—	122,780
Total current assets	633,318	339,095	235,799	(4,430)	1,203,782
Property, plant and equipment, net	7,747	3,610,869	—	413	3,619,029
Investment in subsidiaries	4,887,905	—	—	(4,887,905)	—
Intercompany receivables	—	2,253,312	—	(2,253,312)	—
Note receivable from Arch Western	675,000	—	—	(675,000)	—
Other	39,302	243,806	819	—	283,927
Total assets	$ 6,243,272	$ 6,447,082	$ 236,618	$ (7,820,234)	$ 5,106,738
Liabilities and Stockholders' Equity (Deficit)					
Accounts payable	$ 8,495	$ 119,633	$ 3	$ —	$ 128,131
Accrued expenses and other current liabilities	162,268	170,575	1,037	(4,430)	329,450
Current maturities of debt	5,096,460	10,750	—	—	5,107,210
Total current liabilities	5,267,223	300,958	1,040	(4,430)	5,564,791
Long-term debt	—	30,953	—	—	30,953
Intercompany payables	2,043,308	—	210,005	(2,253,313)	—
Note payable to Arch Coal	—	675,000	—	(675,000)	—
Asset retirement obligations	1,005	395,654	—	—	396,659
Accrued pension benefits	12,390	14,983	—	—	27,373
Accrued postretirement benefits other than pension	79,826	19,984	—	—	99,810
Accrued workers' compensation	24,247	88,023	—	—	112,270
Deferred income taxes	—	—	—	—	—
Other noncurrent liabilities	59,976	58,847	348	—	119,171
Total liabilities	7,487,975	1,584,402	211,393	(2,932,743)	6,351,027
Stockholders' equity (deficit)	(1,244,703)	4,862,680	25,225	(4,887,491)	(1,244,289)
Total liabilities and stockholders' equity (deficit)	$ 6,243,272	$ 6,447,082	$ 236,618	$ (7,820,234)	$ 5,106,738

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Condensed Consolidating Balance Sheets
December 31, 2014

	Parent/Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Assets					
Cash and cash equivalents	$ 572,185	$ 150,358	$ 11,688	$ —	$ 734,231
Short term investments	248,954	—	—	—	248,954
Restricted cash	—	—	5,678	—	5,678
Receivables	9,656	15,933	211,043	(4,615)	232,017
Inventories	—	190,253	—	—	190,253
Other	89,211	41,455	952	—	131,618
Total current assets	920,006	397,999	229,361	(4,615)	1,542,751
Property, plant and equipment, net	10,470	6,442,623	2	363	6,453,458
Investment in subsidiaries	7,464,221	—	—	(7,464,221)	—
Intercompany receivables		2,021,110	—	(2,021,110)	—
Note receivable from Arch Western	675,000	—	—	(675,000)	—
Other	131,884	300,058	1,572	—	433,514
Total assets	$ 9,201,581	$ 9,161,790	$ 230,935	$ (10,164,583)	$ 8,429,723
Liabilities and Stockholders' Equity					
Accounts payable	$ 23,394	$ 156,664	$ 55	$ —	$ 180,113
Accrued expenses and other current liabilities	85,899	220,017	1,095	(4,615)	302,396
Current maturities of debt	27,625	9,260	—	—	36,885
Total current liabilities	136,918	385,941	1,150	(4,615)	519,394
Long-term debt	5,084,839	38,646	—		5,123,485

Intercompany payables	1,817,755	—	203,355	(2,021,110)	—
Note payable to Arch Coal	—	675,000	—	(675,000)	—
Asset retirement obligations	981	397,915	—	—	398,896
Accrued pension benefits	5,967	10,293	—	—	16,260
Accrued postretirement benefits other than pension	4,430	28,238	—	—	32,668
Accrued workers' compensation	9,172	85,119	—	—	94,291
Deferred income taxes	422,809	—	—	—	422,809
Other noncurrent liabilities	50,919	102,461	386	—	153,766
Total liabilities	7,533,790	1,723,613	204,891	(2,700,725)	6,761,569
Stockholders' equity	1,667,791	7,438,177	26,044	(7,463,858)	1,668,154
Total liabilities and stockholders' equity	$ 9,201,581	$ 9,161,790	$ 230,935	$ (10,164,583)	$ 8,429,723

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Condensed Consolidating Statements of Cash Flows
Year Ended December 31, 2015

	Parent/Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Cash provided by (used in) operating activities	$ (445,136)	$ 314,535	$ 86,234	$ —	$ (44,367)
Investing Activities					
Capital expenditures	(1,108)	(117,916)	—	—	(119,024)
Additions to prepaid royalties	—	(5,871)	—	—	(5,871)
Proceeds from disposals and divestitures	—	2,191	—	—	2,191
Purchases of short term investments	(246,735)	—	—	—	(246,735)
Proceeds from sales of short term investments	290,205	—	—	—	290,205
Proceeds from sales of equity investments and securities	—	2,259	—	—	2,259
Withdrawals (deposits) of restricted cash	—	—	(91,864)	—	(91,864)
Investments in and advances to affiliates	(913)	(10,589)	—	—	(11,502)
Cash provided by (used in) investing activities	41,449	(129,926)	(91,864)	—	(180,341)
Financing Activities					
Payments on term loan	(19,500)	—	—	—	(19,500)
Net payments on other debt	(2,692)	(8,640)	—	—	(11,332)
Expenses related to debt restructuring	(27,910)	—	—	—	(27,910)
Transactions with affiliates, net	219,250	(225,899)	6,649	—	—
Cash provided by (used in) financing activities	169,148	(234,539)	6,649	—	(58,742)
Increase (decrease) in cash and cash equivalents	(234,539)	(49,930)	1,019	—	(283,450)
Cash and cash equivalents, beginning of period	572,185	150,358	11,688	—	734,231
Cash and cash equivalents, end of period	$ 337,646	$ 100,428	$ 12,707	$ —	$ 450,781

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Condensed Consolidating Statements of Cash Flows
Year Ended December 31, 2014

	Parent/Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Cash provided by (used in) operating activities	$ (324,688)	$ 305,048	$ (13,942)	$ —	$ (33,582)
Investing Activities					
Capital expenditures	(2,700)	(144,586)	—	—	(147,286)
Additions to prepaid royalties	—	(7,317)	—	—	(7,317)
Proceeds from disposals and divestitures	57,625	4,733	—	—	62,358
Purchases of short term investments	(211,929)	—	—	—	(211,929)
Proceeds from sales of short term investments	205,611	—	—	—	205,611
Proceeds from sales of investments in equity securities	9,464	—	—	—	9,464
Withdrawals (deposits) of restricted cash	—	—	(5,678)	—	(5,678)
Investments in and advances to affiliates	(2,541)	(14,116)	—	—	(16,657)
Cash provided by (used in) investing activities	55,530	(161,286)	(5,678)	—	(111,434)
Financing Activities					
Payments on term loan	(19,500)	—	—	—	(19,500)
Net payments on other debt	(1,258)	(4,437)	—	—	(5,695)
Debt financing costs	(2,219)	—	(2,300)	—	(4,519)
Dividends paid	(2,123)	—	—	—	(2,123)
Other	(15)	—	—	—	(15)
Transactions with affiliates, net	67,125	(89,385)	22,260	—	—
Cash provided by (used in) financing activities	42,010	(93,822)	19,960	—	(31,852)
Increase (decrease) in cash and cash equivalents	(227,148)	49,940	340	—	(176,868)

Cash and cash equivalents, beginning of period	799,333	100,418	11,348	—	911,099
Cash and cash equivalents, end of period	$ 572,185	$ 150,358	$ 11,688	$ —	$ 734,231

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Condensed Consolidating Statements of Cash Flows
Year Ended December 31, 2013

	Parent/Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			(In thousands)		
Cash provided by (used in) operating activities	$ (632,060)	$ 637,193	$ 50,609	$ —	$ 55,742
Investing Activities					
Capital expenditures	(3,320)	(293,664)	—	—	(296,984)
Proceeds from disposals and divestitures	—	433,453	—	—	433,453
Proceeds from sales-leaseback transaction	—	34,919	—	—	34,919
Investments in and advances to affiliates	(5,451)	(10,321)	—	512	(15,260)
Purchases of short term investments	(213,726)	—	—	—	(213,726)
Proceeds from sales of short term investments	194,537	—	—	—	194,537
Additions to prepaid royalties	—	(14,947)	—	—	(14,947)
Change in restricted cash	3,453	—	—	—	3,453
Cash provided by (used in) investing activities	(24,507)	149,440	—	512	125,445
Financing Activities					
Contributions from parent	—	512	—	(512)	—
Proceeds from term loan and senior notes	644,000	—	—	—	644,000
Payments to retire debt	(628,660)	—	—	—	(628,660)
Payments on term loan	(17,250)	—	—	—	(17,250)
Net payments on other debt	(6,324)	(512)	—	—	(6,836)
Debt financing costs	(19,864)	—	(625)	—	(20,489)
Dividends paid	(25,475)	—	—	—	(25,475)
Transactions with affiliates, net	838,160	(786,683)	(51,477)	—	—
Cash provided by (used in) financing activities	784,587	(786,683)	(52,102)	(512)	(54,710)
Increase in cash and cash equivalents	128,020	(50)	(1,493)	—	126,477
Cash and cash equivalents, beginning of period	671,313	100,468	12,841	—	784,622
Cash and cash equivalents, end of period	$ 799,333	$ 100,418	$ 11,348	$ —	$ 911,099

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Schedule II

Arch Coal, Inc. and Subsidiaries
Valuation and Qualifying Accounts

	Balance at Beginning of Year	Additions (Reductions) Charged to Costs and Expenses	Charged to Other Accounts	Deductions (a)	Balance at End of Year
			(In thousands)		
Year ended December 31, 2015					
Reserves deducted from asset accounts:					
Accounts receivable and other receivables	$ 159	$ 7,683	$ —	$ —	$ 7,842
Current assets — supplies and inventory	6,625	431	—(b)	1,065	5,991
Deferred income taxes	270,251	865,148	—	—	1,135,399
Year ended December 31, 2014					
Reserves deducted from asset accounts:					
Accounts receivable and other receivables	$ 775	$ —	$ —	$ 616	$ 159
Current assets — supplies and inventory	8,446	580	(76)(b)	2,325	6,625
Deferred income taxes	43,322	226,929	—	—	270,251
Year ended December 31, 2013					
Reserves deducted from asset accounts:					
Accounts receivable and other receivables	$ 1,043	$ 346	$ —	$ 614	$ 775
Current assets — supplies and inventory	12,589	503	(2,274)	2,372	$ 8,446
Deferred income taxes	34,663	8,659	—	—	$ 43,322

(a) Reserves utilized, unless otherwise indicated.
(b) Disposition of subsidiaries

Exhibit 10.53

EXECUTION VERSION

$275,000,000

SUPERPRIORITY SECURED DEBTOR-IN-POSSESSION
CREDIT AGREEMENT

Dated as of January 21, 2016

by and among

ARCH COAL, INC.,
a Debtor and Debtor-in-Possession
under Chapter 11 of the Bankruptcy Code,
as Borrower,

THE SUBSIDIARIES OF ARCH COAL, INC. PARTY HERETO,
each a Debtor and Debtor-in-Possession under Chapter 11
of the Bankruptcy Code,
as Guarantors,

THE LENDERS PARTY HERETO,

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Agent

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LIST OF SCHEDULES AND EXHIBITS

SCHEDULES

EXHIBITS

SUPERPRIORITY SECURED DEBTOR-IN-POSSESSION CREDIT AGREEMENT

THIS SUPERPRIORITY SECURED DEBTOR-IN-POSSESSION CREDIT AGREEMENT is dated as of January 21, 2016 and is made by and among **ARCH COAL, INC.**, a Delaware corporation and a debtor and debtor-in-possession under chapter 11 of the Bankruptcy Code (the "**Borrower**"), each of the **GUARANTORS** (as hereinafter defined) party hereto from time to time, each a debtor and debtor-in-possession under chapter 11 of the Bankruptcy Code, the **LENDERS** (as hereinafter defined) party hereto from time to time and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, in its capacity as administrative agent and as collateral agent for the Lenders (in such capacity, together with its successors and assigns, if any, the "**Agent**").

WHEREAS, on January 11, 2016 (the "**Petition Date**"), the Borrower and each of the Guarantors (collectively, and together with any other Subsidiaries that become debtors in the Cases, the "**Debtors**") filed voluntary petitions with the Bankruptcy Court initiating their respective cases that are pending under Chapter 11 of the Bankruptcy Code (the case of the Borrower and the Guarantors, each a "**Case**" and collectively, the "**Cases**") and have continued in the possession of their assets and in the management of their business pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

WHEREAS, the Borrower has requested the Lenders to provide a term loan credit facility to the Borrower, subject to the terms and conditions of this Agreement in an aggregate principal amount of $275,000,000 (the "**DIP Facility**"), and the Lenders are willing to do so on the terms and conditions set forth herein.

WHEREAS, all of the claims and the Liens granted under the Orders and the Loan Documents to the Agent and the Lenders in respect of the DIP Facility shall be subject to the Fees Carve-Out and the Bonding Carve-Out.

NOW THEREFORE, in consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

ARTICLE 1
CERTAIN DEFINITIONS

Section 1.01. *Certain Definitions*. In addition to words and terms defined elsewhere in this Agreement, the following words and terms shall have the following meanings, respectively, unless the context hereof clearly requires otherwise:

"**13-Week Projection**" shall mean a projected statement of sources and uses of cash for the Borrower and its Subsidiaries on a weekly basis for the following 13 calendar weeks, including the anticipated uses of the DIP Facility for each week during such period, in substantially the form of Exhibit A hereto.

"**13-Week Projection Variance Report**" shall mean a variance report on a weekly basis setting forth (1) actual cash receipts and disbursements for the prior week, (2) variances, on an aggregate basis, as compared to the previously delivered 13-Week Projection on a weekly basis, and (3) an explanation, in reasonable detail, for any material variance, certified by an Authorized Officer of the Borrower.

"**Acceptable Reorganization Plan**" shall mean a Reorganization Plan that (i) provides for the payment in full in cash of the Obligations under the Loan Documents (other than contingent indemnification obligations not yet due and payable) on the Consummation Date of such Reorganization Plan, (ii) provides for releases by the Debtors of the Agent, the Lenders, the Existing Credit Agreement Agent and the Existing Credit Agreement Lenders and each of their respective representatives and Related Parties, from any and all claims against the Agent, the Lenders, the Existing Credit Agreement Agent and the Existing Credit Agreement Lenders in connection with this Agreement and the Existing Credit Agreement in a manner consistent with the stipulations set forth in the Interim Order and to the fullest extent permitted by the Bankruptcy Code and applicable law and (iii) is otherwise reasonably acceptable to the Majority Consenting Lenders (as defined in the Restructuring Support Agreement) or, if the Restructuring Support Agreement has been terminated in accordance with its terms, the Required Lenders under the Existing Credit Agreement.

"**Active Operating Properties**" shall mean all property which is the subject of outstanding Environmental Health and Safety Permits issued to any Loan Party or any Subsidiary of any Loan Party.

"**Affiliate**" as to any Person shall mean any other Person (i) which directly or indirectly controls, is controlled by, or is under common control with such Person, (ii) which beneficially owns or holds 10% or more of any class of the voting or other equity interests of such Person, or (iii) 10% or more of any class of voting interests or other equity interests of which is beneficially owned or held, directly or indirectly by such Person. Control, as used in this definition, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, including the power to elect a majority of the directors or trustees of a corporation or trust, as the case may be.

"**Agent**" shall have the meaning specified in the introductory paragraph hereto.

"**Agent Fee Letter**" shall mean that certain Agent Fee Letter, dated as of January 21, 2016, between the Borrower and the Agent.

"**Agent Parties**" shall have the meaning specified in Section 13.15.

"**Agreement**" shall mean this Superpriority Secured Debtor-in-Possession Credit Agreement (including all schedules and exhibits), as the same may hereafter be supplemented, amended, restated, refinanced, replaced, or modified from time to time.

"**Annual Statements**" shall have the meaning specified in Section 6.07(a).

"**Applicable Margin**" shall mean (i) the percentage spread to be added to the LIBOR Rate applicable to Term Loans under the LIBOR Rate Option, which shall be equal to 9.00% and (ii) the percentage spread to be added to the Base Rate applicable to Term Loans under the Base Rate Option, which shall be equal to 8.00%.

"**Applicable Subsidiary**" shall have the meaning specified in Section 9.01(o).

"**Approved Fund**" shall mean any fund that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"**Assignment and Assumption Agreement**" shall mean an assignment and assumption agreement entered into by a Lender and an assignee permitted under Section 13.09, in substantially the form of Exhibit 1.1(A).

"**Authorized Officer**" shall mean, with respect to any Loan Party, the Chief Executive Officer, President, Chief Financial Officer, Treasurer or Assistant Treasurer of such Loan Party or such other individuals, designated by written notice to the Agent from the Borrower, authorized to execute notices, reports and other documents on behalf of the Loan Parties required hereunder. The Borrower may amend such list of individuals from time to time by giving written notice of such amendment to the Agent.

"**Automatic Rejection Date**" shall mean, with respect to any particular lease, the last day of the assumption period for the Loan Parties in the Cases provided for in Section 365(d)(4) of the Bankruptcy Code, to the extent applicable, (including as may have been extended in accordance with Section 365(d)(4)).

"**Availability End Date**" shall mean the earlier of (a) the four month anniversary of the Effective Date and (b) the Termination Date.

"**Avoidance Action**" shall mean the Debtors' claims and causes of action under Sections 502(d), 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code, or any other avoidance actions under the Bankruptcy Code.

"**Avoidance Proceeds**" shall mean any proceeds or property recovered, unencumbered or otherwise from successful Avoidance Actions, whether by judgment, settlement or otherwise

"**Bankruptcy Code**" shall mean The Bankruptcy Reform Act of 1978, as heretofore and hereafter amended, and codified as 11 U.S.C. Section 101 *et seq*.

"**Bankruptcy Court**" shall mean the United States Bankruptcy Court for the Eastern District of Missouri or any other court having jurisdiction over the Cases from time to time.

"**Base Rate**" shall mean for any day a fluctuating rate per annum equal to the highest of (i) the Federal Funds Effective Rate plus 1/2 of 1%, (ii) the Prime Rate and (iii) the LIBOR Rate plus 1.00%. Any change in the Base Rate (or any component thereof) shall take effect at the opening of business on the day such change occurs.

"**Base Rate Option**" shall mean the option of the Borrower to have Loans bear interest at the rate and under the terms set forth in Section 4.01(a)(i).

"**Benefit Arrangement**" shall mean an "employee benefit plan," within the meaning of Section 3(3) of ERISA, which is neither a Plan nor a Multiemployer Plan and which is maintained, sponsored or contributed to by any member of the ERISA Group.

"**Black Lung Act**" shall mean, collectively, the Black Lung Benefits Revenue Act of 1977, as amended and the Black Lung Benefits Reform Act of 1977, as amended.

"**Bonding Carve-Out**" shall mean a carve-out from the Collateral in an amount not to exceed $75,000,000 (or such greater amount as agreed in writing by the Required Lenders or by the Agent with the consent of the Required Lenders or $0 in the case of a termination of the Bonding Carve-Out by the Debtors pursuant to paragraph 7(e) of the Orders) entitling the holders of Bonding Superpriority Claims to receive proceeds of Collateral first in priority before distribution to any Lender.

"**Bonding Request**" shall mean any demand, request or requirement of any Official Body for any surety bond, letter of credit or other financial assurance pursuant to any Mining Law, Reclamation Law or Environmental Health and Safety Laws, or any related Permit, in each case, to the extent such surety bond, letter of credit or other financial assurance is to satisfy or replace an amount for which the Borrower or any of its Subsidiaries is self-bonded as of the Effective Date.

"**Bonding Subsidiary**" shall mean a Subsidiary of the Borrower the sole purpose of which is to own a leasehold interest in a coal lease where the lessor thereof is a Person who is not an Affiliate of the Borrower (but not to operate any Mining Operations thereon) and to enter into surety or similar arrangements to provide payment assurances to the lessor thereof related to the cost of acquiring such leasehold interest and any bonus bid and royalty payments thereunder, and Bonding Subsidiaries shall mean, collectively, each and every Bonding Subsidiary.

"**Bonding Superpriority Claim**" shall mean a Superpriority Claim, granted by the Borrower or any of its Subsidiaries in favor of an Official Body to satisfy a Bonding Request.

"**Borrower**" shall have the meaning specified in the introductory paragraph hereto.

"**Borrower Materials**" shall have the meaning specified in Section 8.03(i).

"**Borrower Shares**" shall have the meaning set forth in Section 6.02.

"**Borrowing Date**" shall mean, with respect to any Loan, the date for the making thereof or the renewal or conversion thereof at or to the same or a different Interest Rate Option, which shall be a Business Day.

"**Borrowing Tranche**" shall mean specified portions of Loans outstanding as follows: (i) any Loans to which a LIBOR Rate Option applies which become subject to the same Interest Rate Option under the same Term Loan Request by the Borrower and which have the same

Interest Period shall constitute one Borrowing Tranche, and (ii) all Loans to which a Base Rate Option applies shall constitute one Borrowing Tranche.

"**Business Day**" shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required to be closed for business in New York City, New York or the Agent's Principal Office and if the applicable Business Day relates to any Loan to which the LIBOR Rate Option applies, such day must also be a day on which dealings are carried on in the London interbank market.

"**Case**" or "**Cases**" shall have the meaning specified in the recitals hereof.

"**Cash Collateral**" shall have the meaning specified in the Interim Order or the Final Order, as applicable.

"**Change in Law**" shall mean the occurrence, after the date of this Agreement, of any of the following: (i) the adoption or taking effect of any Law, (ii) any change in any Law or in the administration, interpretation, implementation or application thereof by any Official Body or (iii) the making or issuance of any request, rule, guideline or directive (whether or not having the force of Law) by any Official Body; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, interpretations or directives thereunder or issued in connection therewith (whether or not having the force of Law) and (y) all requests, rules, regulations, guidelines, interpretations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of Law), in each case pursuant to Basel III, shall in each case be deemed to be a Change in Law regardless of the date enacted, adopted, issued, promulgated or implemented.

"**Coal Act**" shall mean the Coal Industry Retiree Health Benefits Act of 1992, as amended.

"**Coal Supply Agreement**" shall mean with respect to the Borrower or any of its Subsidiaries an agreement or contract in effect on the Effective Date or thereafter entered into for the sale, purchase, exchange, processing or handling of coal with an initial term of more than one year.

"**Collateral**" shall mean all of the "Collateral" as defined in any Collateral Document or in the Interim Order or the Final Order and all other assets that become subject to the Liens created by the Collateral Documents, the Interim Order or the Final Order from time to time. The Collateral, upon entry of the Final Order, shall include the Avoidance Proceeds.

"**Collateral Documents**" shall mean, collectively, the Pledge Agreements, the Security Agreements, the Mortgages (if any), the Orders, the Assignments of Leases and Rents (if any), the Patent, Trademark and Copyright Security Agreements and each other agreement providing for a security interest in and/or Lien on the Collateral in favor of the Agent for the benefit of the Lenders and the Orders.

"**Commitment**" shall mean, as to any Lender at any time, the amount initially set forth opposite its name on Schedule 1.1(C) (as amended or supplemented from time to time) in the column labeled "Amount of Commitment for Term Loans," as such Commitment is thereafter assigned or modified and Commitments shall mean the aggregate Commitments of all of the Lenders.

"**Compliance Certificate**" shall have the meaning specified in Section 8.03(c).

"**Consummation Date**" shall mean the date of the substantial consummation (as defined in Section 1101 of the Bankruptcy Code and which for purposes of this Agreement shall be no later than the effective date) of a Reorganization Plan that is confirmed pursuant to an order of the Bankruptcy Court.

"**Contamination**" shall mean the presence or Release or threat of Release of Regulated Substances in, on, under or emanating to or from the Property, which pursuant to Environmental Health and Safety Laws requires notification or reporting to an Official Body, or which pursuant to Environmental Health and Safety Laws requires performance of a Remedial Action or which otherwise constitutes a violation of Environmental Health and Safety Laws.

"**Contractual Obligation**" shall mean as to any Person, any provisions of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"**Credit Suisse**" shall mean Credit Suisse Loan Funding LLC.

"**Creditors' Committee**" shall have the meaning given to such term in the definition of Fees Carve-Out as set forth in the Orders.

"**CS Fee Letter**" shall mean that certain Superpriority Secured Debtor-in-Possession Credit Agreement CS Fee Letter, dated as of January 21, 2016, between the Borrower and Credit Suisse.

"**Debt**" shall mean for any Person as of any date of determination the sum, without duplication, of the following for such Person, as of such date, determined in accordance with GAAP: (i) all indebtedness for borrowed money (including, without limitation, all subordinated indebtedness), (ii) all amounts raised under or liabilities in respect of any note purchase or acceptance credit facility, (iii) all indebtedness in respect of any other transaction (including production payments (excluding royalties), installment purchase agreements (other than payments made or to be made to the U.S. Federal Bureau of Land Management with respect to the acquisition of any U.S. Federal coal lease by any Loan Party or Subsidiary of any Loan Party which payments are either deferred purchase price payments or bonus bid payments related to any such lease), forward sale or purchase agreements, capitalized leases and conditional sales agreements) having the commercial effect of a borrowing of money entered into by such Person to finance its operations or capital requirements,

(iv) reimbursement obligations (contingent or otherwise) under any letter of credit (other than, with respect to the Borrower and its Subsidiaries, reimbursement obligations in respect of any letter of credit issued to support any of the following: (a) performance under any Master Coal Purchase and Sale Agreement, (b) performance under any coal sales contract, (c) any mine reclamation liabilities or (d) employee benefits, worker's

compensation or similar liabilities related to employee benefits for employees of the Borrower or any Subsidiary of the Borrower who are members of the Scotia Employees Association), (v) all indebtedness and other obligations of each Securitization Subsidiary in respect of any Permitted Receivables Financing, (vi) all payments such Person would have to make in the event of an early termination, on the date such Debt is being terminated, in respect of outstanding Hedging Agreements, or (vii) the amount of all indebtedness (whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, or joint or several) in respect of all Guaranties by such Person (the "**Guarantying Person**") of Debt described in clauses (i) through (v) above of other Persons (each such other Person being a "**Primary Obligor**" and the obligations of a Primary Obligor which are subject to a Guaranty by a Guarantying Person being "**Primary Obligations**") (it being understood that if the Primary Obligations of the Primary Obligor do not constitute Debt, then the Guaranty by the Guarantying Person of the Primary Obligations of the Primary Obligor shall not constitute Debt). It is expressly agreed that (i) the difference between actual funded indebtedness and the fair market value of funded indebtedness recorded as required by the Statement of the Financial Accounting Standards Board No. 141 (as in effect on the Effective Date) will be excluded from indebtedness in the determination of Debt and (ii) obligations in respect of any current trade liabilities and current intercompany liabilities (but not any refinancings, extensions, renewals or replacements thereof) incurred in the ordinary course of business shall not be deemed "Debt" for purposes hereof.

"**Debtor Relief Laws**" shall mean the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"**Debtors**" shall have the meaning specified in the recitals hereof.

"**Defaulting Lender**" shall mean any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans or (ii) pay over to the Agent or any Lender any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or the Agent in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied), (c) has failed, within two Business Days after request by the Agent, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Agent's receipt of such certification in form and substance reasonably satisfactory to the Agent, (d) has, or has a direct or indirect parent company that has, become the subject of a Bankruptcy Event, or (e) has failed at any time to comply with the provisions of Section 5.03 with respect to purchasing participations from the other Lenders, whereby such Lender's share of any payment received, whether by setoff or otherwise, is in excess of its Ratable Share of such payments due and payable to all of the

Lenders; provided that, for the avoidance of doubt, a Lender shall not be a Defaulting Lender solely by virtue of (1) the ownership or acquisition of any equity interest in such Lender by an Official Body or an instrumentality thereof, or (2) in the case of a solvent Lender, the precautionary appointment of an administrator, guardian, custodian or other similar official by an Official Body or instrumentality thereof under or based on the law of the country where such Lender is subject to home jurisdiction supervision if applicable law requires that such appointment not be publicly disclosed, in any such case where such action does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Official Body or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

As used in this definition and in Section 2.07, the term "**Bankruptcy Event**" shall mean, with respect to any Person, such Person or such Person's direct or indirect parent company becomes the subject of an Insolvency Proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person or such Person's direct or indirect parent company by an Official Body or instrumentality thereof if, and only if, such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Official Body or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"**DIP Facility**" shall have that meaning set forth in the recitals hereto.

"**DIP Budget**" shall mean a monthly line item budget for the Loan Parties, substantially in the form attached hereto as Exhibit 1.1(D), covering a period through the Stated Maturity Date.

"**Disqualified Institution**" shall mean all competitors on the "disqualified institutions" list delivered by the Borrower to the Agent prior to the Petition Date. The list of Disqualified Institutions shall be posted to the Platform.

"**Dollar, Dollars, U.S. Dollars and the symbol $**" shall mean lawful money of the United States of America.

"**Domestic Subsidiary**" shall mean any Subsidiary that is organized under the laws of the United States or of any political subdivision of the United States.

"**Effective Date**" shall mean the date on which the conditions precedent specified in Section 7.01 are satisfied (or waived in accordance with Section 13.01).

"**Environmental Health and Safety Claim**" shall mean any administrative, regulatory or judicial action, suit, claim, written notice of non-compliance or violation, written notice of liability or potential liability, proceeding relating in any way to any Environmental Health and

Safety Laws, any Environmental Health and Safety Permit, any Regulated Substances, any Contamination, the performance of any Remedial Action.

"**Environmental Health and Safety Complaint**" shall mean any written notice or complaint by any Person or Official Body setting forth allegations relating to or a cause of action arising under any Environmental Health and Safety Laws for personal injury or property damage, natural resource damage, contribution or indemnity for the costs associated with the performance of a Remedial Action, civil or administrative penalties, criminal fines or penalties, or declaratory or equitable relief arising under any Environmental Health and Safety Laws or any order, notice of violation, citation, subpoena, request for information or other written notice or demand of any type issued by an Official Body pursuant to any Environmental Health and Safety Laws.

"**Environmental Health and Safety Laws**" shall mean, collectively, any federal, state, local or foreign statute, Law (including, but not limited to the Comprehensive Environmental Response, Compensation and Liability Act ("**CERCLA**"), 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act ("**RCRA**"), 42 U.S.C. § 6901 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Federal Safe Drinking Water Act, 42 U.S.C. §§ 300f-300j, the Federal Air Pollution Control Act, 42 U.S.C. § 7401 et seq., the Oil Pollution Act, 33 U.S.C. § 2701 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 to 136y, the Occupational Safety and Health Act, 29 U.S.C. §§ 651 et seq. the Mine Safety and Health Act, 30 U.S.C. §§ 801 et seq., the Surface Mining Control and Reclamation Act 30 U.S.C. §§ 1201 et seq., the Atomic Energy Act, 42 U.S.C. § 2011 et seq., the National Historic Preservation Act, 16 U.S.C. § 470 et seq., the Endangered Species Act, 16 U.S.C. § 1531 et seq., the Wild and Scenic Rivers Act, 16 U.S.C. §§ 1271-1278, each as amended, or any equivalent state or local statute, and any amendments thereto), code, consent decree, settlement agreement, directive or any binding judicial or agency interpretation, policy or guidance, in each case regulating: (i) pollution or pollution control; (ii) protection of human health from exposure to Regulated Substances; (iii) protection of natural resources or the environment; (iv) employee safety in the workplace and the protection of employees from exposure to Regulated Substances in the workplace (but excluding workers compensation and wage and hour laws); (v) the presence, use, management, generation, manufacture, processing, extraction, mining, treatment, recycling, refining, reclamation, labeling, transport, storage, collection, distribution, disposal or Release or threat of Release of Regulated Substances; (vi) the presence of Contamination; (vii) the protection of endangered or threatened species; and (viii) the protection of Environmentally Sensitive Areas.

"**Environmental Health and Safety Orders**" shall mean all decrees, orders, directives, judgments, opinions, rulings writs, injunctions, settlement agreements or consent orders issued by or entered into with an Official Body relating or pertaining to Contamination, Environmental Health and Safety Laws, Environmental Health and Safety Permits, Regulated Substances or Remedial Actions.

"**Environmental Health and Safety Permit**" shall mean any applicable Permit required under any of the Environmental Health and Safety Laws.

"**Environmentally Sensitive Area**" shall mean (i) any wetland as defined by applicable Environmental Health and Safety Laws; (ii) any area designated as a coastal zone pursuant to applicable Environmental Health and Safety Laws; (iii) any area of historic or archeological significance or scenic area as defined or designated by applicable Environmental Health and Safety Laws; (iv) habitats of endangered species or threatened species as designated by applicable Environmental Health and Safety Laws; (v) a floodplain or other flood hazard area as defined pursuant to any applicable Environmental Health and Safety Laws; (vi) streams, rivers or other water bodies or springs classified, or designated or as otherwise protected by applicable Environmental Health and Safety Laws as a fishery, as having exceptional or high quality or value or as having recreational use; (vii) any area classified, designated or protected by applicable Environmental Health and Safety Laws as unsuitable for mining; and (viii) any man-made or naturally occurring surface feature classified, designated or protected by applicable Environmental Health and Safety Laws from disturbance, the effects of blasting, subsidence and mining operations.

"**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended or supplemented from time to time, and any successor statute of similar import, and the rules and regulations thereunder, as from time to time in effect.

"**ERISA Group**" shall mean, at any time, the Borrower and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control or treated as a single employer under Section 414(b) or (c) of the Internal Revenue Code.

"**Event of Default**" shall mean any of the events described in Article 9,

"**Excluded Property**" shall mean (a) those assets, including without limitation any undeveloped land, which, in the reasonable discretion of the Agent, the taking of Liens thereupon is impractical, prohibited by law or commercially unreasonable, (b) the assets of any Non-Guarantor Subsidiary, (c) the assets of, or equity interests in, any Special Joint Venture to the extent not required pursuant to Section 8.01(l), (d) in excess of 65% of the voting equity interests of any Foreign Subsidiary and (e) the assets with respect to which any pledge or security interests thereof would be (i) prohibited by Law, (ii) in the case of equity interests of non-wholly owned Subsidiaries or Permitted Joint Ventures, to the extent prohibited by the applicable organizational documents (provided, however, that the proceeds of any such equity interests shall not be Excluded Property), (iii) prohibited by any contractual or lease provisions or give another party any rights of termination or acceleration or any rights to obtain a Lien to secure obligations owing to such party, or (iv) subject to Liens permitted under clauses (ii), (iv), (vii), (ix), (xii), (xiv) and (xxviii) of the definition of "Permitted Liens".

"**Excluded Taxes**" shall mean, with respect to the Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) Taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits Taxes imposed by the United States of America or any similar Tax imposed by any other jurisdiction in which the Borrower is located, (c) in the case of a

Foreign Lender, any withholding Tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new lending office) or is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 5.09(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding Tax pursuant to Section 5.09(a), (d) any Taxes imposed under FATCA (or any amended or successor version of FATCA that is substantively comparable), and (e) in the case of any Lender, any U.S. backup withholding Taxes.

"**Existing 7.000% Senior Notes and 7.250% Senior Notes Indenture**" shall mean the Indenture dated as of June 14, 2011 by and among the Borrower, the subsidiary guarantors named therein and UMB Bank National Association, as trustee, pursuant to which certain of the Existing Senior Notes were issued, as in effect on the Petition Date.

"**Existing 7 1/4% Senior Notes Indenture**" shall mean the Indenture dated as of August 9, 2010, as supplemented by a first supplemental indenture dated as of August 9, 2010 by and among the Borrower, the subsidiary guarantors named therein and U.S. Bank National Association, as trustee, pursuant to which certain of the Existing Senior Notes were issued, as in effect on the Petition Date.

"**Existing 8 3/4% Senior Notes Indenture**" shall mean the Indenture dated as of July 31, 2009 by and among the Borrower, the subsidiary guarantors named therein and U.S. Bank National Association, as trustee, pursuant to which certain of the Existing Senior Notes were issued, as in effect on the Petition Date.

"**Existing 9.875% Senior Notes Indenture**" shall mean the Indenture dated as of November 21, 2012 by and among the Borrower, the subsidiary guarantors named therein and UMB Bank National Association, as trustee, pursuant to which certain of the Existing Senior Notes were issued, as in effect on the Petition Date.

"**Existing Credit Agreement**" shall mean the Amended and Restated Credit Agreement by and among the Borrower, the guarantors from time to time party thereto, the lenders from time to time party thereto (the "**Existing Credit Agreement Lenders**") and Wilmington Trust, National Association as term loan administrative agent and collateral agent (in such capacity, the "**Existing Credit Agreement Agent**") and the other agents from time to time party thereto dated as of June 14, 2011, as in effect on the Petition Date.

"**Existing Credit Agreement Agent**" shall have the meaning specified in the definition of Existing Credit Agreement.

"**Existing Credit Agreement Lenders**" shall have the meaning specified in the definition of Existing Credit Agreement.

"**Existing Debt Documents**" shall mean the Existing Credit Agreement, the Existing Senior Notes Indenture and the Existing Second Lien Notes Indenture, in each case outstanding on the Petition Date.

"**Existing Receivables Financing**" shall mean the receivables financing pursuant to the following agreements each dated as of January 13, 2016, as may be amended, restated or otherwise modified from time to time: (1) Purchase and Sale Agreement by and among Arch Coal Sales Company, Inc., certain of the Borrower's Subsidiaries as the Originators thereunder and the Borrower, (2) the Sale and Contribution Agreement by and among the Borrower and Arch Receivable Company, LLC, (3) the Second Amended and Restated Receivables Purchase Agreement by and among Arch Receivable Company, LLC, Arch Coal Sales Company, Inc., certain financial institutions from time to time parties thereto, as LC Participants (as defined therein), certain financial institutions from time to time parties thereto, as conduit purchasers, related committed purchasers, and purchaser agents and PNC Bank, National Association, as Administrator on behalf of the Purchasers (in such capacity, the "**Securitization Administrator**") and as LC Bank, and (4) other related agreements and documents.

"**Existing Second Lien Notes**" shall mean the $350,000,000 in aggregate original principal amount of 8% second lien notes due 2019 issued by the Borrower on December 17, 2013.

"**Existing Second Lien Notes Indenture**" shall mean the Indenture dated as of December 17, 2013 by and among the Borrower, the subsidiary guarantors named therein and UMB Bank National Association, as trustee (the "**Existing Second Lien Notes Trustee**"), pursuant to which the Existing Second Lien Notes were issued, as in effect on the Petition Date.

"**Existing Second Lien Notes Trustee**" shall have the meaning specified in the definition of Existing Second Lien Notes Indenture.

"**Existing Secured Debt**" shall mean all obligations owing with respect to the (i) Existing Credit Agreement and (ii) the Existing Second Lien Notes.

"**Existing Senior Notes**" shall mean (i) the $375,000,000 in aggregate original principal amount of 9.875% Senior Notes due 2019 issued by the Borrower, (ii) the $600,000,000 in aggregate original principal amount of 8-3/4% Senior Notes due 2016 issued by the Borrower, (iii) the $500,000,000 in aggregate original principal amount of 7-1/4% Senior Notes due 2020 issued by the Borrower, (iv) the $1,000,000,000 in aggregate original principal amount of 7.000% Senior Notes due 2019 issued by the Borrower and (v) the $1,000,000,000 aggregate principal amount of 7.250% Senior Notes due 2021 issued by the Borrower.

"**Existing Senior Notes Indentures**" shall mean the Existing 9.875% Senior Notes Indenture, the Existing 7 1/4% Senior Notes Indenture, the Existing 8 3/4% Senior Notes Indenture and the Existing 7.000% Senior Notes and 7.250% Senior Notes Indenture.

"**FATCA**" shall mean Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code.

"**FCPA**" shall have the meaning specified in Section 6.23.

"**Federal Funds Effective Rate**" shall mean, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (i) if such day is not a Business Day, the Federal Funds Effective Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Effective Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged by a bank selected by the Agent in consultation with the Borrower to major banks on such day on such transactions as determined by the Agent in a commercially reasonable manner.

"**Fees Carve-Out**" shall have the meaning assigned to that term in the Orders.

"**Final Funding Date**" shall have the meaning specified in Section 2.01(b).

"**Final Funding Termination Date**" shall have the meaning specified in Section 2.01(b).

"**Final Order**" shall mean an order of the Bankruptcy Court in substantially the form of the Interim Order (with only such modifications thereto as are necessary to convert the Interim Order to a final order and such other modifications as are reasonably satisfactory in form and substance to the Agent with the consent of the Required Lenders) as to which no stay has been entered and which has not been reversed, vacated or overturned, and from which no appeal or motion to reconsider has been timely filed, or if timely filed, such appeal or motion to reconsider has been dismissed or denied unless the Required Lenders (or the Agent with the consent of the Required Lenders) waive such requirement in writing.

"**Final Order Entry Date**" shall mean the date on which the Final Order is entered by the Bankruptcy Court.

"**Flood Laws**" shall mean all applicable Laws relating to policies and procedures that address requirements placed on federally regulated lenders under the National Flood Insurance Reform Act of 1994 and other Laws related thereto.

"**Foreign Lender**" shall mean any Lender that is not a U.S. Person.

"**Foreign Subsidiaries**" shall mean, for any Person, each Subsidiary of such Person that is (i) a "controlled foreign corporation" (a "**CFC**") under Section 957 of the Internal Revenue Code or (ii) any Subsidiary of a CFC or any Subsidiary substantially all of the assets of which constitute equity interests of a CFC.

"**GAAP**" shall mean generally accepted accounting principles as are in effect from time to time, subject to the provisions of Section 1.03, and applied on a consistent basis both as to classification of items and amounts.

"**Guarantied Obligations**" shall have the meaning specified in Section 12.01.

"**Guarantor**" shall mean at any time each of the Significant Subsidiaries of the Borrower that is party to this Agreement on the Effective Date or, after the Effective Date, becomes party to this Agreement in accordance with Section 8.01(l)(iv).

"**Guarantor Joinder**" shall mean a joinder by a Person as a Guarantor under the Loan Documents in the form of Exhibit 1.1(G).

"**Guaranty**" of any Person shall mean any obligation of such Person guarantying or in effect guarantying any liability or obligation of any other Person in any manner, whether directly or indirectly, including any such liability arising by virtue of partnership agreements, including any agreement to indemnify or hold harmless any other Person, any performance bond or other suretyship arrangement and any other form of assurance against loss, except endorsement of negotiable or other instruments for deposit or collection in the ordinary course of business.

"**Hedging Transaction**" shall mean any of the following transactions by the Borrower or any of its Subsidiaries: any rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction of any combination of the foregoing transactions.

"**Historical Statements**" shall have the meaning assigned to that term in Section 6.07(a).

"**Inactive Subsidiaries**" shall mean, at any time, collectively, the Subsidiaries of the Borrower which: (i) do not actively conduct any business or operations, and (ii) have total assets, in the aggregate for all such Subsidiaries, with a book value, as of any date of determination, not in excess of $2,500,000.

"**Income Tax Regulations**" shall mean those regulations promulgated pursuant to the Internal Revenue Code.

"**Indebtedness**" shall mean, as to any Person at any time, any and all indebtedness, obligations or liabilities (whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, or joint or several) of such Person for or in respect of: (i) borrowed money, (ii) all amounts raised under or liabilities in respect of any note purchase or acceptance credit facility, (iii) reimbursement obligations (contingent or otherwise) under any letter of credit, (iv) any other transaction (including production payments (excluding royalties), installment purchase agreements, forward sale or purchase agreements, capitalized leases and conditional sales agreements) having the commercial effect of a borrowing of money entered into by such Person to finance its operations or capital requirements (but not including trade payables and accrued expenses incurred in the ordinary course of business which are not represented by a promissory note or other evidence of indebtedness), or (v) any Guaranty of any such Indebtedness. It is understood that obligations in respect of any Hedging Transactions shall not be deemed to be Indebtedness.

"**Indemnified Taxes**" shall mean Taxes other than Excluded Taxes.

"**Indemnitee**" shall have the meaning specified in Section 13.03(b).

"**Information**" shall mean all information received from the Loan Parties or any of their Subsidiaries relating to the Loan Parties or any of such Subsidiaries or any of their respective businesses, other than any such information that is available to the Agent or any Lender on a non-confidential basis prior to disclosure by the Loan Parties or any of their Subsidiaries.

"**Initial Funding Date**" shall mean the date on which the conditions precedent specified in Section 7.02 are satisfied (or waived in accordance with Section 13.01).

"**Insolvency Proceeding**" shall mean, with respect to any Person, (a) a case, action or proceeding with respect to such Person (i) before any court or any other Official Body under any bankruptcy, insolvency, reorganization or other similar Law now or hereafter in effect, or (ii) for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, conservator (or similar official) of any Loan Party or otherwise relating to the liquidation, dissolution, winding-up or relief of such Person, or (b) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar arrangement in respect of such Person's creditors generally or any substantial portion of its creditors, undertaken under any Law.

"**Interest Period**" shall mean, in the case of Term Loans which bear interest under the LIBOR Rate Option, the period commencing on the date such LIBOR Rate Loan is disbursed or converted to or continued as a LIBOR Rate Loan and ending on the date one, two, three or six months and, to the extent offered by all Lenders at the time of the relevant borrowing, twelve months, thereafter, as selected by the Borrower in its Term Loan Request; provided that (i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a LIBOR Rate Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period pertaining to a LIBOR Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period, and (iii) no Interest Period shall extend beyond the Stated Maturity Date.

"**Interest Rate Option**" shall mean any LIBOR Rate Option or Base Rate Option.

"**Interim Statements**" shall have the meaning specified in Section 6.07(a).

"**Interim Order**" shall mean an interim order of the Bankruptcy Court (as the same may be amended, supplemented, or modified from time to time after entry thereof in accordance with the terms hereof) in the form set forth as Exhibit 1.1(I), with changes to such form as are reasonably satisfactory to the Agent with the consent of the Required Lenders, approving the Loan Documents, which Interim Order shall, among other things (i) authorize the extensions of credit in respect of the DIP Facility in the amount and on the terms set forth herein, (ii) grant the Superpriority Claim status and other Collateral and Liens referred to herein and in the other Loan Documents, (iii) approve the payment by the Borrower of the fees provided for herein, and (iv) provide for the waiver of Section 506(c) of the Bankruptcy Code by the Debtors as to the Collateral, subject only to and effective upon entry of the Final Order.

"**Interim Order Entry Date**" shall mean the date on which the Interim Order is entered by the Bankruptcy Court.

"**Internal Revenue Code**" shall mean the Internal Revenue Code of 1986, as the same may be amended or supplemented from time to time, and any successor statute of similar import, and the rules and regulations thereunder, as from time to time in effect.

"**Investments**" shall mean collectively all of the following with respect to any Person: (i) investments or contributions by any of the Loan Parties or their Subsidiaries in or to the capital of such Person, (ii) loans by any of the Loan Parties or their Subsidiaries to such Person, (iii) any Guaranty by any Loan Party or any Subsidiary of any Loan Party directly or indirectly of the Indebtedness or of the obligations of such Person, (iv) other payments by any of the Loan Parties or their Subsidiaries to such Person (except in connection with transactions for the sale of goods or services for fair value), or (v) credit enhancements of any Loan Party to or for the benefit of such Person. If the nature of an Investment is tangible property then the amount of such Investment shall be determined by valuing such property at fair value in accordance with the past practice of the Loan Parties and such fair values shall be reasonably satisfactory to the Agent with the consent of the Required Lenders. For the purposes of calculating the outstanding aggregate amount of such Investments, the aggregate amount shall be reduced by the aggregate amount of any quantifiable rebate, dividend, return, or other financial benefit received by such Loan Party with respect to such Investments for the period from the Effective Date through and including the date of determination.

"**IRS**" shall mean the Internal Revenue Service.

"**Labor Contracts**" shall mean all employment agreements, employment contracts, collective bargaining agreements and other agreements among any Loan Party or Subsidiary of a Loan Party and its employees.

"**Law**" shall mean any law(s) (including common law), constitution, statute, treaty, regulation, rule, ordinance, opinion, issued guidance, release, ruling, order, executive order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award of or any settlement arrangement, by agreement, consent or otherwise, with any Official Body, foreign or domestic.

"**Lenders**" shall mean the financial institutions named on Schedule 1.1(C) (as amended or supplemented from time to time) and their respective successors and assigns as permitted hereunder and designated as having a Commitment or holding Term Loans, each of which is referred to herein as a Lender.

"**Lending Office**" shall mean, as to any Lender, the office or offices of such Lender described as such in such Lender's administrative questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Agent.

"**LIBOR Rate**" shall mean, with respect to Term Loans comprising any Borrowing Tranche to which the LIBOR Rate Option applies for any Interest Period, (i) the rate per annum equal to (x) the Intercontinental Exchange Benchmark Administration Ltd. LIBOR Rate ("**ICE LIBOR**"), as published by Reuters (or such other commercially available source providing

quotations of ICE LIBOR as may be designated by the Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period or, (y) if such rate is not available at such time for any reason, the rate per annum determined by the Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the LIBOR Rate Loan being made, continued or converted and with a term equivalent to such Interest Period would be offered by a bank selected by the Agent in consultation with the Borrower to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period; and (ii) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to (x) ICE LIBOR, at approximately 11:00 a.m., London time determined two London Banking Days prior to such date for Dollar deposits being delivered in the London interbank market for a term of one month commencing that day or (y) if such published rate is not available at such time for any reason, the rate per annum determined by the Agent to be the rate at which deposits in Dollars for delivery on the date of determination in same day funds in the approximate amount of the Base Rate Loan being made or maintained and with a term equal to one month would be offered by a bank selected by the Agent in consultation with the Borrower to major banks in the London interbank eurodollar market at their request at the date and time of determination; provided that in no event shall the LIBOR Rate for any Term Loans be less than 1.00%.

"**LIBOR Rate Option**" shall mean the option of the Borrower to have Loans bear interest at the rate and under the terms set forth in Section 4.01(a)(ii).

"**LIBOR Reserve Percentage**" shall mean as of any day the maximum percentage in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "**Eurocurrency Liabilities**").

"**Lien**" shall mean any mortgage, deed of trust, pledge, lien, security interest, charge or other encumbrance or security arrangement of any nature whatsoever, whether voluntarily or involuntarily given, including any conditional sale or title retention arrangement, and any assignment, deposit arrangement or lease intended as, or having the effect of, security and any filed financing statement or other notice of any of the foregoing (whether or not a lien or other encumbrance is created or exists at the time of the filing), but, for the avoidance of doubt, shall not include any operating lease.

"**Liquidity**" shall mean the sum of (i) unrestricted cash or cash equivalents of the Borrower and its Domestic Subsidiaries (other than the Securitization Subsidiaries and Bonding Subsidiaries), (ii) withdrawable funds from brokerage accounts of the Borrower and its Domestic Subsidiaries (other than the Securitization Subsidiaries and Bonding Subsidiaries) and (iii) any unused Commitments that are available to be drawn by the Borrower pursuant to the terms hereof.

"**LLC Interests**" shall have the meaning given to such term in Section 6.02.

"Loan Documents" shall mean this Agreement, the Agent Fee Letter, the CS Fee Letter, the Notes, the Patent, Trademark and Copyright Security Agreements, the Pledge Agreements, the Security Agreements, each Guarantor Joinder, any Mortgages and any other instruments, certificates or documents delivered or contemplated to be delivered hereunder or thereunder or in connection herewith or therewith as the same may be supplemented, amended, restated, replaced, or modified from time to time in accordance herewith or therewith, and Loan Document shall mean any of the Loan Documents.

"**Loan Parties**" shall mean the Borrower and the Guarantors.

"**Loans**" shall mean collectively and "**Loan**" shall mean separately all Term Loans or any Term Loan.

"**London Banking Day**" shall mean any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

"**Master Coal Purchase and Sale Agreement**" shall mean an agreement for the purchase and sale of coal entered into by the Borrower or any Subsidiary of the Borrower in the ordinary course of its business.

"**Material Adverse Change**" shall mean any set of circumstances or events which (a) has or could reasonably be expected to have any material adverse effect whatsoever upon the validity or enforceability of this Agreement or any other material Loan Document, (b) is or could reasonably be expected to be materially adverse to the business, properties, assets, financial condition, or results of operations of the Borrower and its Subsidiaries taken as a whole, other than as customarily occurs as a result of events leading up to and following the commencement of a proceeding under Chapter 11 of the Bankruptcy Code and the commencement of the Cases, or (c) impairs materially or would reasonably be expected to impair materially the ability of the Agent or any of the Lenders, to the extent permitted, to enforce their legal remedies pursuant to this Agreement or any other Loan Document.

"**Material Lease**" shall mean any Real Property Lease or other contractual obligations in respect of Material Leased Real Property.

"**Material Leased Real Property**" shall mean any Real Property subject to a Real Property Lease with a Loan Party, as lessee, with annual minimum royalties, rents or any similar payment obligations, in excess of $2,000,000 in the most recently ended fiscal year ended at least 90 days prior to the date of determination.

"**Mining Laws**" shall mean any and all applicable federal, state, local and foreign statutes, laws, regulations, guidance, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions or common law causes of action relating to

mining operations and activities, or oil, natural gas, minerals, and other hydrocarbons and their constituents production operations and activities. Mining Laws shall include but not be limited to, the Mineral Lands Leasing Act of 1920, the Federal Coal Leasing Amendments Act, the Surface Mining Control and Reclamation Act, all other land reclamation and use statutes and regulations relating to Coal mining, the Federal Coal Mine Health and Safety Act, the Black Lung Act and the Coal Act, the Mine Safety and Health Act and the

Occupational Safety and Health Act, each as amended, and their state and local counterparts or equivalents.

"**Mining Operations**" shall mean (i) the removal of coal and other minerals from the natural deposits or from waste or stock piles by any surface or underground mining methods; (ii) operations or activities conducted underground or on the surface associated with or incident to the preparation, development, operation, maintenance, opening and reopening of an underground or surface mine storage or stockpiling of mined materials, backfilling, sealing and other closure procedures related to a mine or the movement, assembly, disassembly or staging of any mining equipment; (iii) milling; (iv) coal preparation, coal processing or testing; (v) coal refuse disposal, coal fines disposal or the operation and maintenance of impoundments; (vi) the operation of any mine drainage system; (vii) reclamation activities and operations; or (viii) the operation of coal terminals, river or rail load-outs or any other transportation facilities.

"**Mining Title**" shall mean fee simple title to surface and/or coal or an undivided interest in fee simple title thereto or a leasehold interest in all or an undivided interest in surface and/or coal together with no less than those real property, easements, licenses, privileges, rights and appurtenances as are necessary to mine, remove, process and transport coal in the manner presently operated.

"**Month**", with respect to an Interest Period under the LIBOR Rate Option, shall mean the interval between the days in consecutive calendar months numerically corresponding to the first day of such Interest Period. If any LIBOR Rate Interest Period begins on a day of a calendar month for which there is no numerically corresponding day in the month in which such Interest Period is to end, the final month of such Interest Period shall be deemed to end on the last Business Day of such final month.

"**Moody's**" shall mean Moody's Investors Service, Inc., and its successors.

"**Mortgage**" shall mean each of the fee and leasehold mortgages, deeds of trust, assignments of leases and rents and other security documents, if any, delivered on or after the Petition Date with respect to Real Property to be encumbered pursuant to Section 8.01(l) hereof, as each may be amended, supplemented or otherwise modified from time to time.

"**Multiemployer Plan**" shall mean any employee benefit plan which is a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA and to which the Borrower or any member of the ERISA Group is then making or accruing an obligation to make contributions or, within the preceding five Plan years, has made or had an obligation to make such contributions and to which it continues to have unsatisfied liability.

"**Multiple Employer Plan**" shall mean a Plan which has two or more contributing sponsors (including the Borrower or any member of the ERISA Group) at least two of whom are not under common control, as such a plan is described in Sections 4063 and 4064 of ERISA.

"**Net Cash Proceeds**" shall mean proceeds received after the Effective Date in cash from (a) any sale of, or Property Loss Event with respect to, property, net of (i) the customary out-of-pocket cash costs, fees and expenses paid or required to be paid in connection therewith, (ii) taxes paid or reasonably estimated to be payable as a result thereof and (iii) any amount

required to be paid or prepaid on Debt (other than the Obligations and Debt owing to any Loan Party) secured by the property subject thereto or (b) any sale or issuance of stock or incurrence of Debt, in each case net of brokers', advisors' and investment banking fees and other customary out-of-pocket underwriting discounts, commissions and other customary out-of-pocket cash costs, fees and expenses, in each case incurred in connection with such transaction; provided that amounts provided as a reserve, in accordance with GAAP, against any liability under any indemnification obligations or purchase price adjustment associated with any of the foregoing shall not constitute Net Cash Proceeds except to the extent and at the time any such amounts are released from such reserve.

"**No Proceedings Letter**" shall mean that certain No Proceedings Letter Agreement, dated as of January 21, 2016, between the Borrower and the Agent.

"**Non-Consenting Lender**" shall have the meaning specified in Section 13.01.

"**Non-Guarantor Subsidiary**" shall mean any Subsidiary of the Borrower that is a Bonding Subsidiary, an Inactive Subsidiary, a Securitization Subsidiary, a Foreign Subsidiary or a non-wholly owned Subsidiary.

"**Notes**" shall mean, collectively, the promissory notes in the form of Exhibit 1.1(N) evidencing the Term Loans.

"**Obligations**" shall mean any obligation or liability of any of the Loan Parties, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, under or in connection with the DIP Facility, the related Notes, the Agent Fee Letter, the CS Fee Letter or any other Loan Document, to the Agent or any of the Lenders provided for under such Loan Documents.

"**Official Body**" shall mean the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"**Orders**" shall mean, collectively, the Interim Order and the Final Order.

"**Other Taxes**" shall mean all present or future stamp or documentary taxes or any other similar excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document, except any such taxes that are imposed pursuant to an assignment, participation or a change of an applicable lending office that is not undertaken pursuant to Section 5.06(c).

"**Participant**" shall have the meaning specified in Section 13.09(d).

"**Participant Register**" shall have the meaning specified in Section 13.09(d).

"**Partnership Interests**" shall have the meaning given to such term in Section 6.02.

"**Patent, Trademark and Copyright Security Agreements**" shall mean collectively the Patent, Trademark and Copyright Security Agreements attached as exhibits to the applicable Security Agreement and each other patent, trademark and copyright agreement in form and substance reasonably acceptable to the Agent, each as executed and delivered by the applicable Loan Parties for the benefit of the Lenders, as the same may be supplemented, amended, restated, replaced or modified from time to time, and Patent, Trademark and Copyright Security Agreement shall mean any of the Patent, Trademark and Copyright Security Agreements.

"**Payment Date**" shall mean the first day of each calendar quarter after the date hereof and on the Termination Date.

"**Payment in Full**" or "**Paid in Full**" shall mean the indefeasible payment in full in cash of the Loans and other Obligations hereunder (other than indemnity and other contingent obligations as to which no claim has been asserted) and termination of the Commitments.

"**PBGC**" shall mean the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA or any successor.

"**Perfection Certificate**" shall mean the perfection certificate in substantially the form attached hereto as Exhibit 1.1(P)(1).

"**Permit**" shall mean any and all permits, approvals, licenses, registrations, consents, notifications, identification numbers, bonds, waivers or exemptions and any other regulatory authorization, in each case, from an Official Body having jurisdiction over the applicable activity.

"**Permitted Investments**" shall mean:

(i) securities with maturities of 18 months or less from the date of acquisition issued or fully guaranteed or insured by the United States Government or any agency thereof;

(ii) certificates of deposit and time deposits with maturities of 18 months or less from the date of acquisition and overnight bank deposits of any Lender or of any commercial bank having capital and surplus in excess of $500,000,000;

(iii) repurchase obligations of any Lender or of any commercial bank satisfying the requirements of clause (ii) of this definition with respect to securities issued or fully guaranteed or insured by the United States Government;

(iv) commercial paper of a domestic issuer rated at least A-2 by Standard & Poor's or P-2 by Moody's, or carrying an equivalent rating by a nationally recognized rating agency if both of Standard & Poor's and Moody's cease publishing ratings of investments;

(v) securities with maturities of 18 months or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing

authority or foreign government (as the case may be) are rated at least A by Standard & Poor's or A by Moody's;

(vi) securities with maturities of 18 months or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (ii) of this definition;

(vii) corporate obligations such as notes, bonds, loan participation certificates, master notes, and variable rate demand notes rated at least A by Standard & Poor's or A2 by Moody's;

(viii) asset backed and mortgage backed securities and collateralized mortgage obligations rated AAA by Standard & Poor's or Aaa by Moody's;

(ix) money market auction rate preferred securities and auction rate notes with auctions scheduled no less frequently than every 49 days; and

(x) shares of money market mutual or similar funds which invest principally in assets satisfying the requirements of clauses (i) through (ix) of this definition.

"**Permitted Joint Venture**" shall mean any Person (i) with respect to which the ownership of equity interests thereof by the Borrower or any Subsidiary of the Borrower is accounted for in accordance with the "equity method" in accordance with GAAP; (ii) engaged in a line of business permitted by Section 8.02(g); and (iii) with respect to which the equity interests thereof were acquired by the Borrower or Subsidiary of the Borrower in an arm's-length transaction.

"**Permitted Liens**" shall mean:

(i) Liens for taxes, assessments, or similar charges, incurred in the ordinary course of business and which are not yet due and payable or that are being contested in good faith by appropriate proceedings and as to which appropriate reserves have been established in accordance with GAAP;

(ii) Pledges or deposits made in the ordinary course of business to secure payment of reclamation liabilities, worker's compensation, or to participate in any fund in connection with worker's compensation, unemployment insurance, old-age pensions or other social security programs;

(iii) Liens of mechanics, materialmen, warehousemen, carriers, or other like Liens, securing obligations incurred in the ordinary course of business that are not yet due and payable and Liens of landlords securing obligations to pay lease or royalty payments that are not yet due and payable or in default beyond all applicable notice and cure periods;

(iv) Good-faith pledges or deposits made in the ordinary course of business to secure performance of bids (including bonus bids), tenders, contracts (other than for the repayment of borrowed money) or leases, not in excess of the aggregate amount due thereunder or other amounts as may be customary, or to secure statutory obligations, or surety, appeal, indemnity, performance or other similar bonds required in the ordinary course of business;

(v) Encumbrances consisting of zoning restrictions, easements or other restrictions on the use of real property, none of which materially impairs the use of such property or the value thereof, and none of which is violated in any material respect by existing or proposed structures or land use;

(vi) Liens created on the Collateral under the Loan Documents or the Orders;

(vii) Liens on property leased by any Loan Party or Subsidiary of a Loan Party under capital leases (as the nature of such lease is determined in accordance with GAAP) securing obligations of such Loan Party or Subsidiary to the lessor under such leases and Purchase Money Security Interests on assets purchased by any Loan Party or Subsidiary of a Loan Party, provided that such Liens shall not extend to any assets that are not the subject of such leases or Purchase Money Security Interests; provided, further that the aggregate amount for the Borrower and its Subsidiaries of all loans, capital lease obligations and deferred payments secured as permitted by this clause (vii) shall not at any time outstanding exceed $100,000,000;

(viii) The following, (A) if the validity or amount thereof is being contested in good faith by appropriate and lawful proceedings diligently conducted so long as levy and execution thereon have been stayed and continue to be stayed or (B) if a final judgment is entered and such judgment is discharged within thirty (30) days of entry, and in either case they do not affect the Collateral or, in the aggregate, materially impair the ability of any Loan Party to perform its Obligations hereunder or under the other Loan Documents:

(1) Claims or Liens for taxes, assessments or charges due and payable and subject to interest or penalty, provided that the applicable Loan Party maintains such reserves or other appropriate provisions as shall be required by GAAP and pays all such taxes, assessments or charges forthwith upon the commencement of proceedings to foreclose any such Lien;

(2) Claims, Liens or encumbrances upon, and defects of title to, real or personal property other than the Collateral, including any attachment of personal or real property or other legal process prior to adjudication of a dispute on the merits; or

(3) Claims or Liens of mechanics, materialmen, warehousemen, carriers, or other statutory nonconsensual Liens;

(ix) Liens granted pursuant to or in respect of a Permitted Receivables Financing;

(x) [reserved];

(xi) Liens relating to the pledge of the equity interests of a Bonding Subsidiary in favor of the provider of the surety bonds which provide payment assurances to the lessor of the leasehold interest leased by such Bonding Subsidiary related to the cost of such Bonding Subsidiary of acquiring such leasehold interest and any bonus bid and royalty payments to the lessor thereunder;

(xii) the pledge of cash or marketable securities securing a Permitted Secured Letter of Credit Facility; and

(xiii) [reserved];

(xiv) Liens securing Indebtedness or other obligations up to $5,000,000 in the aggregate at any time outstanding, including, without limitation on assets consisting of (a) Liens on stock or assets permitted to be acquired pursuant to Section 8.02(n) incurred at the time of such acquisition of such stock or assets (or within one year thereof) to finance the acquisition of such stock or assets, and (b) Liens existing on any assets at the date of acquisition of such assets, as such acquisition is permitted by Section 8.02(n) and 8.02(c), in each case as refinanced, extended, renewed or refunded;

(xv) statutory and common law banker's Liens and rights of setoff on bank deposits;

(xvi) any Lien existing on the date of this Agreement and described on Schedule 1.1(P);

(xvii) [reserved];

(xviii) [reserved];

(xix) [reserved];

(xx) Liens arising out of final judgments, awards, or orders not otherwise constituting an Event of Default hereunder;

(xxi) option agreements and rights of first refusal granted with respect to assets that are permitted to be disposed of pursuant to the terms of Section 8.02(c) or Section 8.02(d) of this Agreement;

(xxii) Liens created under the Orders, the Existing Credit Agreement or related documents or the Existing Second Lien Notes Indenture;

(xxiii) Liens securing Indebtedness of Foreign Subsidiaries permitted pursuant to Section 8.02(a)(xix) in an aggregate amount not to exceed $15,000,000 at any time;

(xxiv) precautionary filings under the Uniform Commercial Code by a lessor with respect to personal property leased to such Person under an operating lease;

(xxv) Liens existing as of the Effective Date on any of the Excluded Property;

(xxvi) [reserved];

(xxvii) any leases of assets permitted by Section 8.02(d); and

(xxviii) Liens resulting from the deposit of funds or evidences of Indebtedness in trust for the purpose of decreasing or legally defeasing Indebtedness of the Loan Parties permitted hereby so long as such decrease or defeasance is not prohibited hereunder.

"**Permitted Receivables Financing**" shall mean a transaction or series of transactions pursuant to which a Securitization Subsidiary purchases Receivables Assets or interests therein from the Borrower or any Subsidiary of the Borrower and finances such Receivables Assets or

interests therein through the issuance of Indebtedness or equity interests or through the sale of such Receivables Assets or interests therein; provided that (a) the Board of Directors of the Borrower shall have approved such transaction, (b) no portion of the Indebtedness of a Securitization Subsidiary is guaranteed by or is recourse to the Borrower or any of its other Subsidiaries (other than recourse for customary representations, warranties, covenants and indemnities, none of which shall relate to the collectability of such Receivables Assets), and (c) neither the Borrower nor any of its other Subsidiaries has any obligation to maintain or preserve such Securitization Subsidiary's financial condition; provided that (i) no such financing other than the Existing Receivables Financing shall be permitted hereunder, and (ii) the Existing Receivables Financing shall only be permitted so long as it complies with this definition, it being understood that the Existing Receivables Financing (as proposed to be amended in drafts approved by counsel to the Lenders prior to the Petition Date) complies with this definition.

"**Permitted Secured Letter of Credit Facility**" shall have the meaning assigned to such term in Section 8.02(a)(viii).

"**Person**" shall mean any individual, corporation, partnership, limited liability company, association, joint-stock company, trust, unincorporated organization, joint venture, government or political subdivision or agency thereof, or any other entity.

"**Petition Date**" shall have the meaning specified in the recitals hereof.

"**Plan**" shall mean at any time an employee pension benefit plan (including a Multiple Employer Plan but not a Multiemployer Plan) which is covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (i) is maintained by any member of the ERISA Group for employees of any member of the ERISA Group, or (ii) has at any time within the preceding five years been maintained by any entity which was at such time a member of the ERISA Group for employees of any entity which was at such time a member of the ERISA Group.

"**Platform**" shall have the meaning specified in Section 8.03(i).

"**Pledge Agreements**" shall mean collectively the Pledge Agreements substantially in the form attached hereto as Exhibit 1.1(P)(2) in the case of the Borrower (with such changes as are agreed to by the Agent (with the consent of the Required Lenders) and the Borrower) and substantially in the form attached hereto as Exhibit 1.1(P)(3) in the case of each Guarantor (with such changes as are agreed to by the Agent (with the consent of the Required Lenders) and the Borrower), in each case executed and delivered for the benefit of the Lenders pursuant to Section 7.01(b)(i) (subject to the paragraph immediately following Section 7.01(b)(vi)), as the same may be supplemented, amended, restated, replaced, or modified from time to time, and Pledge Agreement shall mean any of the Pledge Agreements.

"**Potential Default**" shall mean any event or condition which with notice or passage of time, or both, would constitute an Event of Default.

"**Pre-Petition Indebtedness**" shall mean, collectively, the Indebtedness of each Debtor outstanding and unpaid on the date on which such Person becomes a Debtor.

"**Pre-Petition Payment**" shall mean a payment (by way of adequate protection or otherwise) of principal or interest or otherwise on account of any (i) Pre-Petition Indebtedness, (ii) "critical vendor payments" or (iii) trade payables (including, without limitation, in respect of reclamation claims) or other pre-petition claims against any Debtor.

"**Prime Rate**" shall mean as of a particular date, the prime rate of interest as published on that date in The Wall Street Journal (Eastern Edition), or if The Wall Street Journal ceases to quote such rate, a similar rate quoted by a national publication chosen by the Agent in its reasonable discretion. If The Wall Street Journal (or similar publication) is not published on a date for which the Prime Rate must be determined, the Prime Rate shall be the prime rate published on the nearest-preceding date.

"**Primed Liens**" shall have the meaning specified in Section 5.13(a).

"**Principal Office**" shall mean WTNA's address set forth on Schedule 1.1(C), or such other address or account as the Agent may from time to time notify to the Borrower and the Lenders.

"**Prior Security Interest**" shall mean a valid and enforceable perfected first-priority security interest under the Uniform Commercial Code in the Collateral (other than the Real Property) subject only to Liens for taxes not yet due and payable to the extent such prospective tax payments are given priority by statute, obligations in connection with capital leases or Purchase Money Security Interests as permitted hereunder.

"**Professional Fees**" shall have the meaning given to such term in the definition of Fees Carve-Out as set forth in the Orders.

"**Professionals**" shall have the meaning given to such term in the definition of Fees Carve-Out as set forth in the Orders.

"**Prohibited Transaction**" shall mean any prohibited transaction as defined in Section 4975 of the Internal Revenue Code or Section 406 of ERISA for which neither an individual nor a class exemption has been issued by the United States Department of Labor.

"**Property**" shall mean all real property, both owned and leased, of any Loan Party or Subsidiary of a Loan Party.

"**Property Loss Event**" shall mean, with respect to any property, any loss of or damage to such property or any taking of such property or condemnation thereof.

"**Public Lender**" shall have the meaning specified in Section 8.03(i).

"**Purchase Money Security Interest**" shall mean Liens upon tangible personal property securing loans to any Loan Party or Subsidiary of a Loan Party or deferred payments by such Loan Party or Subsidiary for the purchase of such tangible personal property.

"**Ratable Share**" shall mean, as to any Lender, a fraction, the numerator of which is the amount of such Lender's Term Loans (and/or Commitments, as the context requires) and the

denominator of which is the aggregate principal amount of all Term Loans (and/or Commitments, as the context requires) of all the Lenders at such time, provided that in the case of Section 2.02 when a Defaulting Lender shall exist, "Ratable Share" shall mean the percentage of the aggregate Commitments (disregarding any Defaulting Lender's Commitment) represented by such Lender's Commitment.

"**Real Property**" shall mean, individually as the context requires, the real property (other than as set forth in the proviso below) that is owned or leased by any Loan Party, including, but not limited to the surface, coal and other mineral rights, interests and coal leases associated with the properties described on Schedule 1.1(R), and "Real Property" shall mean, collectively, as the context requires, all of the foregoing; provided, however, "Real Property" shall not include (i) Excluded Property, (ii) any asset that shall have been released, pursuant to Section 13.16 or Section 13.01(c) from the Liens created in connection with this Agreement, or (iii) any "building" or "mobile home" (each as defined in Regulation H as promulgated by the Federal Reserve Board under the Flood Laws).

"**Real Property Lease**" shall mean any lease, license, letting, concession, occupancy agreement, sublease, farm-in, farm-out, joint operating agreement, easement or right of way to which such Person is a party and is granted a possessory interest in or a right to use or occupy all or any portion of the Real Property (including, without limitation, the right to extract Coal, minerals oil, natural gas and other hydrocarbons and their constituents from any portion of Real Property not owned in fee by such Person) and every amendment or modification thereof, including with respect to the Loan Parties, without limitation, the leases with respect to Real Property and any contractual obligation with respect to any of the foregoing.

"**Receivables Assets**" shall mean accounts receivable (including any bills of exchange) and related assets and property from time to time originated, acquired or otherwise owned by the Borrower or any Subsidiary of the Borrower.

"**Reclamation Laws**" shall mean all laws relating to mining reclamation or reclamation liabilities including the Surface Mining Control and Reclamation Act of 1977, as amended, and its state and local counterparts or equivalents, including those applicable in West Virginia and Wyoming.

"**Register**" shall have the meaning specified in Section 13.09(c).

"**Regulated Substances**" shall mean, without limitation, any substance, material or waste, regardless of its form or nature, defined under Environmental Health and Safety Laws as a "hazardous substance", "pollutant", "pollution", "contaminant", "hazardous or toxic substance", "extremely hazardous substance", "toxic chemical", "toxic substance", "toxic waste", "hazardous waste", "special handling waste", "industrial waste", "residual waste", "solid waste", "municipal waste", "mixed waste", "infectious waste", "chemotherapeutic waste", "medical waste", or "regulated substance" or any other material, substance or waste, regardless of its form or nature, which is regulated by the Environmental Health and Safety Laws due to its radioactive, ignitable, corrosive, reactive, explosive, toxic, carcinogenic or infectious properties or nature, or which otherwise is regulated by any applicable Environmental Health and Safety Laws including, without limitation, coal and other minerals, coal refuse, run-of-mine coal, acid mine drainage,

petroleum and petroleum products (including crude oil and any fractions thereof), natural gas, coalbed methane gas, synthetic gas and any mixtures thereof, asbestos, urea formaldehyde, polychlorinated biphenyls, mercury and radioactive substances.

"**Regulation U**" shall mean Regulation U, T or X as promulgated by the Board of Governors of the Federal Reserve System, as amended from time to time.

"**Related Parties**" shall mean, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"**Release**" shall mean anything defined as a "release" under CERCLA or RCRA.

"**Remedial Action**" shall mean any investigation, identification, preliminary assessment, characterization, delineation, feasibility study, cleanup, corrective action, removal, remediation, risk assessment, fate and transport analysis, in-situ treatment, the treatment of discharges or seeps, containment, operation and maintenance or management in-place, control, abatement or other response actions to Regulated Substances and any closure or post-closure measures, or reclamation activities associated therewith.

"**Removal Effective Date**" shall have the meaning assigned to such term in Section 10.06.

"**Reportable Event**" shall mean a reportable event described in Section 4043 of ERISA and regulations thereunder with respect to a Plan or a Multiemployer Plan (other than any such event as to which the thirty-day notice period is waived); provided that, in the case of any such reportable event with respect to a Multiemployer Plan, such event shall only be deemed a Reportable Event for purposes of this Agreement if the Borrower has knowledge of such event.

"**Reorganization Plan**" shall mean a plan of reorganization in any or all of the Cases of the Debtors.

"**Required Lenders**" shall mean the Lenders (other than any Defaulting Lender) having more than 50% of the aggregate amount of the Term Loans and unused Commitments of the Lenders (excluding any Defaulting Lender).

"**Resignation Effective Date**" shall have the meaning assigned to such term in Section 10.06.

"**Responsible Officer**" shall mean, with respect to the Borrower, each of the chief executive officer, president, chief financial officer, treasurer and any vice president of the Borrower and, as to any document delivered on the Effective Date, shall include any secretary or assistant secretary or any other individual or similar official thereof with substantially equivalent responsibilities of the Borrower, and with respect to the Agent, any officer assigned to the corporate trust office of such Person, including any managing director, principal, vice president, assistant vice president, assistant treasurer, assistant secretary, or any other officer of such Person customarily performing functions similar to those performed by any of the above designated officers and having direct responsibility for the administration of this Agreement, and also, with

respect to a particular matter, any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"**Restructuring Support Agreement**" shall mean that certain agreement by and among the Borrower, the Guarantors and certain of the Existing Credit Agreement Lenders dated as of January 10, 2016, giving effect to the term sheet for a plan of reorganization exhibited thereto.

"**Sanction(s)** " shall mean any international economic sanction administered or enforced by the Office of Foreign Asset Control, the United Nations Security Council, the European Union or Her Majesty's Treasury.

"**SEC**" shall mean the Securities and Exchange Commission or any governmental agencies substituted therefor.

"**Securitization Administrator**" shall have the meaning given to such term in the definition of Existing Receivables Financing.

"**Securitization Subsidiary**" shall mean a Subsidiary of the Borrower (all of the outstanding equity interests of which, other than de minimis preferred stock and director's qualifying shares, if any, are owned, directly or indirectly, by the Borrower) that is established for the limited purpose of acquiring and financing Receivables Assets and interests therein of the Borrower or any Subsidiary of the Borrower and engaging in activities ancillary thereto.

"**Security Agreements**" shall mean collectively the Security Agreements substantially in the form attached hereto as Exhibit 1.1(S)(1) in the case of the Borrower (with such changes as are agreed to by the Agent (with the consent of the Required Lenders) and the Borrower) and substantially in the form attached hereto as Exhibit 1.1(S)(2) in the case of each Guarantor (with such changes as are agreed to by the Agent (with the consent of the Required Lenders) and the Borrower), in each case executed and delivered for the benefit of the Lenders pursuant to Section 7.01(b)(i) (subject to the paragraph immediately following Section 7.01(b)(vi)), as the same may be supplemented, amended, restated, replaced, or modified from time to time, and Security Agreement shall mean any of the Security Agreements.

"**Significant Subsidiary**" shall mean individually any Subsidiary of the Borrower other than the Non-Guarantor Subsidiaries, and Significant Subsidiaries shall mean collectively all Subsidiaries of the Borrower other than the Non-Guarantor Subsidiaries.

"**Special Joint Venture**" shall have the meaning assigned to that term in Section 8.01(l).

"**Standard & Poor's**" shall mean Standard & Poor's Ratings Group and any successor thereto.

"**Stated Maturity Date**" shall mean January 31, 2017.

"**Subsidiary**" shall mean, with respect to any person (herein referred to as the "parent"), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any

determination is being made, directly or indirectly, owned, Controlled or held by the parent or one or more subsidiaries of the parent, or (b) whose accounts are consolidated with the accounts of the parent or one or more subsidiaries of the parent in such parent's or subsidiary's SEC filings. Unless the context otherwise requires, Subsidiary shall mean a Subsidiary of the Borrower.

"**Subsidiary Shares**" shall have the meaning assigned to that term in Section 6.02.

"**Superpriority Claim**" shall mean a superpriority administrative expense claim against any of the Debtors (without the need to file any proof of claim) with priority over any and all claims against each of the Debtors, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expenses of the kind specified in Sections 503(b) and 507(b) of the Bankruptcy Code and any and all administrative expenses or other claims arising under Sections 105, 326, 328, 330, 331, 365, 503(b), 506(c) (subject to entry of the Final Order), 507(a), 507(b), 726, 1113 or 1114 of the Bankruptcy Code (including adequate protection obligations granted in any Order, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment).

"**Taxes**" shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Official Body, including any interest, additions to tax or penalties applicable thereto.

"**Term Loan Request**" shall have the meaning specified in Section 2.05.

"**Term Loans**" shall mean collectively, and "**Term Loan**" shall mean separately, all Term Loans and any Term Loan made by the Lenders or one of the Lenders to the Borrower pursuant to Section 2.01.

"**Termination Date**" shall mean the earliest of (a) the Stated Maturity Date, (b) the consummation of the sale of all or substantially all of the assets of the Loan Parties pursuant to Section 363 of the Bankruptcy Code, (c) the Consummation Date and (d) the date the Obligations are accelerated pursuant to Section 9.02.

"**Uniform Commercial Code**" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York or any other state the laws of which are required to be applied in connection with the perfection of security interests created by the Security Agreements.

"**Unused Commitment Fee**" shall have the meaning specified in Section 2.04(a).

"**Unused Commitment Fee Rate**" shall mean 5.00%.

"**USA Patriot Act**" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"U.S. Person" shall mean a "**United States person**" within the meaning of Section 7701(a)(30) of the Internal Revenue Code, or any person treated as a United States person for purposes of the Internal Revenue Code.

"**U.S. Tax Compliance Certificate**" shall have the meaning assigned to that term in Section 5.09(e).

"**WTNA**" shall mean Wilmington Trust, National Association, together with its successors and assigns.

Section 1.02. *Construction*. Unless the context of this Agreement otherwise clearly requires, the following rules of construction shall apply to this Agreement and each of the other Loan Documents: (a) references to the plural include the singular, the plural, the part and the whole and the words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation"; (b) the words "hereof," "herein," "hereunder," "hereto" and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document as a whole; (c) article, section, subsection, clause, schedule and exhibit references are to this Agreement or other Loan Document, as the case may be, unless otherwise specified; (d) reference to any Person includes such Person's successors and assigns; (e) reference to any agreement, including this Agreement and any other Loan Document together with the schedules and exhibits hereto or thereto, document or instrument means such agreement, document or instrument as amended, modified, replaced, substituted for, superseded or restated; (f) relative to the determination of any period of time, "from" means "from and including," "to" means "to but excluding," and "through" means "through and including"; (g) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (h) section headings herein and in each other Loan Document are included for convenience and shall not affect the interpretation of this Agreement or such Loan Document, and (i) unless otherwise specified, all references herein to times of day shall be references to Eastern Time.

Section 1.03. *Accounting Principles; Changes in GAAP*. Except as otherwise provided in this Agreement, all computations and determinations as to accounting or financial matters and all financial statements to be delivered pursuant to this Agreement shall be made and prepared in accordance with GAAP (including principles of consolidation where appropriate), and all accounting or financial terms shall have the meanings ascribed to such terms by GAAP; provided, however that all accounting terms used in Section 8.02 (and all defined terms used in the definition of any accounting term used in Section 8.02) shall have the meaning given to such terms (and defined terms) under GAAP as in effect on the date hereof applied on a basis consistent with those used in preparing Statements referred to in Section 6.07(a).

ARTICLE 2
THE LOANS

Section 2.01. *The Loans*. On the Effective Date:

(a) *Initial Funding Date Borrowing*. Subject to the terms and conditions herein and in the Orders and relying upon the representations and warranties herein set forth, each Lender severally agrees to make a Term Loan to the Borrower on the Initial Funding Date; provided that after giving effect to each such Term Loan the aggregate amount of Term Loans from such Lender shall not exceed such Lender's Commitment. The Commitments shall be reduced immediately and without further action on the Initial Funding Date in a corresponding principal amount to the Term Loans funded on the Initial Funding Date.

(b) *Final Funding Date Borrowing*. Subject to the terms and conditions herein and the Final Order, the Borrower may make, in a single draw, the final borrowing under the Commitments, in an aggregate principal amount not to exceed the remaining amount of the Commitments upon satisfaction (or waiver in accordance with Section 13.01) of the conditions precedent set forth in Section 7.03 (the "**Final Funding Date**"), which shall occur after the Initial Funding Date and prior to the Availability End Date. Each Lender's Commitment shall terminate immediately and without further action on the earlier to occur of (1) the Final Funding Date after giving effect to the funding of such Lender's Loan on such date and (2) the Availability End Date.

(c) Any amounts borrowed under this Section 2.01 and repaid or prepaid may not be reborrowed.

(d) After giving effect to any Term Loan, the aggregate amount of Term Loans from such Lender shall not exceed such Lender's Commitment.

Section 2.02. *Nature of Lenders' Obligations with Respect to Loans*. Each Lender shall be obligated to participate in the request for Term Loans pursuant to Section 2.05 in accordance with its Ratable Share. The obligations of each Lender hereunder are several. The failure of any Lender to perform its obligations hereunder shall not affect the Obligations of the Borrower to any other party nor shall any other party be liable for the failure of such Lender to perform its obligations hereunder. The Lenders shall have no obligation to make Term Loans hereunder after the Availability End Date.

Section 2.03. [*Reserved*].

Section 2.04. *Fees*.

(a) *Unused Commitment Fees*. Accruing from the date hereof until the Availability End Date, the Borrower agrees to pay to the Agent for the account of each Lender according to its Ratable Share, a nonrefundable commitment fee (the "**Unused Commitment Fee**") equal to the Unused Commitment Fee Rate (computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed) multiplied by the average daily amount of unused Commitments; provided, however, that any Unused Commitment Fee accrued with respect to the Commitment of a Defaulting Lender during the period prior to the time such Lender became a Defaulting Lender and unpaid at such time shall not be payable by the Borrower so long as such Lender shall be a Defaulting Lender except to the extent that such Unused Commitment Fee shall otherwise have been due and payable by the Borrower prior to such time; and provided, further that no Unused Commitment Fee shall accrue with respect to the Commitment of a

Defaulting Lender so long as such Lender shall be a Defaulting Lender. Subject to the proviso in the directly preceding sentence, all Unused Commitment Fees shall be payable in arrears for the prior month on the first Business Day of each month after the Effective Date, and the Termination Date.

(b) *Agent Fee Letter*. The Borrower shall pay to the Agent for its own account fees in the amounts and at the times specified in the Agent Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(c) *CS Fee Letter*. The Borrower shall pay to Credit Suisse for its own account fees in the amounts and at the times specified in the CS Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(d) The Borrower agrees to pay to the Agent for the account of each Lender according to its Ratable Share a nonrefundable fee equal to 1.00% of the Commitments terminated on the Availability End Date.

Section 2.05. *Term Loan Requests*. Each Term Loan and each conversion to or the renewal of the LIBOR Rate Option shall be made upon the Borrower's duly completed irrevocable request therefor substantially in the form of Exhibit 2.5, completed and signed by a Responsible Officer of the Borrower, or a request by telephone immediately confirmed in writing by letter, facsimile or telex in such form (each, a "**Term Loan Request**"). Each Term Loan Request must be received by the Agent not later than 11:00 a.m. (i) three Business Days prior to the requested date of any borrowing of, conversion to or renewal of LIBOR Rate Loans or of any conversion of LIBOR Rate Loans to Base Rate Loans, and (ii) one Business Day prior to the requested date of any borrowing of Base Rate Loans. Each telephonic notice by the Borrower pursuant to this Section must be confirmed promptly by delivery to the Agent of a written Term Loan Request, appropriately completed and signed by a Responsible Officer of the Borrower. Each borrowing of, conversion to or renewal of LIBOR Rate Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof. Each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof. Each Term Loan Request (whether telephonic or written) shall specify (i) whether the Borrower is requesting a borrowing, a conversion of Term Loans, or a renewal of LIBOR Rate Loans, (ii) the requested date of the borrowing, conversion or renewal, as the case may be (which shall be a Business Day), (iii) the principal amount of Term Loans to be borrowed, converted or renewed, (iv) whether the LIBOR Rate Option or Base Rate Option shall apply to such Term Loans to be borrowed or to be converted to, and (v) if applicable, the duration of the Interest Period with respect thereto. During the existence of an Event of Default, no Term Loans may be requested as, converted to or renewed as LIBOR Rate Loans without the consent of the Required Lenders.

Section 2.06. *Making Loans; Presumptions by the Agent; Repayment of Loans*.

(a) *Making Loans*. Following receipt of a Term Loan Request the Agent shall promptly notify each Lender of the amount of its Ratable Share of the applicable Term Loans, and if no timely notice of a conversion or renewal is provided by the Borrower, the Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in

Section 4.05. In the case of a borrowing of Term Loans, each Lender shall make the amount of its Term Loan available to the Agent in immediately available funds at the Agent's Principal Office not later than 1:00 p.m. on the Business Day specified in the Term Loan Request. Upon satisfaction of the conditions set forth in Section 7.01, the Agent shall make all funds so received available to the Borrower in like funds as received by the Agent either by (i) to the extent applicable, crediting the account of the Borrower on the books of WTNA with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Agent by the Borrower in the applicable Term Loan Request.

(b) *Presumptions by the Agent*. Unless the Agent shall have received notice from a Lender prior to the proposed date of a borrowing of Term Loans bearing interest at the LIBOR Rate (or, in the case of a borrowing of Term Loans bearing interest at the Base Rate, prior to 12:00 noon on the date of such borrowing) that such Lender will not make available to the Agent such Lender's share of such borrowing, the Agent may assume that such Lender has made such share available on such date in accordance with Section 2.06(a) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable borrowing available to the Agent, then the applicable Lender and the Borrower severally agree to pay to the Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Agent in connection with the foregoing, and (ii) in the case of a payment to be made by the Borrower, the interest rate applicable under the Base Rate Option. If the Borrower and such Lender shall pay such interest to the Agent for the same or an overlapping period, the Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable borrowing to the Agent, then the amount so paid shall constitute such Lender's Loan included in such borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Agent.

(c) *Failure to Satisfy Conditions Precedent*. If any Lender makes available to the Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Section 2.06, and such funds are not made available to the Borrower by the Agent because the conditions to the applicable borrowing set forth in Section 7.01 are not satisfied or waived in accordance with the terms hereof, the Agent shall promptly return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) *Obligations of Lenders Several*. The obligations of the Lenders hereunder to make Loans and to make payments pursuant to Sections 2.06(b) and Section 13.03(c) are several and not joint. The failure of any Lender to make any Loan or to make any payment under Section 2.06(b) or Section 13.03(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or to make its payment under Section 2.06(b) or Section 13.03(c).

(e) *Funding Source*. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

(f) *Repayment of Term Loans*. The Borrower shall repay to the Agent, for the benefit of the Lenders, on the Termination Date, the aggregate principal amount of all Term Loans outstanding on such date.

(g) *Notes*. Any Lender may request that Loans made by it be evidenced by a Note. In such event, the Borrower shall prepare, execute and deliver to such Lender a Note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) in the form attached hereto as Exhibit 1.1(N).

Section 2.07. *Defaulting Lenders*. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.04(a); and

(b) the Commitment and outstanding Loans of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 13.01); provided that this clause (ii) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender directly affected thereby.

Section 2.08. *Reduction or Termination of Commitments*.

(a) The Borrower shall have the right at any time after the Effective Date and prior to the Availability End Date upon five (5) days' prior written notice to the Agent to permanently reduce (ratably among the Lenders in proportion to their respective Ratable Shares) the Commitments, in a minimum amount of $10,000,000 and whole multiples of $1,000,000, or to terminate completely the Commitments; provided that such reduction or termination shall be accompanied by the payment of a fee equal to 1.00% of the principal amount of the Commitments so reduced or terminated, together with any accrued Unused Commitment Fees. Any notice to reduce the Commitments under this Section 2.12(a) shall be irrevocable.

(b) On each date of funding of a Term Loan by a Lender hereunder, such Lender's Commitment shall be reduced by the principal amount of the Term Loan funded by such Lender.

(c) To the extent not terminated earlier, the Commitments shall terminate on the Availability End Date.

ARTICLE 3
[RESERVED]

ARTICLE 4
INTEREST RATES

Section 4.01. *Interest Rate Options*. The Borrower shall pay interest in respect of the outstanding unpaid principal amount of the Loans as selected by it from the Base Rate Option or LIBOR Rate Option set forth below applicable to the Loans, it being understood that, subject to the provisions of this Agreement, the Borrower may select different Interest Rate Options and different Interest Periods to apply simultaneously to the Loans comprising different Borrowing Tranches and may convert to or renew one or more Interest Rate Options with respect to all or any portion of the Loans comprising any Borrowing Tranche; provided that there shall not be at any one time outstanding more than nine (9) Borrowing Tranches in the aggregate among all of the Loans and provided, further that if an Event of Default exists and is continuing, the Borrower may not request, convert to, or renew the LIBOR Rate Option for any Loans and the Required Lenders may demand that all existing Borrowing Tranches bearing interest under the LIBOR Rate Option shall be converted immediately to the Base Rate Option, subject to the obligation of the Borrower to pay any indemnity under Section 5.10 in connection with such conversion. If at any time the designated rate applicable to any Loan made by any Lender exceeds such Lender's highest lawful rate, the rate of interest on such Lender's Loan shall be limited to such Lender's highest lawful rate.

(a) *Interest Rate Options*. The Borrower shall have the right to select from the following Interest Rate Options applicable to the Loans:

(i) *Base Rate Option*: With respect to any Term Loan that bears interest pursuant to the Base Rate Option, on a fluctuating rate per annum computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed equal to the Base Rate plus the Applicable Margin, such interest rate to change automatically from time to time effective as of the effective date of each change in the Base Rate; or

(ii) *LIBOR Rate Option*: A rate per annum (computed on the basis of a year of 360 days and actual days elapsed) equal to the LIBOR Rate plus the Applicable Margin.

(b) *Rate Quotations*. The Borrower may call the Agent on or before the date on which a Term Loan Request is to be delivered to receive an indication of the rates then in effect, but it is acknowledged that such projection shall not be binding on the Agent or the Lenders nor affect the rate of interest which thereafter is actually in effect when the election is made.

Section 4.02. *Interest Periods*. At any time when the Borrower shall select, convert to or renew a LIBOR Rate Option, the Borrower shall notify the Agent thereof at least three (3) Business Days prior to the effective date of such LIBOR Rate Option by delivering a Term Loan Request. The notice shall specify an Interest Period during which such Interest Rate Option shall apply. Notwithstanding the preceding sentence, in the case of the renewal of a LIBOR Rate Option at the end of an Interest Period, the first day of the new Interest Period shall be the last day of the preceding Interest Period, without duplication in payment of interest for such day.

Section 4.03. *Interest After Default*. To the extent permitted by Law, upon the occurrence of an Event of Default and until such time as such Event of Default shall have been cured or waived, and upon written demand by the Required Lenders (or by the Agent with the consent of the Required Lenders):

(a) *Obligations*. Each Obligation hereunder if not paid when due shall bear interest at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2.0% per annum plus the rate otherwise applicable to such Loan or (ii) in the case of any other overdue amounts, the sum of the rate of interest applicable under the Base Rate Option plus an additional 2.0% per annum from the time such overdue Obligation becomes due and payable and until it is paid in full; and

(b) *Acknowledgment*. The Borrower acknowledges that the increase in rates referred to in this Section 4.03 reflects, among other things, the fact that such Loans or other amounts have become a substantially greater risk given their default status and that the Lenders are entitled to additional compensation for such risk; and all such interest shall be payable by Borrower upon demand by the Required Lenders or by the Agent with the consent of the Required Lenders.

Section 4.04. *LIBOR Rate Unascertainable; Illegality; Increased Costs; Deposits Not Available.* (a) *Unascertainable*. If on any date on which a LIBOR Rate would otherwise be determined, if the Required Lenders determine that for any reason in connection with any request for a LIBOR Rate Loan or a conversion to or continuation thereof that (i) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such LIBOR Rate Loan, (ii) adequate and reasonable means do not exist for determining the LIBOR Rate for any requested Interest Period with respect to a proposed LIBOR Rate Loan or in connection with an existing or proposed Base Rate Loan, or (iii) the LIBOR Rate for any requested Interest Period with respect to a proposed LIBOR Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain LIBOR Rate Loans shall be suspended, and (y) in the event of a determination described in the preceding sentence with respect to the LIBOR Rate component of the Base Rate, the utilization of the LIBOR Rate component in determining the Base Rate shall be suspended, in each case until the Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of LIBOR Rate Loans or, failing that, will be deemed to have converted such request into a request for a borrowing of Base Rate Loans in the amount specified therein.

(b) *Illegality; Increased Costs; Deposits Not Available*. If at any time any Lender shall have determined that:

(i) the making, maintenance or funding of any Loan to which a LIBOR Rate Option applies has been made impracticable or unlawful by compliance by such Lender in good faith with any Law or any interpretation or application thereof by any Official Body or with any request or directive of any such Official Body (whether or not having the force of Law), or

(ii) such LIBOR Rate Option will not adequately and fairly reflect the cost to such Lender of the establishment or maintenance of any such Loan, or

(iii) after making all reasonable efforts, deposits of the relevant amount in Dollars for the relevant Interest Period for a Loan, or to banks generally, to which a LIBOR Rate Option applies, respectively, are not available to such Lender with respect to such Loan, or to banks generally, in the interbank eurodollar market, then the Agent shall have the rights specified in Section 4.04(c).

(c) *Agent's and Lender's Rights*. In the case of an event specified in Section 4.04(b) above, such Lender shall promptly so notify the Agent and endorse a certificate to such notice as to the specific circumstances of such notice, and the Agent shall promptly send copies of such notice and certificate to the other Lenders and the Borrower. Upon such date as shall be specified in such notice (which shall not be earlier than the date such notice is given), the obligation of such Lender to allow the Borrower to select, convert to or renew a LIBOR Rate Option shall be suspended until the Agent shall have later notified the Borrower, or such Lender shall have later notified the Agent, of such Lender's determination that the circumstances giving rise to such previous determination no longer exist. If any Lender notifies the Agent of a determination under Section 4.04(b), the Borrower shall, subject to the Borrower's indemnification Obligations under Section 5.10, as to any Loan of the Lender to which a LIBOR Rate Option applies, on the date specified in such notice convert such Loan to the Base Rate Option otherwise available with respect to such Loan or prepay such Loan in accordance with Section 5.06(a). Absent due notice from the Borrower of conversion or prepayment, such Loan shall automatically be converted to the Base Rate Option otherwise available with respect to such Loan upon such specified date.

Section 4.05. *Selection of Interest Rate Options*. If the Borrower fails to select a new Interest Period to apply to any Borrowing Tranche of Loans under the LIBOR Rate Option at the expiration of an existing Interest Period applicable to such Borrowing Tranche in accordance with the provisions of Section 4.02, the Borrower shall be deemed to have converted such Borrowing Tranche to the Base Rate Option commencing upon the last day of the existing Interest Period.

ARTICLE 5
PAYMENTS

Section 5.01. *Payments*. All payments and prepayments to be made in respect of principal, interest, Unused Commitment Fees or other fees or amounts due from the Borrower hereunder shall be payable prior to 2:00 p.m. on the date when due without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower, and without set-off, counterclaim, defense, recoupment or other deduction of any nature, and an action therefor shall immediately accrue. Such payments shall be made to the Agent at its Principal Office for the ratable accounts of the Lenders (except as provided in Section 4.04(c)) in U.S. Dollars and in immediately available funds, and the Agent shall promptly distribute such amounts to the Lenders in immediately available funds. The Agent's and each Lender's statement of account, ledger or other relevant record shall, in the absence of manifest error, be conclusive as the statement of the amount of principal of and interest on the Loans and other amounts owing under this Agreement and shall be deemed an "account stated."

Section 5.02. *Pro Rata Treatment of Lenders*. Each borrowing of Term Loans shall be allocated to each Lender according to its Ratable Share, and each selection of, conversion to or renewal of any Interest Rate Option and each payment or prepayment by the Borrower with respect to principal, interest and Unused Commitment Fees (but excluding any fee in connection with the Agent Fee Letter or the CS Fee Letter) shall (except as otherwise may be provided with respect to a Defaulting Lender and except as provided in Section 4.04(c), 5.06(c) or 5.08) be payable ratably among the Lenders entitled to such payment in accordance with the amount of principal, interest and Unused Commitment Fees as set forth in this Agreement.

Section 5.03. *Sharing of Payments by Lenders*. If any Lender shall, by exercising any right of setoff, counterclaim or banker's lien, by receipt of voluntary payment, by realization upon security, or by any other non-pro rata source, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender's receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than the pro-rata share of the amount such Lender is entitled thereto, then the Lender receiving such greater proportion shall (a) notify the Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, together with interest or other amounts, if any, required by Law (including court order) to be paid by the Lender or the holder making such purchase; and

(ii) the provisions of this Section 5.03 shall not be construed to apply to (x) any payment made by the Loan Parties pursuant to and in accordance with the express terms of the Loan Documents or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this Section 5.03 shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of each Loan Party in the amount of such participation.

Section 5.04. *Presumptions by Agent*. Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the

Agent forthwith on demand the amount so distributed to such Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation.

Section 5.05. *Interest Payment Dates*. Interest on Loans to which the Base Rate Option applies shall be due and payable in arrears on each Payment Date. Interest on Loans to which the LIBOR Rate Option applies shall be due and payable on the last day of each Interest Period for those Loans and, if such Interest Period is longer than three (3) Months, also on the 90th day of such Interest Period. Interest on mandatory prepayments of principal under Section 5.06(b) shall be due on the date such mandatory prepayment is due. Interest on the other principal amount of each Loan or other monetary Obligation shall be due and payable on demand after such principal amount or other monetary Obligation becomes due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise).

Section 5.06. *Prepayments*.

(a) *Voluntary Prepayments*. The Borrower shall have the right at its option from time to time to prepay the Loans in whole or part without premium or penalty (except as provided in this Section 5.06(a) or in Section 5.08 and Section 5.10). Whenever the Borrower desires to prepay any part of the Loans, it shall provide a prepayment notice to the Agent by 11:00 a.m. at least three (3) Business Days prior to the date of prepayment of the Loans that are subject to the LIBOR Rate Option and one (1) Business Day prior to the date of prepayment of the Loans that are subject to the Base Rate Option:

(i) the date, which shall be a Business Day, on which the proposed prepayment is to be made;

(ii) a statement indicating the application of the prepayment between Loans to which the Base Rate Option applies and Loans to which the LIBOR Rate Option applies; and

(iii) the total principal amount of such prepayment, which shall not be less than $10,000,000.

All prepayment notices shall be irrevocable. The principal amount of the Loans for which a prepayment notice is given, together with interest on such principal amount except with respect to Loans to which the Base Rate Option applies, shall be due and payable on the date specified in such prepayment notice as the date on which the proposed prepayment is to be made. Except as provided in Section 4.04(c), if the Borrower prepays a Loan but fails to specify the applicable Borrowing Tranche which the Borrower is prepaying, the prepayment shall be applied first to Loans to which the Base Rate Option applies, then to Loans to which the LIBOR Rate Option applies. Any prepayment hereunder shall be subject to the Borrower's Obligation to indemnify the Lenders under Section 5.10.

In the event that prior to the four month anniversary of the Effective Date, the Borrower shall make any prepayment of the Loans pursuant to this Section 5.06(a), the

Borrower shall pay to the Agent, for the ratable account of the Lenders, a fee equal to 1.00% of the aggregate principal amount of the Loans so prepaid. Such amounts shall be due and payable on the date of such prepayment.

(b) *Mandatory Prepayments*.

(i) *Sales of Assets*. Within five (5) Business Days of any sale of assets or series of related sales of assets authorized by Section 8.02(d)(v) resulting in Net Cash Proceeds for all such sales of assets in excess of $50,000,000 in the aggregate, the Borrower shall immediately pay or cause to be paid an aggregate amount equal to 100% of such Net Cash Proceeds in excess of such $50,000,000 to the Agent for distribution to the Lenders in accordance with each such Lender's Ratable Share of the DIP Facility based on the aggregate amount of Term Loans outstanding at such time.

(ii) *Debt Issuances*. Within five (5) Business Days of any issuances, offerings or placements of any Indebtedness of any Loan Party not permitted by Section 8.02(a), the Borrower shall immediately pay or cause to be paid an aggregate amount equal to 100% of such Net Cash Proceeds to the Agent for distribution to the applicable Lenders in accordance with each such Lender's Ratable Share of the DIP Facility based on the aggregate amount of Term Loans outstanding at such time.

(iii) *Insurance Proceeds*. In the event that the Net Cash Proceeds of any Property Loss Event affecting any property of any Loan Party (herein, the "**Current Property Loss Event**"), and of all prior Property Loss Events as to which a prepayment has not yet been made under this paragraph, shall exceed $50,000,000 in the aggregate, then, on or before the date 180 days after the receipt by such Loan Party of the proceeds of any insurance, condemnation award or other compensation in respect of the Current Property Loss Event in excess of such $50,000,000 (or upon such earlier date as such Loan Party shall have determined not to repair or replace the property affected by the Current Property Loss Event), the Borrower shall either, (x) so long as no Event of Default has occurred and is continuing, reinvest such proceeds of such Property Loss Event in operating assets for or on behalf of any Loan Party within 180 days after the receipt of such proceeds, or (y) immediately pay or cause to be paid an aggregate amount equal to 100% of such Net Cash Proceeds in excess of such $50,000,000 to the Agent for distribution to the Lenders in accordance with each such Lender's Ratable Share of the DIP Facility based on the aggregate amount of Term Loans outstanding at such time; provided, however, that no such repayment shall be required up to the amount the asset affected by such Property Loss Event is subject to a Lien that is pari passu with or senior to the Liens of the Agent and the Lenders against the Borrower or any other Loan Party hereunder or under any of the other Loan Documents and such proceeds are used to discharge such Lien.

(iv) *Declined Proceeds*. The Borrower shall deliver to Agent notice at least two (2) Business Days prior to the date required to make a mandatory prepayment pursuant to Section 5.06(b)(i) or Section 5.06(b)(iii) and Agent shall promptly notify each Lender of such notice. Any Lender may elect, by notice to the Agent by telephone (confirmed by hand delivery or facsimile) at least two (2) Business Days (or such shorter

period as may be established by the Agent) prior to such required prepayment date, to decline all or any portion of any prepayment of its Term Loans pursuant to Section 5.06(b)(i) or Section 5.06(b)(iii)) (such declined amounts, the "**Declined Proceeds**"). Any Declined Proceeds shall be offered to the Lenders not so declining such prepayment (with such Lenders having the right to decline any prepayment with Declined Proceeds at the time and

in the manner specified by the Agent). To the extent such Lenders elect to decline their pro rata shares of such Declined Proceeds, such remaining Declined Proceeds may be retained by the Borrower.

Except as provided in Section 4.04(c), if the Borrower prepays a Loan but fails to specify the applicable Borrowing Tranche which the Borrower is prepaying, the prepayment shall be applied first to Loans to which the Base Rate Option applies, then to Loans to which the LIBOR Rate Option applies. Any prepayment hereunder shall be subject to the Borrower's Obligation to indemnify the Lenders under Section 5.10.

(c) *Replacement of a Lender*. In the event any Lender (i) gives notice under Section 4.04(b), (ii) requests compensation under Section 5.08, or requires the Borrower to pay any additional amount to any Lender or any Official Body for the account of any Lender pursuant to Section 5.09, (iii) is a Defaulting Lender, (iv) becomes subject to the control of an Official Body (other than normal and customary supervision and other than as set forth in subsection (2) of the definition of "Defaulting Lender" contained herein), or (v) is a Non-Consenting Lender referred to in Section 13.01, then in any such event the Borrower may, at its sole expense, upon notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 13.09), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(A) the Borrower shall have paid to the Agent the assignment fee specified in Section 13.09;

(B) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 5.10) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(C) in the case of any such assignment resulting from a claim for compensation under Section 5.08(a) or payments required to be made pursuant to Section 5.09, such assignment will result in a reduction in such compensation or payments thereafter; and

(D) such assignment does not conflict with applicable Law.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

Section 5.07. *Mitigation Obligations*. Each Lender agrees that upon receiving actual knowledge of the occurrence of any event giving rise to increased costs or other special payments under Section 4.04(b), Section 5.08 or Section 5.09 with respect to such Lender, it will (a) promptly notify the Agent and the Borrower of the occurrence of such event and (b) if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event or appoint an agent or representative to deal with any relevant Official Body, provided that such designation or appointment does not cause such Lender and its lending office to suffer any economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of such Section. Nothing in this Section shall affect or postpone any of the Obligations of the Borrower or any other Loan Party or the rights of the Agent or any Lender provided in this Agreement.

Section 5.08. *Increased Costs*.

(a) *Increased Costs Generally*. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, the Agent or any Lender (except any reserve requirement reflected in the LIBOR Rate);

(ii) subject the Agent or any Lender to any tax of any kind whatsoever with respect to this Agreement or any Loan under the LIBOR Rate Option made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 5.09 and Excluded Taxes); or

(iii) impose on the Agent, any Lender or the London interbank market any other condition, cost or expense affecting this Agreement or any Loan under the LIBOR Rate Option made by such Lender; and the result of any of the foregoing shall be to increase the cost to the Agent or Lender of making, continuing, converting into, or maintaining any Loan under the LIBOR Rate Option (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by the Agent or Lender hereunder (whether of principal, interest or any other amount) then, upon request of the Agent or Lender, the Borrower will pay to the Agent or Lender, as the case may be, such additional amount or amounts as will compensate the Agent or Lender, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital and Liquidity Requirements*. If any Lender determines that any Change in Law affecting such Lender or any lending office of such Lender or such Lender's holding company, if any, regarding capital and liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender such

additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) *Certificates for Reimbursement; Repayment of Outstanding Loans; Borrowing of New Loans*. A certificate of the Agent or a Lender setting forth the amount or amounts necessary to compensate the Agent or such Lender or its holding company, as the case may be, as specified in Section 5.08(a) or

5.08(b) and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay the Agent or such Lender the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

(d) *Delay in Requests*. Failure or delay on the part of the Agent or any Lender to demand compensation pursuant to this Section shall not constitute a waiver of the Agent's or such Lender's right to demand such compensation, provided that the Borrower shall not be required to compensate the Agent or a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that the Agent or such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of the Agent's or such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine (9) month period referred to above shall be extended to include the period of retroactive effect thereof).

Section 5.09. *Taxes.* (a) *Payments Free of Taxes*. Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without reduction or withholding for any Taxes, except as required by applicable Law; provided that if the Borrower shall be required by applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall timely pay the full amount deducted to the relevant Official Body in accordance with applicable Law.

(b) *Payment of Other Taxes by the Borrower*. Without limiting the provisions of Section 5.09(a) above, the Borrower shall timely pay, or at the option of the Agent timely reimburse it for the payment of, any Other Taxes to the relevant Official Body in accordance with applicable Law.

(c) *Indemnification by the Borrower*. The Borrower shall indemnify the Agent and each Lender, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by or required to be withheld from a payment to the Agent or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Official Body. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) *Evidence of Payments*. Promptly after any payment of Indemnified Taxes or Other Taxes by the Borrower to an Official Body pursuant to this Section 5.09 (but in any event within thirty (30) days after the date of such payment), the Borrower shall deliver to the Agent the original or a certified copy of a receipt issued by such Official Body evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent.

(e) *Status of Lenders*. Any Lender that is entitled to an exemption from or reduction of withholding tax under the Law of the jurisdiction in which the Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document shall deliver to the Borrower (with a copy to the Agent), at the time or times prescribed by applicable Law or reasonably requested by the Borrower or the Agent, such properly completed and executed documentation prescribed by applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding. Notwithstanding the submission of such documentation claiming a reduced rate of or exemption from U.S. withholding tax, the Agent shall be entitled to withhold United States federal income taxes at the full 30% withholding rate if in its reasonable judgment it is required to do so under the due diligence requirements imposed upon a withholding agent under § 1.1441-7(b) of the Income Tax Regulations. Further, the Agent is indemnified under § 1.1461-1(e) of the Income Tax Regulations against any claims and demands of any Lender or assignee or participant of a Lender for the amount of any tax it deducts and withholds in accordance with regulations under § 1441 of the Internal Revenue Code. In addition, any Lender, upon request by the Borrower or the Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower or the Agent as will enable the Borrower or the Agent, as applicable, to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

Without limiting the generality of the foregoing, any Foreign Lender shall deliver to the Borrower and the Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Borrower or the Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(i) two (2) duly completed valid originals of IRS Form W-8BEN or W-8BEN-E claiming eligibility for benefits of an income tax treaty to which the United States of America is a party,

(ii) two (2) duly completed valid originals of IRS Form W-8ECI,

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Internal Revenue Code, (x) a certificate to the effect that such Foreign Lender is not (A) a "bank" within the meaning of section 881(c)(3)(A) of the Internal Revenue Code, (B) a "10 percent shareholder" of the Borrower within the meaning of section 881(c)(3)(B) of the Internal Revenue Code, or (C) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Internal Revenue Code (a "**U.S. Tax Compliance Certificate**") and (y) two duly completed valid originals of IRS Form W-8BEN or W-8BEN-E,

(iv) to the extent a Foreign Lender is not the beneficial owner (for example, where the Foreign Lender is a partnership or participating Lender granting a typical participation), executed originals of IRS Form W-8IMY, accompanied by a Form W-8ECI, W-8BEN or W-8BEN-E, U.S. Tax Compliance Certificate, Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership (and not a participating Lender) and one or more beneficial owners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such beneficial owner,

(v) any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in United States federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrower to determine the withholding or deduction required to be made, or

(vi) To the extent that any Lender is not a Foreign Lender, such Lender shall submit to the Borrower and the Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Agent) two (2) executed originals of an IRS Form W-9 or any other form prescribed by applicable Law certifying that such Lender is not a Foreign Lender and is exempt from backup withholding.

If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower and the Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the Borrower and the Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 5.09, "**FATCA**" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Agent in writing of its legal inability to do so.

(f) *Refunds*. If the Agent or any Lender determines, in its sole discretion, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 5.09, it shall pay over such refund (or the amount of any credit in lieu of refund) to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under Section 5.09, net of all out-of- pocket expenses (including Taxes) of the

Agent or the relevant Lender, as the case may be, and without interest (other than any interest paid by the relevant Official Body with respect to such refund or credit in lieu of refund)), provided that the Borrower, upon the request of the Agent or the relevant Lender, agrees to repay the amount paid over to the Borrower (plus any interest, penalties or other charges imposed by the relevant Official Body) if the Agent or the relevant Lender is required to repay such refund or credit in lieu of refund to such Official Body. Notwithstanding anything to the contrary in this paragraph 5.09(f), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph 5.09(f) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. Neither the Agent nor any Lender shall be obliged to disclose information regarding its tax affairs or computations to Borrower in connection with this Section 5.09(f) or any other provision of Section 5.09. Upon the Borrower's reasonable written request, each Lender shall reasonably cooperate with the Borrower in contesting or seeking a refund of Indemnified Taxes or Other Taxes; provided that such cooperation shall not be required if, in such Lender's reasonable discretion, it would subject such Lender to any material unreimbursed out-of-pocket cost or expense or otherwise be materially disadvantageous to the Lender.

(g) *Survival*. Notwithstanding anything to the contrary in this Agreement, each party's obligations under this Section 5.09 shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, a Lender and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section 5.10. *Indemnity*. In addition to the compensation or payments required by Section 5.08 or Section 5.09, the Borrower shall indemnify each Lender against all liabilities, losses or expenses (including loss of anticipated profits, any foreign exchange losses and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan, from fees payable to terminate the deposits from which such funds were obtained or from the performance of any foreign exchange contract), for the avoidance of doubt and duplication, excluding all Taxes for which compensation is payable by the Borrower under Section 5.08(a), all Indemnified Taxes for which indemnification is available under Section 5.09(c) and all Taxes to the extent associated with payments that make the appropriate Lender whole in relation to its after-tax position had the payments called for under the Agreement and the Loan Documents been made as contemplated (without regard to this Section 5.10), which such Lender sustains or incurs as a consequence of any:

(a) payment, prepayment, conversion or renewal of any Loan to which a LIBOR Rate Option applies on a day other than the last day of the corresponding Interest Period (whether or not such payment or prepayment is mandatory, voluntary or automatic and whether or not such payment or prepayment is then due),

(b) attempt by the Borrower to revoke (expressly, by later inconsistent notices or otherwise) in whole or part any Term Loan Requests under Section 2.05 or Section 4.02 or notice relating to prepayments under Section 5.06, or

(c) default by the Borrower in the performance or observance of any covenant or condition contained in this Agreement or any other Loan Document, including any failure of the

Borrower to pay when due (by acceleration or otherwise) any principal, interest or any other amount due hereunder.

If any Lender sustains or incurs any such loss or expense, it shall from time to time notify the Borrower of the amount determined in good faith by such Lender (which determination may include such assumptions, allocations of costs and expenses and averaging or attribution methods as such Lender shall deem reasonable) to be necessary to indemnify such Lender for such loss or expense. Such notice shall set forth in reasonable detail the basis for such determination. Such amount shall be due and payable by the Borrower to such Lender ten (10) Business Days after such notice is given.

Section 5.11. [*Reserved*].

Section 5.12. *Indemnification by the Lender*. Each Lender shall severally indemnify the Agent, within 10 days after demand therefor, for (a) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (b) any Taxes attributable to such Lender's failure to comply with the provisions of Section 13.09(d) or 13.09(c) relating to the maintenance of a Participant Register or Register, as applicable, and (c) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Official Body. A certificate as to the amount of such payment or liability delivered to any Lender by the Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Agent to the Lender from any other source against any amount due to the Agent under this Section 5.12.

Section 5.13. *Priority and Liens*.

(a) Each of the Loan Parties hereby covenants and agrees that upon the entry of an Interim Order (and when applicable, the Final Order) its obligations hereunder and under the Loan Documents: (i) pursuant to Section 364(c)(1) of the Bankruptcy Code, shall at all times constitute an allowed Superpriority Claim against each Debtor in the Cases (but excluding a claim on Avoidance Actions (but including, upon entry of the Final Order, the Avoidance Proceeds)); (ii) pursuant to Section 364(c)(2) of the Bankruptcy Code, shall at all times be secured by a valid, binding, continuing, enforceable perfected first priority Lien (subject to the terms of the Security Agreements and the Orders) on all of the property of such Loan Parties (other than Excluded Property), whether now existing or hereafter acquired, that is not subject to valid, perfected, non-voidable liens in existence at the time of commencement of the Cases or to valid, non-voidable liens in existence at the time of such commencement that are perfected subsequent to such commencement as permitted by Section 546(b) of the Bankruptcy Code; (iii) pursuant to Section 364(c)(3) of the Bankruptcy Code, shall be secured by a valid, binding, continuing, enforceable perfected junior Lien upon all property of such Loan Parties, whether now existing or hereafter acquired, that is subject to valid, perfected and non-voidable Liens in existence at the time of the commencement of the Cases or that is subject to valid Liens in existence at the time of the commencement of the Cases that are perfected subsequent to such

commencement as permitted by Section 546(b) of the Bankruptcy Code (other than Primed Liens); and (iv) pursuant to Section 364(d)(l) of the Bankruptcy Code, shall be secured by a valid, binding, continuing, enforceable perfected first priority senior priming Lien on all of the property of such Loan Parties that is subject to the existing liens (the "**Primed Liens**") which secure the Existing Secured Debt, all of which Primed Liens shall be primed by and made subject and subordinate to the perfected first priority senior Liens to be granted to the Agent, which senior priming Liens in favor of the Agent shall also prime any Liens granted after the commencement of the Cases to provide adequate protection Liens in respect of any of the Primed Liens ((i) through (iv) above, subject in each case to the Fees Carve-Out and the Bonding Carve-Out and as set forth in the Orders).

(b) As to all Real Property held by a Loan Party, such Loan Party hereby assigns and conveys as security, grant a security interest in, hypothecates, mortgages, pledges and sets over unto the Agent on behalf of the Lenders all of the right, title and interest of such Loan Party in all of such Real Property, together with all of the right, title and interest of such Loan Party in and to all buildings, improvements, and fixtures related thereto, any lease or sublease thereof, all general intangibles relating thereto and all proceeds thereof. Such Loan Party acknowledges that, pursuant to the Interim Order (and, when entered, the Final Order), the Liens in favor of the Agent on behalf of the Lenders in all of such Real Property of such Loan Party shall be perfected without the recordation of any instruments of mortgage or assignment. Such Loan Party further agrees that, upon the reasonable request of the Agent with the consent of the Required Lenders, in the exercise of their business judgment, such Loan Party (i) shall enter into separate mortgages in recordable form with respect to such Real Properties (including customary deliverables with respect to any Real Property owned or leased by it reasonably requested by the Agent or the Required Lenders; provided, however, such customary deliverables shall not include, without limitation, local counsel opinions, title insurance policies or surveys (other than any existing surveys, if any) with respect to such Real Property) on terms reasonably satisfactory to the Agent with the consent of the Required Lenders subject to, and as set forth in, Section 8.01(l), and (ii) shall otherwise comply with the requirements of Section 8.01(l) with respect to such Real Property.

(c) All of the Liens described in this Section 5.13 shall be effective and perfected upon entry of the Interim Order, without the necessity of the execution, recordation of filings by the Debtors of mortgages, security agreements, intellectual property security agreements, control agreements, pledge agreements, financing statements or other similar documents, or the possession or control by the Agent of, or over, any Collateral, as set forth in the Interim Order.

Section 5.14. *No Discharge; Survival of Claims.* Each of the Loan Parties agrees that, to the extent that its obligations under the Loan Documents have not been satisfied in full in cash, (i) its obligations under the Loan Documents shall not be discharged by the entry of an order confirming a Reorganization Plan (and each of the Loan Parties, pursuant to Section 1141(d)(4) of the Bankruptcy Code, hereby waives any such discharge), and (ii) the Superpriority Claim against each of the Debtors granted to the Agent and the Lenders pursuant to the Orders and the Liens granted to the Agent and the Lenders pursuant to the Orders shall not be affected in any manner by the entry of an order confirming a Reorganization Plan.

Section 5.15. *Payment of Obligations.* Subject to the last paragraph of Section 8.01, upon the maturity (whether by acceleration or otherwise) of any of the Obligations of the Loan Parties under this Agreement or any of the other Loan Documents, the Agent and the Lenders shall be entitled to immediate payment of such Obligations without further application to or order of the Bankruptcy Court.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Agent and each of the Lenders as follows:

Section 6.01. *Organization and Qualification*. Each Loan Party and each Subsidiary of each Loan Party is a corporation, partnership or limited liability company duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. Each Loan Party and each Subsidiary of each Loan Party has the lawful power to own or lease its properties and to engage in the business it presently conducts or proposes to conduct,

except where the failure to have such power would not reasonably be expected to result in any Material Adverse Change. Each Loan Party and each Subsidiary of each Loan Party is duly licensed or qualified and in good standing in each jurisdiction where the property owned or leased by it or the nature of the business transacted by it or both makes such licensing or qualification necessary and where the failure to so qualify would reasonably be expected to result in a Material Adverse Change.

Section 6.02. *Shares of Borrower; Subsidiaries; and Subsidiary Shares*. As of the Effective Date, Schedule 6.2 states the name of each of the Borrower's Subsidiaries, its jurisdiction of incorporation, its authorized capital stock, the issued and outstanding shares (referred to herein as the "**Subsidiary Shares**") and the owners thereof if it is a corporation, its outstanding partnership interests (the "**Partnership Interests**") and the owners thereof if it is a partnership and its outstanding limited liability company interests, the voting rights associated therewith (the "**LLC Interests**") and the owners thereof if it is a limited liability company. As of the Effective Date, Schedule 6.2 also sets forth for each Subsidiary of the Borrower and whether such Subsidiary is a Bonding Subsidiary, an Inactive Subsidiary, a Securitization Subsidiary, a Foreign Subsidiary or a non-wholly owned Subsidiary. As of the Effective Date, Schedule 6.2 also sets forth the jurisdiction of incorporation of the Borrower, its authorized capital stock (the "**Borrower Shares**") and the voting rights associated therewith. The Borrower and each Subsidiary of the Borrower has good title to all of the Subsidiary Shares, Partnership Interests and LLC Interests it purports to own, free and clear in each case of any Lien, other than Permitted Liens. Except as set forth on Schedule 6.2, all Borrower Shares, Subsidiary Shares, Partnership Interests and LLC Interests have been validly issued, and all Borrower Shares, all Partnership Interests, all LLC Interests and all Subsidiary Shares are fully paid and nonassessable. All capital contributions and other consideration required to be made or paid in connection with the issuance of the Partnership Interests and LLC Interests have been made or paid, as the case may be, except where the failure to do so would not result in a Material Adverse Change. As of the Effective Date, there are no options, warrants or other rights outstanding to purchase any such Subsidiary Shares, Partnership Interests or LLC Interests except as indicated on Schedule 6.2.

Section 6.03. *Power and Authority*. Subject, in the case of each Loan Party that is a Debtor, to the entry of the Orders and subject to the terms thereof, each Loan Party has full power to enter into, execute, deliver and carry out this Agreement and the other Loan Documents to which it is a party, to incur the Indebtedness contemplated by the Loan Documents and to perform its Obligations under the Loan Documents to which it is a party, and all such actions have been duly authorized by all necessary proceedings on its part.

Section 6.04. *Validity and Binding Effect*. This Agreement has been duly and validly executed and delivered by each Loan Party, and each other Loan Document which any Loan Party is required to execute and deliver on or after the date hereof will have been duly executed and delivered by such Loan Party on the required date of delivery of such Loan Document. Subject, in the case of each Loan Party that is a Debtor, to the entry of the Orders and subject to the terms thereof, this Agreement and each other Loan Document constitutes, or will constitute, legal, valid and binding obligations of each Loan Party which is or will be a party thereto on and after its date of delivery thereof, enforceable against such Loan Party in accordance with its terms, except, other than in the case of each Loan Party that is a Debtor, to the extent that enforceability of any of such Loan Document may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforceability of creditors' rights generally or limiting the right of specific performance.

Section 6.05. *No Conflict*. Neither the execution and delivery of this Agreement or the other Loan Documents by any Loan Party, nor the consummation of the transactions herein or therein contemplated or compliance with the terms and provisions hereof or thereof by any of them will (a) conflict with, constitute a default under or result in any breach of (i) the terms and conditions of the certificate of incorporation, bylaws, certificate of limited partnership, partnership agreement, certificate of formation, limited liability company agreement or other organizational documents of any Loan Party or any Subsidiary of any Loan Party or (ii) except as would not reasonably be expected to result in Material Adverse Change and except in respect of the Existing Debt Documents, any Law or any material agreement or instrument or order, writ, judgment, injunction or decree to which any Loan Party or any Subsidiary of any Loan Party is a party or by which any Loan Party or any Subsidiary of any Loan Party is bound or subject to, or (b) result in the creation or enforcement of any Lien, charge or encumbrance whatsoever upon any property (now or hereafter acquired) of any Loan Party or any Subsidiary of any Loan Party (other than Liens granted in respect of the Obligations and Liens created by the Existing Debt Documents).

Section 6.06. *Litigation*. Except as set forth on Schedule 6.6 and except for the Cases, there are no actions, suits, proceedings or investigations pending or, to the knowledge of any Loan Party, threatened against any Loan Party or any Subsidiary of any Loan Party at law or equity before any Official Body which individually or in the aggregate would reasonably be expected to result in a Material Adverse Change. None of the Loan Parties nor any Subsidiary of any Loan Party is in violation of any order, writ, injunction or any decree of any Official Body which would reasonably be expected to result in a Material Adverse Change.

Section 6.07. *Financial Statements.* (a) *Historical Statements*. The Borrower has delivered to the Lenders or their affiliates copies of its audited consolidated year-end financial statements for and as of the end of the fiscal year ended December 31, 2014 (the "**Annual**

Statements"). In addition, the Borrower has delivered to the Lenders or their affiliates copies of its unaudited consolidated interim financial statements for the fiscal year to date and as of the end of the fiscal quarter ended September 30, 2015 (the "**Interim Statements**") (the Annual Statement and Interim Statements being collectively referred to as the "**Historical Statements**"). The Historical Statements were compiled from the books and records maintained by the Borrower's management, are correct and complete in all material respects and fairly represent the consolidated financial condition of the Borrower and its Subsidiaries as of their dates and the results of operations for the fiscal periods then ended and have been prepared in accordance with GAAP consistently applied, subject (in the case of the Interim Statements) to normal year-end audit adjustments.

(b) *Accuracy of Financial Statements*. Neither the Borrower nor any Subsidiary of the Borrower has on the Effective Date any material liabilities, contingent or otherwise, or forward or long-term commitments that are not disclosed in the Historical Statements or in the notes thereto, and except as disclosed therein there are no unrealized or anticipated losses, except in connection with the Cases, from any commitments of the Borrower or any Subsidiary of the Borrower which would reasonably be expected to result in a Material Adverse Change. Since September 30, 2015, no Material Adverse Change has occurred.

(c) *Projections*. The DIP Budget and each 13-Week Projection have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable at the time made.

Section 6.08. *Use of Proceeds; Margin Stock.* (a) *General*. The Loan Parties shall use the proceeds of the Loans in accordance with Section 8.01(i).

(b) *Margin Stock*. None of the Loan Parties nor any Subsidiary of any Loan Party engages or intends to engage principally, or as one of its important activities, in the business of extending credit for the purpose, immediately, incidentally or ultimately, of purchasing or carrying margin stock (within the meaning of Regulation U). No part of the proceeds of any Loan will be used, immediately, incidentally or ultimately, to purchase or carry any margin stock or for any purpose which entails a violation of or which is inconsistent with the provisions of the regulations of the Board of Governors of the Federal Reserve System.

Section 6.09. *Full Disclosure*. Neither this Agreement nor any other Loan Document, nor any certificate, statement, agreement or other documents furnished in writing by or on behalf of a Loan Party to the Agent or any Lender in connection herewith contains with respect to the Borrower and its Subsidiaries any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein, in light of the circumstances under which they were made, not materially misleading; provided that to the extent any such certificate, statement, agreement or other document was based upon or constitutes a forecast or projection, such Loan Party represents only that the relevant Loan Party acted in good faith and utilized assumptions believed by it to be reasonable at the time made (it being understood that any such forecasts or projections are subject to significant uncertainties and contingencies, many of which are beyond the Loan Parties' control, that no assurance can be given that any such forecasts or projections will be realized and that actual results may differ from any such forecasts or projections and such differences may be material). As of the

Effective Date, there is no fact known to any Loan Party, other than the Cases, which materially adversely affects the business, property, assets, financial condition, results of operations or prospects of the Borrower and its Subsidiaries taken as a whole which has not been set forth in this Agreement or in the certificates, statements, agreements or other documents furnished in writing to the Agent and the Lenders prior to or at the date hereof in connection with the transactions contemplated hereby.

Section 6.10. *Taxes*. Except where failure to do so would not reasonably be expected to result in a Material Adverse Change, all federal, state, local and other tax returns required to have been filed with respect to each Loan Party and each Subsidiary of each Loan Party have been filed, and payment or adequate provision has been made for the payment of all taxes, fees, assessments and other governmental charges which have or may become due pursuant to said returns or to assessments received, except (x) to the extent that such taxes, fees, assessments and other charges are being contested in good faith by appropriate proceedings diligently conducted and for which such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made and (y) Taxes that need not be paid pursuant to an order of the Bankruptcy Court or pursuant to the Bankruptcy Code. There are no agreements or waivers extending the statutory period of limitations applicable to any federal income tax return of any Loan Party or Subsidiary of any Loan Party for any period other than Taxes that need not be paid pursuant to an order of the Bankruptcy Court or pursuant to the Bankruptcy Code.

Section 6.11. *Consents and Approvals*. Subject, in the case of each Loan Party that is a Debtor, to the entry of the Orders and subject to the term thereof, no consent, approval, exemption, order or authorization of, or a registration or filing with, any Official Body or any other Person is necessary to authorize or permit under any Law in connection with the execution, delivery and carrying out of this Agreement and the other Loan Documents by any Loan Party, except as listed on Schedule 6.11, all of which shall have been obtained or made on or prior to the Effective Date except as otherwise indicated on Schedule 6.11 or as provided for in the final paragraph in Section 7.01(b).

Section 6.12. *Compliance With Instruments*. None of the Loan Parties or any Subsidiary of any Loan Party is in violation of (a) any term of its certificate of incorporation, bylaws, certificate of limited partnership, partnership agreement, certificate of formation, limited liability company agreement or other organizational documents or (b) other than such violations arising as a result of the commencement of the Cases and except as otherwise excused by the Bankruptcy Court, any material agreement or instrument to which it is a party or by which it or any of its properties may be subject or bound where such violation could reasonably be expected to result in a Material Adverse Change.

Section 6.13. *Insurance*. As of the Effective Date, Schedule 6.13 lists all material insurance policies to which any Loan Party or Subsidiary of any Loan Party is a party, all of which are valid and in full force and effect as of the Effective Date. Such policies provide adequate coverage from reputable and financially sound insurers in amounts sufficient to insure the assets and risks of each Loan Party and each Subsidiary of each Loan Party in accordance with prudent business practice in the industry of the Loan Parties and their Subsidiaries. Each Loan Party has taken all actions required under the Flood Laws and/or reasonably requested by the Agent with the consent of the Required Lenders to assist in ensuring that each Lender is in

compliance with the Flood Laws applicable to the Collateral, including to the extent applicable, but not limited to, providing the Agent with the address and/or GPS coordinates of each structure located upon any real property that will be subject to a mortgage in favor of the Agent, for the benefit of the Lenders, and, to the extent required, obtaining flood insurance for such property, structures and contents prior to such property, structures and contents becoming Collateral.

Section 6.14. *Compliance With Laws*. The Loan Parties and their Subsidiaries are in compliance in all material respects with all applicable Laws (other than Environmental Health and Safety Laws which are specifically addressed in Section 6.18) in all jurisdictions in which any Loan Party or Subsidiary of any Loan Party is doing business except where the failure to do so would not reasonably be expected to result in a Material Adverse Change.

Section 6.15. *Investment Companies*. None of the Loan Parties is an "investment company" registered or required to be registered under the Investment Company Act of 1940 or under the "control" of an "investment company" as such terms are defined in the Investment Company Act of 1940 and shall not become such an "investment company" or under such "control."

Section 6.16. *Plans and Benefit Arrangements*. Except as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Change:

(a) The Borrower and each other member of the ERISA Group are in compliance in all material respects with any applicable provisions of ERISA with respect to all Benefit Arrangements, Plans, and Multiemployer Plans. There has been no Prohibited Transaction with respect to any Benefit

Arrangement or any Plan or, to the knowledge of the Borrower, with respect to any Multiemployer Plan or Multiple Employer Plan, which could result in any material liability of the Borrower or any other member of the ERISA Group. The Borrower and all other members of the ERISA Group have made when due any and all payments required to be made under any agreement relating to a Multiemployer Plan or a Multiple Employer Plan or any Law pertaining thereto. With respect to each Plan and Multiemployer Plan, the Borrower and each other member of the ERISA Group (i) have fulfilled in all material respects their obligations under the minimum funding standards of ERISA, (ii) have not incurred any liability to the PBGC, and (iii) have not had asserted against them any penalty for failure to fulfill the minimum funding requirements of ERISA. All Plans, Benefit Arrangements and, to the knowledge of the Borrower, Multiemployer Plans have been administered in accordance with their terms and applicable Law.

(b) Neither the Borrower nor any other member of the ERISA Group has instituted proceedings to terminate any Plan.

(c) No event requiring notice to the PBGC under Section 303(k)(4) of ERISA has occurred or is reasonably expected to occur with respect to any Plan, and no amendment with respect to which security is required under Section 307 of ERISA has been made or is reasonably expected to be made to any Plan.

(d) To the extent that any Benefit Arrangement is insured, the Borrower and all other members of the ERISA Group have paid when due all premiums required to be paid. To the

extent that any Benefit Arrangement is funded other than with insurance, the Borrower and all other members of the ERISA Group have made when due all contributions required to be paid.

(e) Neither the Borrower nor any other member of the ERISA Group has withdrawn from a Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA. To the knowledge of the Borrower, no Multiemployer Plan or Multiple Employer Plan has been terminated within the meaning of Title IV of ERISA.

Section 6.17. *Employment Matters*.

(a) Each of the Loan Parties and each of their Subsidiaries is in compliance with the Labor Contracts and all applicable federal, state and local labor and employment Laws including those related to equal employment opportunity and affirmative action, labor relations, minimum wage, overtime, child labor, medical insurance continuation, worker adjustment and relocation notices, immigration controls and worker and unemployment compensation, except where the failure to comply could reasonably be expected to result in a Material Adverse Change. There are no outstanding grievances, arbitration awards or appeals therefrom arising out of the Labor Contracts or current or threatened strikes, picketing, handbilling or other work stoppages or slowdowns at facilities of any of the Loan Parties or any of their Subsidiaries which in any case could reasonably be expected to result in a Material Adverse Change.

(b) Each of the Loan Parties, each of their Subsidiaries and each of the "related persons" (as defined in the Coal Act) of each Loan Party and each Subsidiary of each Loan Party are in compliance in all material respects with the Coal Act, except as excused by the Bankruptcy Code by virtue of commencement of the Cases or by order of the Bankruptcy Court. None of the Loan Parties, any Subsidiary of any Loan Party nor any related person of any Loan Party or its Subsidiaries has any liability under the Coal Act except with respect to premiums or other payments required thereunder which have been paid when due and except to the extent excused by the Bankruptcy Code by virtue of commencement of the Cases or by order of the Bankruptcy Court or to the extent that the liability thereunder would not reasonably be expected to result in a Material Adverse Change. The Loan Parties and their Subsidiaries are in compliance in all material respects with the Black Lung Act, except to the extent excused by the Bankruptcy Code by virtue of commencement of the Cases or by order of the Bankruptcy Court. None of the Loan Parties nor any of their Subsidiaries has any liability under the Black Lung Act except with respect to premiums, contributions or other payments required thereunder which have been paid when due and except to the extent excused by the Bankruptcy Code by virtue of commencement of the Cases or by order of the Bankruptcy Court or to the extent that that the liability thereunder would not reasonably be expected to result in a Material Adverse Change.

Section 6.18. *Environmental Health and Safety Matters*. Except as set forth on Schedule 6.18:

(a) the Loan Parties and their Subsidiaries are and have been in substantial compliance with all Environmental Health and Safety Laws, except where the failure to so comply could not reasonably be expected to result in a Material Adverse Change;

(b) the Loan Parties and their Subsidiaries hold and are operating in substantial compliance with applicable Environmental Health and Safety Permits, except where the failure to so comply could not reasonably be expected to result in a Material Adverse Change, and none of the Loan Parties has received any written notice from an Official Body that such Official Body has or intends to suspend, revoke or adversely amend or alter, whether in whole or in part, any such Environmental Health and Safety Permit, except any such notice which could not reasonably be expected to result in a Material Adverse Change. There are no actions, suits, proceedings or investigations pending or, to the knowledge of any Loan Party, threatened against any Loan Party or any Subsidiary of any Loan Party at law or equity before any Official Body challenging an application for, or the modification, amendment or issuance of, any Environmental Health and Safety Permit, in each case which could reasonably be expected to result in a Material Adverse Change;

(c) neither any Property of any Loan Party or any Subsidiary of any Loan Party nor their respective operations conducted thereon violates any Environmental Health and Safety Order of any Official Body made pursuant to Environmental Health and Safety Laws except for noncompliance with respect thereto which could not reasonably be expected to result in a Material Adverse Change;

(d) there are no pending or, to the knowledge of any Loan Party, threatened Environmental Health and Safety Claims against any Property of any Loan Party or any Subsidiary of any Loan Party nor against any Loan Party or any Subsidiary of any Loan Party, in each case which could reasonably be expected to result in a Material Adverse Change;

(e) none of the Loan Parties has received any notice of violation, alleged violation, non-compliance, liability or potential liability regarding Environmental Health and Safety Laws, including any with regard to their activities at any Property of the Loan Parties or the business operated by the Loan

Parties, or any prior business for which the Borrower has retained liability under any Environmental Health and Safety Law, in each case which could reasonably be expected to result in a Material Adverse Change; and

(f) no Lien or encumbrance on the ownership, occupancy, use or transferability of real property (other than Permitted Liens) authorized by Environmental Health and Safety Laws exists against any Property of any Loan Party or any Subsidiary or any other property owned by the Loan Parties which could reasonably be expected to result in a Material Adverse Change, and none of the Loan Parties has any reason to believe that such a Lien or encumbrance (other than Permitted Liens) may be imposed, attached or be filed or recorded against any Property of any Loan Party or any Subsidiary or any other property, in each case which could reasonably be expected to result in a Material Adverse Change.

Section 6.19. [*Reserved*].

Section 6.20. *Title to Real Property*. Each Loan Party and each Subsidiary of each Loan Party has (i) Mining Title to all Active Operating Properties that are necessary or appropriate for the Borrower and its Subsidiaries to conduct their respective operations, (ii) and, except where the failure to do so would not reasonably be expected to result in a Material Adverse Change, good and valid title to all of their other respective assets, in the case of both the foregoing items

(i) and (ii) of this sentence, free and clear of all Liens and encumbrances except Permitted Liens, and subject to the terms and conditions of the applicable leases; provided, however, a Loan Party or a Subsidiary of a Loan Party shall not be in breach of the foregoing in the event that (x) it fails to own a valid leasehold interest which, either considered alone or together with all other such valid leaseholds which it fails to own, is not material to the continued operations of such Loan Party or Subsidiary of such Loan Party or (y) such Loan Party's or such Subsidiary's interest in a leasehold is less than fully marketable because the consent of the lessor to future assignments has not been obtained.

Section 6.21. *Patents, Trademarks, Copyrights, Licenses, Etc*. Each Loan Party and each Subsidiary of each Loan Party own or possess all the material patents, trademarks, service marks, trade names, copyrights, licenses, registrations, franchises, permits and rights, without known or actual conflict with the rights of others, necessary for the Loan Parties, taken as a whole, to own and operate their properties and to carry on their businesses as presently conducted and planned to be conducted by such Loan Parties and Subsidiaries are, except where the failure to so own or possess with or without such conflict would reasonably be expected to result in a Material Adverse Change.

Section 6.22. *Security Interests*. Subject to and upon the entry of the Orders, the Orders are effective to create in favor of the Agent for the benefit of the Lenders a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. Upon the filing of financing statements relating to said security interests in each office and in each jurisdiction where required in order to perfect the security interests described above, the Liens created by the Security Agreements in favor of the Agent will constitute fully perfected Liens on, and security interests in, all right, title and interest of the Loan Parties in such Collateral to the extent perfection can be obtained by filing such financing statements. All filing fees and other expenses in connection with each such action have been or will be paid by the Borrower. Subject to the qualifications and limitations set forth expressly in the Mortgages, if any, the Liens granted to the Agent for the benefit of the Lenders pursuant to each of the Mortgages, if any, constitute a valid first priority Lien under applicable law, subject only to Permitted Liens.

Section 6.23. *Sanctions and Anti-Corruption Laws.* None of the Borrower or any of its Subsidiaries, nor, to the knowledge the Borrower, any director, officer, employee, or agent of the Borrower or any of its Subsidiaries is: (i) the subject of any Sanctions, or (ii) located, organized or resident in a country or territory that is the subject of Sanctions (currently, Crimea, Cuba, Iran, North Korea, Sudan and Syria). The Borrower and its Subsidiaries and, to the knowledge of the Borrower, their respective directors, officers, and employees, and their respective agents that will act in any capacity in connection with or benefit from the credit facility established hereby, are in compliance in all material respects with all applicable Sanctions and with the Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**"), and all other applicable anti-corruption laws.

Section 6.24. *Status of Pledged Collateral*. All the Subsidiary Shares, Partnership Interests or LLC Interests included in the Collateral to be pledged pursuant to the Pledge Agreements are or will be upon issuance validly issued and nonassessable and owned beneficially and of record by the pledgor.

Section 6.25. *Surety Bonds.* Subject, in the case of each Loan Party that is a Debtor, to the entry of the Orders and subject to the terms thereof, all surety, reclamation and similar bonds required to be maintained by the Borrower or any of its Subsidiaries under any Environmental Health and Safety Laws or Contractual Obligation are in full force and effect except for any failure which individually or when taken together with all failures under all such bonds would not reasonably be expected to result in a Material Adverse Change, and were not and will not be terminated, suspended, revoked or otherwise adversely affected by virtue of the consummation of the financing (including all Loans made after the Effective Date) contemplated by this Agreement, provided that certain of such bonds may be terminated, suspended or revoked so long as, taken together, such events could not reasonably be expected to result in a Material Adverse Change. All required guaranties of, and letters of credit with respect to, such surety, reclamation and similar bonds are in full force and effect except where such failure to be in full force and effect could not reasonably be expected to result in a Material Adverse Change.

Section 6.26. *Coal Supply Agreements.* Subject, in the case of each Loan Party that is a Debtor, to the entry of the Orders and subject to the terms thereof, as of the Effective Date, all Coal Supply Agreements to which the Borrower or any of its Subsidiaries is subject or by which it is bound are in full force and effect, except for any failure which individually or when taken together with all failures under all Coal Supply Agreements would not reasonably be expected to result in a Material Adverse Change.

ARTICLE 7
CONDITIONS PRECEDENT

Section 7.01. *Conditions Precedent to Effectiveness.* This Agreement shall become effective on the first date on which each of the following conditions is satisfied (or waived in accordance with Section 13.01):

(a) The Agent shall have received each of the following in form and substance reasonably satisfactory to the Required Lenders:

(i) Executed counterparts of this Agreement from each party hereto;

(ii) A certificate dated the Effective Date and signed by the Secretary or an Assistant Secretary or other Responsible Officer of each of the Loan Parties, certifying as appropriate as to: (A) all action taken by each Loan Party in connection with this Agreement and the other Loan Documents; (B) the names of the Authorized Officers authorized to sign the Loan Documents and their true signatures; and (C) copies of its organizational documents as in effect on the Effective Date certified by the appropriate state official where such documents are filed in a state office together with certificates from the appropriate state officials as to the continued existence and good standing of each Loan Party in each state where organized;

(iii) A written opinion of Davis Polk & Wardwell LLP, counsel for the Loan Parties, dated the Effective Date, in form and substance reasonably satisfactory to the Required Lenders, it being understood that the draft approved by counsel to the Lenders prior to the Petition Date is reasonably satisfactory;

(iv) A certificate from a Responsible Officer of the Borrower as to the matters set forth in Sections 7.01(g), 7.01(h), 7.01(j), 7.01(l) and 7.01(m) (as of the Effective Date);

(v) The DIP Budget and the initial 13-Week Projection;

(vi) The No Proceedings Letter; and

(vii) Notes payable to the Lenders (and their registered assigns) to the extent requested by any Lender pursuant to Section 2.06(g).

Without limiting the generality of the provisions of the last paragraph of Section 10.03, for purposes of determining compliance with the conditions specified in this Section 7.01, each Lender that has signed or subsequently joined this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Agent shall have received notice from such Lender prior to the proposed Effective Date specifying its objection thereto.

(b) Subject to the paragraph immediately following Section 7.01(b)(vi), the Agent shall have received the following in form and substance reasonably satisfactory to the Required Lenders:

(i) executed counterparts of each Security Agreement and each Pledge Agreement;

(ii) proper financing statements under the Uniform Commercial Code of the applicable jurisdictions of organization covering the Collateral described in the Security Agreements;

(iii) Patent, Trademark and Copyright Security Agreements covering the registered intellectual property listed on the applicable schedules to such Patent, Trademark and Copyright Security Agreements, duly executed by the Borrower and each other person that is a Loan Party on the Effective Date;

(iv) evidence that adequate insurance, including flood insurance, if applicable, required to be maintained under this Agreement is in full force and effect, with additional insured, mortgagee and lender loss payable special endorsements attached thereto in form and substance satisfactory to the Agent (and its counsel), with the consent of the Required Lenders, naming the Agent as additional insured, mortgagee and lender loss payee, and evidence that the Loan Parties have taken all action required under the Flood Laws and/or reasonably requested by the Agent to assist in ensuring that each Lender is in compliance with the Flood Laws applicable to the Collateral, including, but not limited to, providing the Agent with the address and/or GPS coordinates of each structure on any real property that will be subject to a mortgage in favor of the Agent, for the benefit of the Lenders, and, to the extent required, obtaining flood insurance for such property, structures and contents prior to such property, structures and contents becoming Collateral;

(v) the Perfection Certificate; and

(vi) copies of all Material Leases of the Loan Parties.

To the extent that any of the items described in this Section 7.01(b) shall not have been received by the Agent notwithstanding the Borrower's use of its commercially reasonable efforts to provide same, delivery of such items shall not constitute a condition effectiveness of this Agreement and the obligations of each Lender to make Loans hereunder, and the Borrower shall, instead, cause such items to be delivered to the Agent not later than 45 days following the Effective Date (or such later date as the Agent shall agree in its discretion (with the consent of the Required Lenders).

(c) The Petition Date shall have occurred.

(d) The Interim Order Entry Date shall have occurred not later than five calendar days following the Petition Date.

(e) All "first day" orders and all related pleadings intended to be entered on or prior to the Interim Order Entry Date (other than the Order Establishing Certain Notice, Case Management and Administrative Procedures) shall have been entered by the Bankruptcy Court and shall be reasonably satisfactory in form and substance to the Agent (with the consent of the Required Lenders), it being understood that drafts approved by counsel to the Lenders prior to the Petition Date are reasonably satisfactory.

(f) No trustee under Chapter 7 or Chapter 11 of the Bankruptcy Code or examiner with enlarged powers beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code shall have been appointed in any of the Cases.

(g) Since December 31, 2015, there shall have been no Material Adverse Change (other than the commencement of the Cases).

(h) All necessary governmental and third party consents and approvals necessary in connection with the DIP Facility and the transactions contemplated hereby shall have been obtained (without the imposition of any adverse conditions that are not reasonably acceptable to the Agent and the Required Lenders) and shall remain in effect; and no law or regulation shall be applicable in the judgment of the Agent with the consent of the Required Lenders that restrains, prevents or imposes materially adverse conditions upon the DIP Facility or the transactions contemplated hereby.

(i) The Required Lenders shall not have provided written notice to the Borrower prior to the release of their signature pages to this Agreement that they are not satisfied in their reasonable judgment that there shall not occur as a result of, and after giving effect to, the initial extension of credit under the DIP Facility, a default (or any event which with the giving of notice or lapse of time or both would be a default) under any of the Loan Parties' or their respective subsidiaries' debt instruments and other material agreements which, in the case of the Loan Parties' debt instruments and other material agreements, would permit the counterparty thereto to exercise remedies thereunder on a post-petition basis or would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Change.

(j) There shall exist no unstayed action, suit, investigation, litigation or proceeding pending or (to the knowledge of the Loan Parties) threatened in any court or before any arbitrator or governmental instrumentality (other than the Cases) that would reasonably be expected to result in a Material Adverse Change.

(k) The Borrower shall have paid all fees payable on or before the Effective Date as required by this Agreement, the Agent Fee Letter, the CS Fee Letter and any other Loan Document.

(l) The representations and warranties of the Borrower and each other Loan Party contained in each Loan Document to which it is a party shall be true and correct in all material respects on and as of the Effective Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

(m) No Event of Default or Potential Default shall have occurred and be continuing.

(n) The Interim Order shall be in full force and effect and shall not have been vacated or reversed, shall not be subject to a stay, and shall not have been modified or amended in any respect without the prior written consent of the Required Lenders or of the Agent with the consent of the Required Lenders.

Section 7.02. *Conditions Precedent to Initial Funding Date*. The obligation of each Lender to make Loans hereunder on the Initial Funding Date pursuant to Section 2.01(a) shall become effective on the first date on which each of the following conditions is satisfied (or waived in accordance with Section 13.01):

(a) The Effective Date shall have occurred.

(b) The Agent shall have received each of the following in form and substance reasonably satisfactory to the Required Lenders:

(i) A certificate from a Responsible Officer of the Borrower as to the matters set forth in Sections 7.02(c) and 7.02(d) (as of the Initial Funding Date); and

(ii) A duly executed and completed Term Loan Request delivered in accordance with Section 2.05.

(c) The representations and warranties of the Borrower and each other Loan Party contained in each Loan Document to which it is a party shall be true and correct in all material respects on and as of the Initial Funding Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

(d) No Event of Default or Potential Default shall have occurred and be continuing.

(e) The amount of the Term Loans made on the Initial Funding Date shall not exceed the amount authorized by the Interim Order or, if the Final Order Entry Date has occurred prior to or on the Initial Funding Date, the Final Order.

(f) The Borrower shall have paid all fees payable on or before the Initial Funding Date as required by this Agreement.

(g) (x) Credit Suisse shall have assigned at least 95% of the CS Syndication Commitments (as defined in the CS Fee Letter) pursuant to Section 13.09, and (y) within one (1) Business Day after receipt by the Borrower of written notice from the Agent that the condition precedent in the foregoing clause (x) is satisfied, the Borrower shall have paid to the Agent a fee equal to 5.00% of the principal amount of the Commitments on the Effective Date for the account of each Lender according to its Ratable Share.

Section 7.03. *Conditions Precedent to the Final Funding Date.* The obligation of each Lender to make Loans hereunder on the Final Funding Date pursuant to Section 2.01(b) shall be conditioned upon the satisfaction (or waiver in accordance with Section 13.01) of the following conditions:

(a) The Final Order Entry Date shall have occurred within 45 days of the Interim Order Entry Date, and the Final Order shall be in full force and effect and shall not have been vacated or reversed, shall not be subject to a stay, and shall not have been modified or amended in any respect without the prior written consent of the Agent (with the consent of the Required Lenders).

(b) The Initial Funding Date shall have occurred.

(c) The Agent shall have received each of the following in form and substance reasonably satisfactory to the Required Lenders:

(i) A certificate from a Responsible Officer of the Borrower as to the matters set forth in Sections 7.03(d) and 7.03(e) (as of the Final Funding Date); and

(ii) A duly executed and completed Term Loan Request.

(d) The representations and warranties of the Borrower and each other Loan Party contained in each Loan Document to which it is a party shall be true and correct in all material respects on and as of the Final Funding Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

(e) No Event of Default or Potential Default shall have occurred and be continuing.

(f) The aggregate amount of the Term Loans made on or prior to the Final Funding Date shall not exceed the amount authorized by the Final Order.

(g) (i) All material "second day orders" and all related pleadings intended to be entered on or prior to the date of entry of the Final Order, including a final cash management order and any order establishing procedures for the administration of the Cases, shall have been entered by the Bankruptcy Court, and (ii) all pleadings related to procedures for approval of significant transactions, including, without limitation, asset sale procedures, regardless of when filed or entered, shall be reasonably satisfactory in form and substance to the Agent (with the consent of the Required Lenders), it being understood that the form of orders substantially in the forms filed on the Petition Date are reasonably satisfactory.

(h) The Borrower shall have paid all fees payable on or before the Final Funding Date as required by this Agreement.

ARTICLE 8
COVENANTS

Section 8.01. *Affirmative Covenants.* The Borrower covenants and agrees that until payment in full of the Loans and interest thereon, satisfaction of all of the Loan Parties' other Obligations under the Loan Documents (other than indemnification and other contingent obligations not yet due and owing) and the termination of the Commitments, the Borrower shall, and shall cause each of its Subsidiaries to, comply at all times with the following affirmative covenants:

(a) *Preservation of Existence, Etc.* The Borrower shall maintain its legal existence as a corporation. The Borrower shall cause each of its Subsidiaries to maintain its legal existence as a corporation, limited partnership or limited liability company, as the case may be, except as otherwise expressly permitted in Section 8.02(c) or Section 8.02(d). The Borrower shall maintain its license or qualification and good standing in each jurisdiction in which its ownership or lease of property or the nature of its business makes such license or qualification necessary, except where the failure to so qualify or maintain such qualification could be corrected without a material adverse effect on the Borrower. The Borrower shall cause each of its Subsidiaries to maintain its license or qualification and good standing in each jurisdiction in which its ownership or lease of property or the nature of its business makes such license or qualification necessary, except where the failure to so qualify would not reasonably be expected to result in a Material Adverse Change.

(b) *Payment of Liabilities, Including Taxes, Etc.* In the case of any Debtor, in accordance with the Bankruptcy Code and subject to any required approval by the Bankruptcy Court (it being understood that no Debtor shall be obligated to make any payments hereunder that may, in its reasonable judgment, result in a violation of any applicable law, including the Bankruptcy Code, without an order of the Bankruptcy Court authorizing such payments) and except where failure to do so could not reasonably be expected to result in a Material Adverse Change, the Borrower shall, and shall cause each of its Subsidiaries to, duly pay and discharge all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it (in the case of any Debtor, solely to the extent arising post-petition), prior to the date on which penalties attach thereto, and all lawful claims (in the case of any Debtor, solely to the extent arising post-petition) which, if unpaid after becoming due, might become a lien or charge upon any properties of the Borrower or any Subsidiary of the

Borrower, provided that neither the Borrower nor any Subsidiary of the Borrower shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings and with respect to which there are proper reserves as required by GAAP, but only to the extent that failure to discharge any such liabilities would not adversely affect the value of the Collateral.

(c) *Maintenance of Insurance.* Each Loan Party shall, and shall cause each of its Subsidiaries to, insure its properties and assets against loss or damage by fire and such other insurable hazards as such assets are commonly insured (including fire, extended coverage, property damage, workers' compensation, public liability and business interruption insurance) and against other risks (including errors and omissions) in such amounts as similar properties and assets are insured by prudent companies in similar circumstances carrying on similar businesses, and with reputable and financially sound insurers, including self-insurance to the extent customary. The Loan Parties shall deliver to the Agent (x) on the Effective Date and annually thereafter an original certificate of insurance of the Loan Parties' independent insurance broker describing and certifying as to the existence of the insurance on the Collateral required to be maintained by this Agreement and the other Loan Documents, together with a copy of the endorsement described in the next sentence attached to such certificate and (y) at the request of the Agent, from time to time a summary schedule indicating all insurance then in force with

respect to each of the Loan Parties. Such policies of insurance shall contain special endorsements, in form and substance reasonably acceptable to the Agent, with the consent of the Required Lenders, which shall (i) specify the Agent as an additional insured, mortgagee and lender loss payee as its interests may appear, with the understanding that any obligation imposed upon the insured (including the liability to pay premiums) shall be the sole obligation of the applicable Loan Parties and not that of the insured, (ii) provide that the interest of the Lenders shall be insured regardless of any breach or violation by the applicable Loan Parties of any warranties, declarations or conditions contained in such policies or any action or inaction of the applicable Loan Parties or others insured under such policies, (iii) endeavor to provide to the extent commercially available that no cancellation of such policies for any reason (including non-payment of premium) shall be effective until at least ten (10) days after receipt by the Agent of written notice of such cancellation, (iv) be primary without right of contribution of any other insurance carried by or on behalf of any additional insureds with respect to their respective interests in the Collateral, and (v) provide that inasmuch as the policy covers more than one insured, all terms, conditions, insuring agreements and endorsements (except limits of liability) shall operate as if there were a separate policy covering each insured. The applicable Loan Parties shall notify the Agent promptly of any casualty or condemnation event causing a loss or decline in value of the Collateral in excess of $50,000,000 and the estimated (or actual, if available) amount of such loss or decline. Upon the occurrence of an Event of Default that has not been waived, monies constituting insurance proceeds or condemnation proceeds (pursuant to the Mortgages, if any) shall be paid to the Agent and applied in accordance with Section 9.02(e) and the Collateral Documents.

Each Loan Party shall take all actions required under the Flood Laws and/or reasonably requested by the Agent, with the consent of the Required Lenders, to assist in ensuring that each Lender is in compliance with the Flood Laws applicable to the Collateral, including, to the extent applicable, providing the Agent with the address and/or GPS coordinates of each structure on any real property that will be subject to a mortgage in favor of the Agent, for the benefit of the

Lenders, and, to the extent required, obtaining flood insurance for such property, structures and contents prior to such property, structures and contents becoming Collateral, and thereafter maintaining such flood insurance in full force and effect for so long as required by the Flood Laws.

(d) *Maintenance of Properties and Leases.* Except where the failure to do so would not reasonably be expected to result in a Material Adverse Change, the Borrower shall, and shall cause each of its Subsidiaries to, maintain and preserve all of its respective material properties, necessary or useful in the proper conduct of the business of the Borrower or such Subsidiary of the Borrower, in good working order and condition, ordinary wear and tear excepted (except as otherwise expressly permitted by this Agreement). Without limiting the generality of the foregoing, the Borrower shall, and shall cause each of its Subsidiaries to, maintain in full force and effect all material patents, trademarks, service marks, trade names, copyrights, licenses and franchises necessary for the ownership and operation of its properties and business if the failure to so maintain the same would constitute a Material Adverse Change.

(e) *Visitation Rights.* The Borrower shall, and shall cause each of its Subsidiaries to, permit any of the officers or authorized employees or representatives of the Agent or any of the Lenders (so long as no Event of Default has occurred and is continuing, at the Agent's or Lender's expense) to visit and inspect during normal business hours any of its properties and to examine and make excerpts from its books and records and discuss its business affairs, finances and accounts with its officers, all in such detail and at such times and as often as any of the Lenders may reasonably request, provided that (i) each Lender shall provide the Borrower and the Agent with reasonable notice prior to any visit or inspection, (ii) all such visits and inspections shall be made in accordance with the Borrower's standard safety, visit and inspection procedures and (iii) no such visit or inspection shall interfere with such Borrower's normal business operation. In the event any Lender desires to conduct an audit of the Borrower or any Subsidiary of the Borrower, such Lender shall conduct such audit contemporaneously with any audit to be performed by the Agent.

(f) *Keeping of Records and Books of Account.* The Borrower shall, and shall cause each Subsidiary of the Borrower to, maintain and keep proper books of record and account which enable the Borrower and its Subsidiaries to issue financial statements in accordance with GAAP and as otherwise required by applicable Laws of any Official Body having jurisdiction over the Borrower or any Subsidiary of the Borrower, and in which full, true and correct entries shall be made in all material respects of all its dealings and business and financial affairs.

(g) [Reserved].

(h) *Compliance With Laws.* Except as otherwise excused by the Bankruptcy Code, the Borrower shall, and shall cause each of its Subsidiaries to, comply with all applicable Laws, including all Environmental Health and Safety Laws, in all respects, provided that it shall not be deemed to be a violation of this Section 8.01(h) if any failure to comply with any Law would not result in fines, penalties, costs (including those associated with the performance of any Remedial Actions), other similar liabilities or injunctive relief which in the aggregate could reasonably be expected to result in a Material Adverse Change. Without limiting the generality of the foregoing, the Borrower shall, and shall cause each of its Subsidiaries to, comply with all Environmental

Health and Safety Permits and Environmental Health and Safety Orders applicable to their respective operations and properties; obtain, maintain, comply with and renew all Environmental Health and Safety Permits necessary for their respective operations and properties; and manage, use, store, treat dispose and handle all Regulated Substances in compliance with all applicable Environmental Health and Safety Laws, in each case, except for such non-compliance or failure to obtain, maintain or renew which could not or would not reasonably be expected to result in a Material Adverse Change.

(i) *Use of Proceeds.* The Borrower will use the proceeds of the Term Loans only (i) to pay for fees and expenses relating to this Agreement and the Cases, and (ii) for general corporate purposes and for working capital. The proceeds of the Loans shall not be for any purpose which contravenes any applicable Law or any provision of this Agreement or any other Loan Document.

(j) [Reserved].

(k) [Reserved].

(l) *Collateral; Further Assurances.*

(i) *Collateral Documents and Liens.*

(A) Subject to Section 8.01(l)(iv), the Borrower shall and shall cause each of the Loan Parties to execute and deliver to the Agent for the benefit of the Lenders, the Collateral Documents reasonably requested by the Agent to grant superpriority perfected liens and security interests (subject only to Permitted Liens) in favor of the Agent for the benefit of the Lenders with respect to substantially all of the assets of the Loan Parties, other than Excluded Property; provided that with respect to deposit accounts or securities accounts of any Loan Party, the Loan Parties will not be required to enter into any blocked account agreements or control agreements with respect thereto unless requested by the Agent or the Required Lenders after the occurrence of an Event of Default that has not been waived.

(B) The Borrower shall and shall cause each Loan Party, from time to time, at its expense, to preserve and protect the Agent's Lien on and Prior Security Interest in the Collateral as a continuing first priority perfected Lien, subject only to Permitted Liens and except to the extent otherwise permitted hereunder, and shall do such other acts and things as the Agent may reasonably deem necessary or advisable from time to time in order to preserve, perfect and protect the Liens granted under the Loan Documents and to exercise and enforce its rights and remedies thereunder with respect to the Collateral, except to the extent otherwise permitted hereunder.

(ii) *Equity Interests in Bonding Subsidiaries*. In the event that the Borrower or any Subsidiary of the Borrower is required to pledge the equity interests of any Bonding Subsidiary in favor of any provider of surety bonds required by the lessor of the leasehold interest held by such Bonding Subsidiary as otherwise permitted by Section

8.02(q), then prior to the granting of such lien, the Borrower shall use commercially reasonable good faith effort to grant a second priority perfected lien in such equity interests to the Agent for the benefit of the Lenders subject to an intercreditor agreement in form and substance reasonably satisfactory to the Agent.

(iii) *Requirements for Special Joint Ventures*. Notwithstanding the foregoing provisions of this Section 8.01(l), if a Person (A) is a Permitted Joint Venture on the Effective Date or (B) becomes a Permitted Joint Venture of the Borrower after the Effective Date either: (1) as a result of any Investment in such Person as a Permitted Joint Venture permitted by Section 8.02(f), or (2) as a result of any Investment in such Person pursuant to an Investment permitted by clause (viii) of Section 8.02(n) (a Person described in the immediately preceding clause (A) or clause (B) is sometimes referred to as a "**Special Joint Venture**"), neither the Borrower nor any Subsidiary of the Borrower shall be required to pledge the equity interests of such Special Joint Venture if and only if and to the extent that the limited liability company agreement, limited partnership agreement, joint venture agreement, general partnership agreement or other constituent documents of such Special Joint Venture or other material agreement related to the Investment in such Special Joint Venture would prohibit the granting of such Liens. For the avoidance of doubt, nothing in this Section 8.01(l) shall require any Loan Party to take any action to grant or perfect a security interest in any assets constituting Excluded Property.

(iv) *Requirements for Significant Subsidiaries*.

(A) Guarantees. Within thirty (30) days (or such longer period as the Agent may agree in its reasonable discretion) after any Significant Subsidiary is formed or acquired after the Effective Date or a Subsidiary becomes a Significant Subsidiary, the Borrower shall: (i) unless the Agent otherwise agrees, cause each such Significant Subsidiary to (x) become a Debtor, (y) execute a Guarantor Joinder pursuant to which it shall join as a Guarantor each of the documents to which the Guarantors are parties; (ii) execute and deliver to the Agent documents, modified as appropriate to relate to such Significant Subsidiary, in the forms described in Sections 7.01(a)(ii), 7.01(a)(iii), and 7.01(a)(iv), and (iii) deliver to the Agent such other documents and agreements as the Agent may reasonably request.

(B) Collateral. Within thirty (30) days (or such longer period as the Agent may agree in its reasonable discretion) after any Significant Subsidiary is formed or acquired after the Effective Date or a Subsidiary becomes a Significant Subsidiary, (i) the applicable Loan Party shall pledge the equity interests (except to the extent constituting Excluded Property) it owns in any other Significant Subsidiary to the Agent for the benefit of the Lenders on a superpriority perfected basis pursuant to a Pledge Agreement substantially in the form attached hereto as Exhibit 1.1(P)(3), (ii) such new Significant Subsidiary shall execute and deliver to the Agent for the benefit of the Lenders, Collateral Documents in form and substance reasonably satisfactory to the Agent, including without limitation a Security Agreement substantially in the form attached hereto as Exhibit 1.1(S)(2),

Patent, Trademark and Copyright Security Agreements, and Mortgages, if any (subject to the below proviso) reasonably requested by the Agent to grant superpriority perfected liens and security interests (subject only to Permitted Liens) in favor of the Agent for the benefit of the Lenders in substantially all of the assets of the such Significant Subsidiary, (iii) the Borrower shall obtain Uniform Commercial Code, lien, tax, mortgage, leasehold mortgage, and judgment searches (including searches of the applicable real estate indexes), with the results, form scope and substance of such searches to be reasonably satisfactory to the Agent, and (iv) the Borrower shall provide the Agent with evidence that such Significant Subsidiary has taken all actions required under the Flood Laws and/or reasonably requested by the Agent to assist in ensuring that each Lender is in compliance with the Flood Laws applicable to the Collateral to the extent such Collateral includes any "building" or "mobile home" (each as defined in Regulation H as promulgated by the Federal Reserve Board under the Flood Laws), including, but not limited to, providing the Agent with the address and/or GPS coordinates of each structure on any real property that is or will be subject to a mortgage in favor of the Agent, for the benefit of the Lenders, and, to the extent required, obtaining flood insurance for such property, structures and contents prior to such property, structures and contents becoming Collateral; provided, however, with respect to any Real Property of a Significant Subsidiary that is formed or acquired after the Effective Date or of a Subsidiary that becomes a Significant Subsidiary after the Effective Date that is required to be subject to a Mortgage, and any as-extracted minerals or fixtures (as such terms are defined in the Uniform Commercial Code) which are required to be subject to a Mortgage or a Security Agreement, (x) such requirements shall apply only upon the reasonable request of the Agent with the consent of the Required Lenders, in the exercise of their business judgment, and (y) the requirements of this Section 8.01(l) shall be satisfied with respect to Real Property and with respect to fixtures and as extracted collateral if the Borrower and the applicable Significant Subsidiary take all steps within 90 days following the date a Subsidiary becomes a Significant Subsidiary (or such longer period as reasonably determined in the Agent's reasonable discretion (with the consent of the Required Lenders) requested by the Agent with respect to such Collateral.

(m) *Subordination of Intercompany Loans.* Each Loan Party agrees that any intercompany Indebtedness, loans or advances owed by any Loan Party to any other Loan Party shall be subordinated to the payment of the Obligations.

(n) [Reserved].

(o) *First and Second Day Orders.* The Borrower shall cause all proposed "first day" orders and "second day" orders submitted to the Bankruptcy Court to be in accordance with and permitted by the terms of this Agreement and reasonably acceptable to the Agent (with the consent of the Required Lenders) in all material respects, it being understood and agreed that the forms of orders approved by the Agent and the Required Lenders prior to the Petition Date are in accordance with and permitted by the terms of this Agreement in all material respects and are reasonably acceptable.

(p) *Certain Case Milestones*.

(i) No later than five (5) days after the Petition Date, entry of the Interim Order;

(ii) No later than forty-five (45) days after the Petition Date, entry of the Final Order;

(iii) No later than sixty (60) days after the Petition Date, delivery of an updated business plan that is reasonably acceptable to the Required Lenders;

(iv) No later than ninety (90) days after the Petition Date, the filing of an Acceptable Reorganization Plan and accompanying disclosure statement;

(v) No later than sixty (60) days after the satisfaction of the milestone provided for in clause (iv) above, obtain an order of the Bankruptcy Court approving a disclosure statement for the solicitation of the Acceptable Reorganization Plan; and

(vi) No later than ninety (90) days after the satisfaction of the milestone provided for in clause (v) above, obtain an order of the Bankruptcy Court confirming the Acceptable Reorganization Plan; and

(vii) No later than fifteen (15) days after the satisfaction of the milestone provided for in clause (vi) above, the Acceptable Reorganization Plan shall have become effective.

(q) *Ratings*. The Borrower shall exercise commercially reasonable efforts to obtain and to maintain ratings from Moody's and Standard & Poor's for the Loans.

Section 8.02. *Negative Covenants.* The Borrower covenants and agrees that until payment in full of the Loans and interest thereon, satisfaction of all of the Loan Parties' other Obligations hereunder and termination of the Commitments, the Borrower shall, and shall cause each of its Subsidiaries to, comply with the following negative covenants:

(a) *Indebtedness.* The Borrower shall not, and shall not permit any of its Subsidiaries to, at any time create, incur, assume or suffer to exist any Indebtedness, except:

(i) Indebtedness under the Loan Documents or in respect of any of the other Obligations;

(ii) to the extent constituting Indebtedness, Bonding Superpriority Claims in an amount not to exceed $75,000,000;

(iii) [reserved];

(iv) [reserved];

(v) (A) Indebtedness of any Loan Party payable to any other Loan Party, it being understood and agreed that such Indebtedness is subordinated to the Obligations of the Loan Parties under the Loan Documents, (B) Indebtedness of any Non-Guarantor Subsidiary payable to any other Non- Guarantor Subsidiary, (C) loans or guaranties from any Non-Guarantor Subsidiary to any Loan Party and (D) Indebtedness of any Non-Guarantor Subsidiary payable to any Loan Party to the extent such Indebtedness would constitute a permitted Investment under Section 8.02(n);

(vi) [reserved];

(vii) (A) Indebtedness under the Existing Debt Documents and

(B) Indebtedness of the Borrower and its Subsidiaries (other than any capital leases) reflected in the Historical Statements and any refinancings thereof or amendments thereto that do not increase the amount as provided in the Historical Statements;

(viii) Indebtedness of the Borrower or any Subsidiary of the Borrower under a letter of credit facility in an amount, when combined with the aggregate amount of Indebtedness permitted pursuant to Section 8.02(a)(xiii), not to exceed $250,000,000 in the aggregate so long as: (A) the purpose of such facility is to provide letters of credit necessary in the business of the Borrower and its Subsidiaries, including without limitation to secure surety and other bonds, and (B) such Indebtedness, if secured, is only secured as permitted by clause (xii) of the definition of Permitted Liens (a "**Permitted Secured Letter of Credit Facility**");

(ix) [reserved];

(x) Indebtedness or other obligations of the Borrower and its Subsidiaries in respect of any capital lease (as determined in accordance with GAAP) or Indebtedness of the Borrower and its Subsidiaries secured by Purchase Money Security Interests so long as the aggregate amount for the Borrower and its Subsidiaries of all Indebtedness and other obligations permitted by this clause (x) shall not exceed, at any time outstanding $100,000,000;

(xi) [reserved];

(xii) subject to Section 8.02(n)(vi) and Section 8.02(q), Indebtedness of any Bonding Subsidiary payable to the Borrower;

(xiii) Indebtedness of the Securitization Subsidiaries in Permitted Receivables Financings in an amount, when combined with the aggregate amount of Indebtedness permitted pursuant to Section 8.02(a)(viii), not to exceed $250,000,000 in the aggregate;

(xiv) [reserved];

(xv) Indebtedness secured by Liens permitted by clause (xiv) of the definition of Permitted Liens;

(xvi) Guaranties in respect of Indebtedness otherwise permitted hereunder;

(xvii) Indebtedness relating to the financing of insurance policy premiums;

(xviii) [reserved]; and

(xix) Indebtedness of Foreign Subsidiaries which, when combined with the aggregate amount of Investments permitted pursuant Section 8.02(n)(xxi), does not exceed $15,000,000 at any one time.

(b) *Liens; Guaranties.* The Borrower shall not, and shall not permit any of its Subsidiaries to, (i) at any time create, incur, assume or suffer to exist any Lien on any of its respective property or assets, tangible or intangible, now owned or hereafter acquired, except, Permitted Liens, and (ii) at any time, directly or indirectly, enter into any agreement, that prohibits or restricts the Borrower's or its Subsidiaries' ability to grant a security interest or Lien on any of the Collateral to the Agent or the Lenders in connection with this Agreement or any other Loan Document (as such Agreement or Loan Documents may be amended, restated, modified or supplemented) or the Orders, other than agreements relating to Permitted Receivables Financing.

Each of the Loan Parties shall not, and shall not permit any of its Subsidiaries to, at any time, directly or indirectly, become or be liable in respect of any Guaranty, or assume, guaranty, become surety for, endorse or otherwise agree, become or remain directly or contingently liable upon or with respect to any obligation or liability of any other Person, except for (i) Guaranties of the Loan Parties or their Subsidiaries permitted hereunder, including pursuant to Section 8.02(a) and Section 8.02(n), (ii) any Guaranty by any Loan Party of representations, warranties, performance covenants, or indemnities arising in connection with any sale or other disposition of assets of any Loan Party permitted by this Agreement, (iii) any existing Guaranty that is set forth on Schedule 8.02(b) and (iv) endorsements of negotiable or other instruments for deposit or collection in the ordinary course of business.

(c) *Liquidations, Mergers, Consolidations, Acquisitions.* The Borrower shall not, and shall not permit any of its Subsidiaries to, dissolve, liquidate or wind up its affairs, or consummate any merger or consolidation, or acquire by purchase, lease or otherwise all or substantially all of the assets or capital stock of any other Person, provided that:

(i) (A) any Loan Party, other than the Borrower, may consolidate or merge into the Borrower or any other Loan Party and the security interest granted by the Borrower pursuant to the Orders and the Collateral Documents shall remain in full force and effect, (B) any Non-Guarantor Subsidiary may consolidate or merge into any other Non-Guarantor Subsidiary, (C) any Non-Guarantor Subsidiary may consolidate or merge into any Loan Party, so long as such Loan Party survives such merger or consolidation and the security interest granted by the Borrower pursuant to the Orders and the Collateral Documents shall remain in full force and effect, and (D) any transaction otherwise permitted by Section 8.02(d) and Section 8.02(n) shall be permitted under this Section 8.02(c);

(ii) [reserved];

(iii) [reserved];

(iv) a Securitization Subsidiary may dissolve, liquidate or wind-up its affairs or become a party to any merger or consolidation; and

(v) any Subsidiary of the Borrower that holds only de minimis assets and is not conducting any material business may dissolve or otherwise wind up its affairs.

(d) *Dispositions of Assets or Subsidiaries.* The Borrower shall not, and shall not permit any of its Subsidiaries to, sell, convey, assign, lease, abandon, securitize or enter into a securitization transaction, or otherwise transfer or dispose of, voluntarily or involuntarily, any of its properties or assets, tangible or intangible (including sale, assignment, discount or other disposition of accounts, contract rights, chattel paper, equipment, general intangibles with or without recourse or of capital stock, shares of beneficial interest, partnership interests or limited liability company interests of a Subsidiary of the Borrower), except:

(i) (A) transactions involving the sale of inventory in the ordinary course of business, (B) any sale, transfer, lease, sublease or license of assets in the ordinary course of business which are no longer necessary or required in the conduct of such Loan Party's business or the grant in the

ordinary course of business of any non-exclusive easements, permits, licenses, rights of way, surface leases or other surface rights or interests, (C) any sale of accounts arising from the export outside of the U.S. of goods or services by any Loan Party, provided that at the time of any such sale, no Event of Default or Potential Default shall exist or shall result from such sale after giving effect thereto, (D) any lease, sublease or license of assets (with a Loan Party as the lessor, sublessor or licensor) in the ordinary course of business, provided that the interests of the Loan Parties in any such lease, sublease or license are subject to the Lenders' Prior Security Interest, and (E) transfers of condemned property as a result of the exercise of "eminent domain" or other similar policies to the respective Official Body or agency that has condemned the same (whether by deed in lieu of condemnation or otherwise), and transfers of properties that have been subject to a casualty to the respective insurer of such property as part of an insurance settlement;

(ii) any sale, transfer or lease of assets by any Subsidiary of the Borrower which is a Guarantor to any other Loan Party or any sale, transfer or lease of assets by any Non-Guarantor Subsidiary to any Loan Party or any other Non-Guarantor Subsidiary;

(iii) [reserved];

(iv) any purchase or sale or other transfer (including by capital contribution) of Receivables Assets pursuant to a Permitted Receivables Financing;

(v) any sale, transfer or lease of assets, other than those specifically excepted pursuant to clauses (i) through (iv) above or pursuant to clause (vi) below, provided that with respect to all such sales, transfer or lease of assets, pursuant to this Section 8.02(d)(v): (A) at the time of any such disposition, no Event of Default shall exist or shall result from such disposition, (B) such sale, transfer or lease shall be for fair market value, (C) the consideration to be paid to the Borrower and its Subsidiaries as permitted by this

clause (v) shall consist of cash in an amount that is not less than 85% of such consideration; provided, however, for purposes of this clause (C), the following will be deemed to be cash: (1) any reclamation and other liabilities arising under applicable Permits, applicable workers' compensation acts and the federal black lung laws and other liabilities associated with the applicable employees, in each case that are assumed by the transferee with respect to the applicable sale, transfer or lease pursuant to a customary assumption or similar agreement and (2) any letters of credit with respect to the reimbursement of which the Borrower or its Subsidiaries are obligated, to the extent such letters of credit relate to the assets or business subject to such sale, transfer or lease and are cancelled no later than 60 days following such sale, transfer or lease and for which the transferee with respect to the applicable sale, transfer or lease has guaranteed or indemnified the reimbursement of any drawing thereunder on customary terms, (D) if the consideration to be paid to the Borrower and its Subsidiaries per any such sale, transfer or lease exceeds $50,000,000, the Borrower shall have delivered to the Agent a certificate indicating compliance with the requirements of this Section 8.02(d)(v) prior to consummating such sale or transfer, (E) the Net Cash Proceeds for all such sales, transfers or leases, in excess of $50,000,000, in the aggregate, are applied as a mandatory prepayment of the Loans in accordance with and to the extent required under, the provisions of Section 5.06(b)(i) above and (F) no individual sale, transfer or lease (or series of related sales, transfers or leases) shall result in Net Cash Proceeds in excess of $7,500,000;

(vi) any sale, transfer, lease or disposition of assets as part of an Investment which is either (y) an Investment in a Permitted Joint Venture which is permitted by clause (1) of Section 8.02(f), or (z) an Investment permitted by Section 8.02(n);

(vii) any transactions otherwise permitted by Section 8.02(c) or Section 8.02(i);

(viii) sales, transfers or other dispositions of assets pursuant to any order of the Bankruptcy Court, in form and substance reasonably satisfactory to the Agent (with the consent of the Required Lenders), permitting de minimis asset dispositions without further order of the Bankruptcy Court; and

(ix) those sales, transfers or other dispositions set forth on Schedule 8.02(d).

(e) *Affiliate Transactions.* The Borrower shall not, and shall not permit any of its Subsidiaries to, enter into or carry out any transaction (including purchasing property or services from or selling property or services to) with any Affiliate of the Borrower unless (1) such transaction is not otherwise prohibited by this Agreement and (2) such transaction is either (a) entered into upon fair and reasonable arm's-length terms and conditions or (b) would be entered into by a prudent Person in the position of such Loan Party; provided, however that: (i) [reserved], (ii) Section 8.02(e) shall not prohibit any dividend or distribution which is not otherwise prohibited by this Agreement, (iii) this Section 8.02(e) shall not prohibit any transaction described on Schedule 8.02(e) (including any modification, extension or renewal thereof on terms no less favorable to the parties thereto than the terms of such transaction as described on such Schedule) which is not otherwise prohibited by this Agreement, and (iv) this

Section 8.02(e) shall not prohibit any transaction provided for in, or in connection with, a Permitted Receivables Financing.

(f) *Subsidiaries, Partnerships and Joint Ventures.* The Borrower shall not, and shall not permit any of its Subsidiaries to, own or create directly or indirectly any Subsidiaries other than (i) Non-Guarantor Subsidiaries, including any Securitization Subsidiary which is the subject of clause (iii) below) which are not Significant Subsidiaries, (ii) any Significant Subsidiary which has complied with Section 8.01(l), and (iii) any Securitization Subsidiary whose equity interests are pledged to the Agent for the benefit of the Lenders (with the Pledge Agreement therefor to be in form and substance satisfactory to the Agent (with the consent of the Required Lenders)) and which has otherwise complied with Section 8.01(l); provided, however, notwithstanding the foregoing, to the extent that any Subsidiary of the Borrower provides a guaranty under any Existing Debt Documents, such Subsidiary shall be required to join as a Guarantor under this Agreement.

Neither the Borrower nor any Subsidiary of the Borrower shall become or agree to become a joint venturer or hold a joint venture interest in any joint venture:

(1) except that the Loan Parties may make an Investment in a Permitted Joint Venture, so long as the Borrower and its Subsidiaries at all times are in compliance with all requirements of the following clauses (A) through (H) or to the extent otherwise permitted under Section 8.02(n):

(A) the Permitted Joint Venture is either a corporation, limited liability company, trust, or a limited partnership or another form of an entity or arrangement that permits the Borrower and its Subsidiaries to limit their liability, as a matter of Law, for the obligations of the Permitted Joint Venture;

(B) the Investment made in a Permitted Joint Venture permitted under clause(1)(A) immediately above is either (y) of the type described in clauses (i), (ii) or (iv) of the definition of Investment, or (z) of the type described in clauses (iii) or (v) of the definition of Investment and, on the date such Investment is made, the amount of the Guaranty or other obligation, as the case may be, is reasonably estimable;

(C) other than the amount of an Investment permitted under clause (1)(B) immediately above of the type described in clause (iii) or clause (v) of the definition of Investment, there is no recourse to any Loan Party or any Subsidiary of any Loan Party for any Indebtedness or other liabilities or obligations (contingent or otherwise) of the Permitted Joint Venture;

(D) the aggregate consideration to be paid by the Loan Parties for all such Investments in Permitted Joint Ventures during the term of this Agreement shall not exceed $25,000,000;

(E) to the extent the Investment in any such Permitted Joint Venture exceeds $10,000,000, at least five (5) Business Days prior to making any Investment in a Permitted Joint Venture which is otherwise permitted by this

clause (1) of this Section 8.02(f), the Borrower shall have delivered to the Agent all material agreements, documents and instruments in connection with or related to such Investment;

(F) [reserved];

(G) [reserved];

(H) no Potential Default or Event of Default shall exist immediately prior to and after giving effect to each Investment in a Permitted Joint Venture which is otherwise permitted by this clause (1) of this Section 8.02(f);

(g) *Continuation of or Change in Business.* The Borrower shall not, and shall not permit any of its Subsidiaries to, engage in any business other than the business of the Loan Parties and their Subsidiaries, substantially as conducted and operated by the Loan Parties and their Subsidiaries, taken as a whole, as of the Effective Date or business that supports or is complimentary to such business, and the Loan Parties shall not permit any material change in the nature of such business.

(h) *Capital Expenditures*. The Borrower shall not, and shall not permit any of its Subsidiaries to, make any payments in the aggregate for the Borrower and its Subsidiaries for the period commencing on January 1, 2016 and ending on each date set forth below, on account of the purchase or lease of any assets which if purchased would constitute fixed assets or which if leased would constitute a capitalized lease (it being agreed for purpose of this Section 8.02(h) that the incurrence of a capitalized lease entered into after the Effective Date shall be deemed to be a payment in an amount equal to the principal amount of such capitalized lease) (each, a "**Capital Expenditure**") in an amount exceeding the difference between: (i) the sum of (x) the cumulative budgeted amounts for each month set forth below under the heading "DIP Budget Amount" up to and including such fiscal month *plus* (y) the amount set forth under the heading "Cumulative CapEx Cushion" for such fiscal month *minus* (ii) the aggregate amount of Capital Expenditures made by the Borrower and its Subsidiaries during the period commencing on January 1, 2016 and ending on the last day of such fiscal month. All such Capital Expenditures shall be made under usual and customary terms and in the ordinary course of business:

Fiscal Month End Date	DIP Budget Amount	Cumulative CapEx Cushion
January 31, 2016	$ 6,300,000	$ 10,000,000
February 29, 2016	$ 5,700,000	$ 10,000,000
March 31, 2016	$ 12,100,000	$ 10,000,000
April 30, 2016	$ 20,400,000	$ 11,125,000
May 31, 2016	$ 6,100,000	$ 12,650,000
June 30, 2016	$ 4,300,000	$ 13,725,000
July 31, 2016	$ 5,300,000	$ 15,050,000
August 31, 2016	$ 5,100,000	$ 16,325,000
September 30, 2016	$ 9,100,000	$ 18,600,000
October 31, 2016	$ 5,900,000	$ 20,075,000
November 30, 2016	$ 2,800,000	$ 20,775,000

December 31, 2016	$	17,000,000	$	25,025,000
January 31, 2017	$	8,900,000	$	27,250,000

(i) *Restricted Payments.* The Borrower shall not, and shall not permit any of its Subsidiaries to, declare or pay, directly or indirectly, any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any shares of capital stock or other equity interests of the Borrower or any Subsidiary of the Borrower or directly or indirectly redeem, purchase, retire or otherwise acquire for value any shares of any class of the capital stock or other equity interests of the Borrower or any Subsidiary of the Borrower or set aside any amount for any such purposes, except that:

(i) [reserved];

(ii) [reserved];

(iii) any Subsidiary of the Borrower may declare and pay dividends or make any other distribution (by reduction of capital or otherwise) to, or repurchase its capital stock or equity interests from, the Borrower or any other Subsidiary of the Borrower (or, in the case of non-wholly owned Subsidiaries of the Borrower, to the Borrower or any other Subsidiary that is a direct or indirect parent of such non-wholly-owned Subsidiary and to each other owner of equity interests of such non-wholly owned Subsidiary on a pro rata basis (or more favorable basis from the perspective of the Borrower or its applicable Subsidiary) based on their relative ownership interests);

(iv) [reserved];

(v) dividends or other distributions payable solely in capital stock or equity interests.

(j) *Sanctions and Anti-Corruption; Use of Proceeds*. The Borrower will not, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is

the subject of Sanctions, except to the extent permitted for a Person required to comply with Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as lender, underwriter, advisor, investor, or otherwise). No part of the proceeds of the Loans will be used, directly or indirectly, in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of the FCPA or any other applicable anti-corruption law.

(k) *Payment of Other Indebtedness*. Except pursuant to and simultaneous with the consummation of an Acceptable Reorganization Plan, prepay, redeem, purchase, defease, convert into cash or otherwise satisfy prior to the scheduled maturity in any manner (x) any Debt that is owed to a third party that is subordinated to the Obligations; or (y) any other Debt of the Debtors, except, in the case of this clause (y), for (i) the payment of the Obligations in accordance with the terms of this Agreement, (ii) the payment of any Debt that is secured on a senior basis to the Liens of the Agent and the Lenders against the Borrower or any other Loan Party hereunder or under any of the other Loan Documents and (iii) any payments and expenses provided for in orders of the Bankruptcy Court entered upon pleadings in form and substance satisfactory to the Agent.

(l) *No Restriction in Agreements on Dividends or Certain Loans*. Other than as pursuant to an order of the Bankruptcy Court or the Bankruptcy Code, the Borrower shall not, and shall not permit any of its Subsidiaries to, enter into or be bound by any agreement (i) which prohibits or restricts, in any manner the payment of dividends by any of its Subsidiaries (whether in cash, securities, property or otherwise), or (ii) which prohibits or restricts in any manner the making of any loan to the Borrower by any of its Subsidiaries, other than, in each case, (A) restrictions applicable to a Securitization Subsidiary in connection with a Permitted Receivables Financing, (B) restrictions imposed by any applicable law, rule or regulation (including applicable currency control laws and applicable state or provincial corporate statutes restricting the payment of dividends or any other distributions in certain circumstances) and (C) restrictions in effect under any Indebtedness outstanding on the Petition Date or any customary restrictions contained in documents governing any other Indebtedness permitted under Section 8.02(a).

(m) [*Reserved*].(n)

(n) *Loans and Investments.* The Borrower shall not, and shall not permit any of its Subsidiaries to, at any time make any Investment (other than bonds required in the ordinary course of business of the Borrower, such as, and without limitation, surety bonds, royalty bonds or bonds securing performance by the Borrower or a Subsidiary of the Borrower under bonus bids), notes or securities of, or any partnership interest (whether general or limited) or limited liability company interest in, or any other Investment or interest in, or make any capital contribution to, any other Person, or agree, become or remain liable to do any of the foregoing, except:

(i) trade credit extended on usual and customary terms in the ordinary course of business and stock, obligations or securities received in settlement of debts created in

the ordinary course of business and owing to the Borrower or any Subsidiary in satisfaction of judgments;

(ii) (A) Investments by the Borrower or any of its Subsidiaries in any Loan Party and (B) Investments by any Non-Guarantor Subsidiary in any other Non-Guarantor Subsidiary

(iii) (A) Permitted Investments and (B) any Investments arising in connection with any Hedging Transactions;

(iv) Investments in Permitted Joint Ventures as permitted by Section 8.02(f);

(v) [reserved];

(vi) loans by the Borrower to any Bonding Subsidiary; provided, however that (x) prior to any loan being made to any Bonding Subsidiary, such loan shall be evidenced by a note, reasonably satisfactory to the Agent, and such note shall be pledged pursuant to the applicable Collateral Document to the Agent for the benefit of the Lenders, and (y) any loans by the Borrower to any Bonding Subsidiary shall in each and every case be subject to Section 8.02(q);

(vii) loans and advances permitted by Section 8.02(a);

(viii) other Investments, in connection with or related to the operations of the Borrower and its Subsidiaries, not exceeding the greater of $15,000,000 in any fiscal year of the Borrower;

(ix) Investments arising as a result of Permitted Receivables Financings;

(x) [reserved];

(xi) [reserved];

(xii) [reserved];

(xiii) [reserved];

(xiv) Investments by Borrower of the type described in clause (i) of the definition of Investment in any Bonding Subsidiary

(xv) any transaction which is an Investment permitted by Section 8.02(i), Section 8.02(c), Section 8.02(d) (including, without limitation, Investments arising out of the receipt by Borrower or any Subsidiary of noncash consideration for the sale of assets permitted thereunder) or Section 8.02(s);

(xvi) any guaranty which is permitted under Section 8.02(b);

(xvii) [reserved];

(xviii) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business and (b) loans or advances to employees made in the ordinary course of business, provided that such loans and advances to all such employees do not exceed an aggregate amount of $5,000,000 outstanding at any time;

(xix) Investments existing as of the Effective Date and set forth on Schedule 8.02(n), and extensions, renewals, modifications, restatements or replacements thereof; provided that no such extension, renewal, modification, restatement or replacement shall increase the amount of the original loan, advance or investment, except by an amount equal to any premium or other reasonable amount paid in respect of the underlying obligations and fees and expenses incurred in connection with such extension, renewal, modification, restatement or replacement;

(xx) to the extent constituting an Investment, the repurchase, repayment, defeasance or retirement of any Indebtedness of the Borrower or any Subsidiary to the extent such repurchase, prepayment or retirement is expressly permitted hereunder; and

(xxi) Investments by the Borrower and the Guarantors in Foreign Subsidiaries, which, when combined with the aggregate amount of Indebtedness permitted pursuant Section 8.02(a)(xix), does not exceed $15,000,000 at any time.

(o) [*Reserved*].

(p) *Changes in Organizational Documents*. Except pursuant to and simultaneous with the consummation of an Acceptable Reorganization Plan, the Borrower shall not, and shall not permit any of its Subsidiaries to, amend in any respect its certificate of incorporation (including any provisions or resolutions relating to capital stock), by-laws, certificate of limited partnership, partnership agreement, certificate of formation, limited liability company agreement or other organizational documents without providing at least ten (10) calendar days' prior written notice to the Agent and the Lenders and, in the event such change would be materially adverse to the Lenders as reasonably determined by the Agent or Required Lenders, obtaining the prior written consent of the Required Lenders; provided, however, that this Section 8.02(p) shall not require the consent of the Required Lenders to any such change to the limited liability company agreement or other organizational documents of any Securitization Subsidiary made to facilitate any Permitted Receivables Financing.

(q) *Transactions With Respect to the Bonding Subsidiaries.*

(i) [reserved].

(ii) Except as otherwise expressly permitted under this Agreement, the Borrower shall not permit any Bonding Subsidiary to (x) own any assets other than a leasehold interest, as lessee, in a coal lease where the lessor is a Person that is not an Affiliate of the Borrower and cash and

marketable securities necessary to assure either the lessor of such leasehold interest of the performance of all obligations by such Bonding Subsidiary thereunder or to assure the provider of surety bonds described in the

following clause (y) that such Bonding Subsidiary is able to perform its obligations to such provider under the described surety bonds; and (y) incur any indebtedness or other obligation or liabilities (whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, or joint or several) except those to the lessor of the coal lease owned by such Bonding Subsidiary and those in favor of the provider of the surety bonds which provide payment assurances to such lessor under the coal lease owned by such Bonding Subsidiary related to the cost of acquiring such leasehold interest, the bonus bid and royalty payments thereunder and the costs and expenses incidental to such lease; provided, however that in lieu of any surety bond described in the preceding clause (ii) such Bonding Subsidiary may request that the Borrower obtain a letter of credit on behalf of such Bonding Subsidiary and such Bonding Subsidiary may incur reimbursement obligations in connection therewith.

(r) *Hedging Transactions*. The Borrower shall not, and shall not permit any of its Subsidiaries to enter into any Hedging Transaction other than in the ordinary course of their business operations for non-speculative hedging purposes.

(s) *Minimum Liquidity.* The Borrower shall not permit Liquidity to be less than $575,000,000 (or $300,000,000 at any time prior to the entry of the Final Order) as of the close of business on the last Business Day of each month.

Section 8.03. *Reporting Requirements.* The Borrower covenants and agrees that until payment in full of the Loans and interest thereon, satisfaction of all of the Loan Parties' other Obligations hereunder and under the other Loan Documents (other than indemnification and other contingent obligations not yet due and owing) and termination of the Commitments, the Borrower will furnish or cause to be furnished to the Agent, for delivery to each of the Lenders:

(a) *Interim Financial Statements.*

(i) Within forty-five (45) calendar days after the end of each of the first three fiscal quarters in each fiscal year (or such earlier date, from time to time established by the SEC in accordance with the Securities Exchange Act of 1934, as amended), financial statements of the Borrower and its Subsidiaries, consisting of a consolidated balance sheet as of the end of such fiscal quarter, related consolidated statements of income and stockholders' equity and related consolidated statement of cash flows for the fiscal quarter then ended and the fiscal year through that date, all in reasonable detail and certified (subject to normal year-end audit adjustments) by the Chief Executive Officer, President, Treasurer or Chief Financial Officer of the Borrower as having been prepared in accordance with GAAP, consistently applied, and setting forth in comparative form the respective financial statements for the corresponding date and period in the previous fiscal year. The Borrower will be deemed to have complied with the delivery requirements with respect to the consolidated financial statements required to be delivered under this Section 8.03(a) if within forty-five (45) days after the end of its fiscal quarter (or such earlier date, from time to time established by the SEC in accordance with the Securities Exchange Act of 1934, as amended), the Borrower delivers to the Agent (for delivery to each of the Lenders) a copy of the Borrower's Form 10-Q as filed with

the SEC and the financial statements contained therein meet the requirements described in this Section; and

(ii) within thirty (30) days after the end of each fiscal month (and with respect to the last fiscal month of each fiscal quarter, 45 days after the end of such month (but 60 days with respect to the month of December)), the consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such month and related statements of operations and cash flows of the Borrower and its Subsidiaries for such month and for the period commencing at the end of the previous fiscal year and ending with the end of such month, certified by the Chief Executive Officer, President, Treasurer or Chief Financial Officer of the Borrower as (A) having been prepared in accordance with GAAP and (B) presenting fairly and accurately the consolidated financial condition and results of operations and cash flows of the Borrower and the Subsidiaries as of the dates and for the periods to which they relate, subject, in the case of clauses (A) and (B), to the absence of footnotes and to normal year-end audit adjustments.

(b) *Annual Financial Statements.* Within ninety (90) days after the end of each fiscal year of the Borrower (or such earlier date, from time to time established by the SEC in accordance with the Securities Exchange Act of 1934, as amended), financial statements of the Borrower and its Subsidiaries consisting of a consolidated balance sheet as of the end of such fiscal year, related consolidated statements of income and stockholders' equity and related consolidated statement of cash flows for the fiscal year then ended, all in reasonable detail and setting forth in comparative form the financial statements as of the end of and for the preceding fiscal year, and certified, in the case of the consolidated financial statements, by independent certified public accountants of nationally recognized standing reasonably satisfactory to the Agent (it being understood and agreed that Ernst & Young LLP is reasonably satisfactory). The certificate or report of accountants shall be free of qualifications (other than (x) any consistency qualification that may result from a change in the method used to prepare the financial statements as to which such accountants concur and (y) a "going concern qualification" with respect to the Cases) and shall not indicate the occurrence or existence of any event, condition or contingency which would materially impair the prospect of payment or performance of any covenant, agreement or duty of any Loan Party under any of the Loan Documents. The Borrower will be deemed to have complied with the delivery requirements with respect to the consolidated financial statements required to be delivered under this Section 8.03(b) if within ninety (90) days after the end of its fiscal year (or such earlier date, from time to time established by the SEC in accordance with the Securities Exchange Act of 1934, as amended), the Borrower delivers to the Agent (for delivery to each of the Lenders) a copy of the Borrower's Annual Report and Form 10-K as filed with the SEC and the financial statements and certification of public accountants contained therein meet the requirements described in this Section.

(c) *Certificate of the Borrower.* Concurrently with any delivery of financial statements under Section 8.03(a)(ii), a certificate of the Borrower signed by the Chief Executive Officer, President, Treasurer or Chief Financial Officer of the Borrower (a "**Compliance Certificate**"), substantially in the form of Exhibit 8.03(c): (i) containing a list of each Significant Subsidiary and each Non-Guarantor Subsidiary, other than those set forth on Schedule 6.2, (ii) confirming that each Significant Subsidiary has joined the Loan Documents in accordance with the requirements of Section 8.01(l), and (iii) containing calculations in sufficient detail to

demonstrate compliance as of the date of such financial statements with Section 8.02(h) and Section 8.02(s).

(d) *SEC Website.* Reports required to be delivered pursuant to Sections 8.03(a)(i) and 8.03(b) above shall be deemed to have been delivered on the date on which such report is posted on the SEC's website at www.sec.gov, and such posting shall be deemed to satisfy the reporting requirements of Sections 8.03(a)(i) and 8.03(b).

(e) *Notices.* Written notice to the Agent for distribution to the Lenders:

(i) promptly after any Responsible Officer of the Borrower has learned of the occurrence of any Potential Default or Event of Default; and

(ii) promptly after any Responsible Officer of the Borrower has learned of any event which would reasonably be expected to result in a Material Adverse Change.

(f) *Certain Events.* Written notice to the Agent for distribution to the Lenders:

(i) as required by Section 8.02(c), with respect to any proposed acquisition of assets pursuant to such Section;

(ii) of the occurrence of any event for which the Borrower is required to make a mandatory prepayment pursuant to Section 5.06(b);

(iii) within the time limits set forth in Section 8.02(p), any material amendment to the organizational documents of any Loan Party (for purposes of the foregoing, it shall be deemed material for, among other things, any amendment to affect the name of the entity, its state of formation or its outstanding equity interests or the transferability thereof) and also within such time limits of the other notices required by such Section; and

(iv) of any material change in accounting policies or financial reporting practices by any Loan Party.

(g) [*Reserved*].

(h) *Other Reports and Information.*

(i) Any reports, notices or proxy statements generally distributed by the Borrower to its stockholders on a date no later than the date supplied to such stockholders and regular or periodic reports, including Forms 10-K, 10-Q and 8-K, registration statements and prospectuses, filed by the Borrower or any other Loan Party with the Securities and Exchange Commission, provided that the foregoing reports shall be deemed to have been delivered on the date on which such report is posted on the SEC's web site at www.sec.gov, and such posting shall be deemed to satisfy this reporting requirement,

(ii) Promptly upon their becoming available to the Borrower, a copy of any material order in any material proceeding to which the Borrower or any other Loan Party is a party issued by any Official Body,

(iii) [reserved],

(iv) All pleadings, motions and other documents directly related to the Loans or the Loan Documents, any Reorganization Plan and/or any disclosure statement related thereto by the earlier of (i) two Business Days prior to being filed (and if impracticable, then promptly after being filed) on behalf of the Borrower or any other Loan Party with the Bankruptcy Court, or (ii) at the same time as such documents are provided by the Borrower or any other Loan Party to the Committee or the U.S. Trustee, it being agreed that the Borrower shall be deemed in compliance with this covenant if it uses good faith efforts to comply; provided, however that the Borrower shall not be required to deliver any such pleading, motion or other document to the extent it is accessible on the electronic docket maintained for the Cases; provided, further that this clause (iv) shall not require delivery of any sealed documents or unredacted versions of documents for which the Borrower or any other Loan Party is seeking or intends to seek sealed treatment, but shall instead require delivery of reasonably complete summaries of the content of any such sealed documents and redacted versions of any such documents for which sealed treatment is sought or intended to be sought (excluding any content sought or intended to be sought to be sealed or redacted),

(v) On the last Wednesday of each month, an updated 13-Week Projection in substantially the form attached hereto as Exhibit A,

(vi) Weekly, on Thursday of every calendar week, commencing on January 21, 2016, a 13-Week Projection Variance Report, and

(vii) Promptly upon request, such other reports and information as any of the Lenders may from time to time reasonably request.

(i) *Platform.* The Borrower hereby acknowledges that (i) the Agent may, but shall not be obligated to, make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "**Borrower Materials**") by posting the Borrower Materials on Debt Domain, IntraLinks, Syndtrak or another similar electronic system (the "**Platform**") and (ii) certain of the Lenders (each, a "**Public Lender**") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC**,**" the Borrower shall be deemed to have authorized the Agent and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (provided, however that, to the extent such Borrower Materials

constitute Information, they shall be treated as set forth in Section 13.10); (y) all Borrower Materials marked "PUBLIC"" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (z) the Agent shall be entitled to treat any Borrower Materials that are not marked 'PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information." Notwithstanding the foregoing, the Borrower shall be under no obligation to mark any Borrower Materials "PUBLIC".

ARTICLE 9
DEFAULT

Section 9.01. *Events of Default.* An Event of Default shall mean the occurrence or existence of any one or more of the following events or conditions (whatever the reason therefor and whether voluntary, involuntary or effected by operation of Law):

(a) *Payments Under Loan Documents*. The Borrower shall fail to pay (i) any principal of any Loan (including scheduled installments, mandatory prepayments, or the payment due at maturity) when due hereunder within one (1) Business Day after such amount becomes due or (ii) any interest on any Loan or any other amount owing hereunder or under the other Loan Documents within three (3) Business Days after such interest or other amount becomes due in accordance with the terms hereof or thereof.

(b) *Breach of Warranty*. Any representation or warranty made at any time by the Borrower herein or by any of the Loan Parties in any other Loan Document, or in any certificate, other instrument or statement furnished pursuant to the provisions hereof or thereof, shall prove to have been false or incorrect in any material respect as of the time it was made or furnished.

(c) *Breach of Negative Covenants, Certain Other Covenants or Visitation Rights*. Any of the Loan Parties shall default in the observance or performance of any covenant contained in Section 8.01(a), Section 8.01(e), Section 8.01(i), Section 8.01(j), Section 8.01(o), Section 8.01(p), Section 8.02, Section 8.03(e)(i), Section 8.03(h)(iv), Section 8.03(h)(v) or Section 8.03(h)(vi).

(d) [Reserved].

(e) *Breach of Other Covenants*.

(i) Any of the Loan Parties shall fail to timely perform the covenants set forth in Section 8.03(a), Section 8.03(b) or Section 8.03(c) and such default shall continue unremedied for a period of fifteen (15) days after any senior officer of any Loan Party becomes aware of the occurrence thereof.

(ii) Any of the Loan Parties shall default in the observance or performance of any other covenant, condition or provision hereof or of any other Loan Document and such default shall continue unremedied for a period of thirty (30) days after any officer of any Loan Party becomes aware of the occurrence thereof.

(f) *Defaults in Other Agreements or Indebtedness; Bonding Matters*.

(i) A default or event of default shall occur at any time under the terms of any other agreement involving borrowed money or the extension of credit or any Indebtedness under which any Loan Party or Subsidiary of any Loan Party (other than any Non-Guarantor Subsidiary) may be obligated as a borrower, guarantor, counterparty or other party in excess of $25,000,000 in the aggregate, and such default or event of default consists of the failure to pay (beyond any period of grace permitted with respect thereto, whether waived or not) any indebtedness or other obligation when due (whether at stated maturity, by acceleration or otherwise) or if such default or event of default permits or causes (or with the giving of notice would permit or cause) the acceleration of any indebtedness or other obligation (whether or not such right shall have been waived) or the termination of any commitment to lend in amount in excess of $25,000,000; provided that this clause (i) shall not relate to any Indebtedness outstanding hereunder or to any Indebtedness of any Debtor that was incurred prior to the Petition Date (or, if later, the date on which such Person became a Debtor).

(ii) One or more surety, reclamation or similar bonds securing obligations of the Borrower or any Subsidiary of the Borrower (or any required guaranties thereof or required letters of credit with respect thereto) with an aggregate face amount of $25,000,000 or more shall be actually terminated, suspended or revoked prior to the full and complete satisfaction or discharge of such obligations by the Borrower or any Subsidiary of the Borrower and not replaced within 30 days of such termination, suspension or revocation; provided that the Borrower or any Subsidiary shall be permitted to replace such surety bonds with self-bonding obligations to the extent permitted by any Person to which satisfaction of the obligations secured by such bonds are owed prior to full satisfaction of the obligations secured by such bonds; provided that this clause (ii) shall not relate to any surety, reclamation or similar bonds outstanding on the Petition Date (or, if later, the date on which such Person became a Debtor).

(g) *Judgments or Orders*. Any judgments or orders (including with respect to any Environmental Health and Safety Claims, Environmental Health and Safety Complaints, or Environmental Health and Safety Orders) for the payment of money in excess of $25,000,000 in the aggregate shall be entered against any Loan Party or any Subsidiary of any Loan Party by a court having jurisdiction in the premises, which judgment is not discharged, vacated, bonded or stayed pending appeal within a period of sixty (60) days from the date of entry; provided, however, that any such judgment or order shall not be an Event of Default under this Section 9.01(g) (i)if and for so long as the amount of such judgment or order in excess of $25,000,000 is covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof or (ii) if, with respect to any Debtor, such case or judgment arose pre-petition.

(h) *Loan Document Unenforceable*. Any of the Loan Documents shall cease to be legal, valid and binding agreements enforceable against any Loan Party executing the same or such party's successors and assigns (as permitted under the Loan Documents) in accordance with the respective terms thereof or shall in any way be terminated (except in accordance with its terms) or become or be declared ineffective or inoperative or shall in any way be challenged or contested or cease to give or provide the respective Liens, security interests, rights, titles, interests, remedies, powers or privileges intended to be created thereby;

(i) *Uninsured Losses; Proceedings Against Assets*. There shall occur any material uninsured damage to or loss, theft or destruction of any of the Collateral in excess of $25,000,000 or the Collateral (it being understood that the amount of deductibles payable in connection with such claim shall not be included in such threshold) or the Collateral or any other of the Loan Parties' or any of their Subsidiaries' assets in excess of $25,000,000 in the aggregate are attached, seized, levied upon or subjected to a writ or distress warrant; or such come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors and the same is not cured within thirty (30) days thereafter;

(j) [Reserved];

(k) [Reserved].

(l) *Events Relating to Plans and Benefit Arrangements*. Any of the following occurs, in each case, which individually or in the aggregate, could reasonably be expected to have a Material Adverse Change: (i) any Reportable Event, which could reasonably be expected to constitute grounds for the termination of any Plan by the PBGC or the appointment of a trustee to administer or liquidate any Plan, shall have occurred and be continuing; (ii) proceedings shall have been instituted or other action taken to terminate any Plan, or a termination notice shall have been filed with respect to any Plan; (iii) a trustee shall be appointed to administer or liquidate any Plan or (iv) the Borrower or any member of the ERISA Group shall fail to make any contributions when due to a Plan or a Multiemployer Plan.

(m) [Reserved];

(n) *Change of Control*. (i) Any person or group of persons (within the meaning of Sections 13(d) or 14(a) of the Securities Exchange Act of 1934, as amended) shall have acquired beneficial ownership of (within the meaning of Rule 13d-3 promulgated by the SEC under said Act) 35% or more of the voting capital stock of the Borrower; or (ii) within a period of twelve (12) consecutive calendar months, individuals who (1) were directors of the Borrower on the first day of such period, (2) were nominated for election by the Borrower, or (3) were approved for appointment by the Board shall cease to constitute a majority of the board of directors of the Borrower;

(o) *Involuntary Proceedings*. Except as would not reasonably be expected to result in a Material Adverse Change, a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of any Subsidiary that is not a Debtor (any such Subsidiary, an "**Applicable Subsidiary**") in an involuntary case under any applicable Debtor Relief Law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, conservator (or similar official) of such Applicable Subsidiary for any substantial part of its property, or for the winding-up or liquidation of its affairs, and such proceeding shall remain undismissed or unstayed and in effect for a period of sixty (60) consecutive days or such court shall enter a decree or order granting any of the relief sought in such proceeding;

(p) *Voluntary Proceedings*. Except as would not reasonably be expected to result in a Material Adverse Change or in connection with a case to be jointly administered with the Cases,

any Applicable Subsidiary shall commence a voluntary case under any applicable Debtor Relief Law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator, conservator (or other similar official) of itself or for any substantial part of its property or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any action in furtherance of any of the foregoing.

(q) *Cases*.

(i) Any of the Cases of the Debtors shall be dismissed or converted to a case under Chapter 7 of the Bankruptcy Code or any Debtors shall file a motion or other pleading seeking the dismissal of any of the Cases of the Debtors under Section 1112 of the Bankruptcy Code or otherwise without the consent of the Required Lenders or (ii) a trustee under Chapter 11 of the Bankruptcy Code or an examiner with enlarged powers relating to the operation of the business (powers beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code) under Section 1106(b) of the Bankruptcy Code shall be appointed in any of the Cases of the Debtors and the order appointing such trustee or examiner shall not be reversed or vacated within thirty (30) days after the entry thereof unless consented to by the Required Lenders.

(ii) An application shall be filed by any Debtor for the approval of any other Superpriority Claim, or an order of the Bankruptcy Court shall be entered granting any other Superpriority Claim (other than with respect to the Fees Carve-Out and the Bonding Carve-Out and any superpriority claim owed by any Debtor in connection with a Permitted Receivables Financing), in any of the Cases that is pari passu with or senior to the claims of the Agent and the Lenders against the Borrower or any other Loan Party hereunder or under any of the other Loan Documents, or there shall arise or otherwise be granted any such pari passu or senior Superpriority Claim, in each case other than Superpriority Claims in respect of customary representations, warranties, covenants and indemnities owed by any Debtor in connection with a Permitted Receivables Financing, including obligations to the administrator, the securitization purchasers or any Securitization Subsidiary.

(iii) The Bankruptcy Court shall enter an order or orders granting relief from the automatic stay applicable under Section 362 of the Bankruptcy Code to the holder or holders of any security interest to (A) permit foreclosure (or the granting of a deed in lieu of foreclosure or the like) on any assets of any of the Debtors which have a value in excess of $25,000,000 in the aggregate or (B) permit other actions that would result in a Material Adverse Change on the Debtors or their estates (taken as a whole).

(iv) (A) an order of the Bankruptcy Court shall be entered reversing, amending, supplementing, staying for a period of seven (7) days or more, vacating or otherwise amending, supplementing or modifying the Interim Order or the Final Order, or the Borrower or any Subsidiary of the Borrower shall apply for the authority to do so, in each case in a manner that is adverse to the Agent or the Lenders, without the prior written consent of the Agent and the Required Lenders; (B) an order of the Bankruptcy Court

shall be entered denying or terminating use of Cash Collateral by the Loan Parties and the Loan Parties shall have not obtained use of Cash Collateral pursuant to an order consented to by, and in form and substance reasonably acceptable to, the Agent (with the consent of the Required Lenders); (C) the Interim Order (prior to the entry of the Final Order) or Final Order (at all times thereafter) shall cease to create a valid and perfected Lien on the Collateral or to be in full force and effect; (D) an order shall have been entered by the Bankruptcy Court modifying the adequate protection obligations granted in any Order without the prior written consent of the Agent and the Required Lenders, (E) an order shall have been entered by the Bankruptcy Court avoiding or requiring disgorgement by the Agent or any of the Lenders of any amounts received in respect of the Obligations, (F) any Loan Party shall file a motion or other request with the Bankruptcy Court seeking any financing under Section 364(d) of the Bankruptcy Code secured by any of the Collateral that does not provide for Payment in Full, (G) any of the Loan Parties or any Subsidiary of the Borrower shall fail to comply with the Orders in any material respect; or (H) other than with respect to the Fees Carve-Out and the Bonding Carve-Out, a final non-appealable order in the Cases shall be entered charging any of the Collateral under Section 506(c) of the Bankruptcy Code against the Lenders.

(v) Except as permitted by the Orders or as otherwise agreed to by the Agent and the Required Lenders, any Debtor shall make any Pre-Petition Payment other than Pre-Petition Payments authorized by the Bankruptcy Court in accordance with the "first day" orders of the Bankruptcy Court or any other order of the Bankruptcy Court.

(vi) A Reorganization Plan that is not an Acceptable Reorganization Plan shall be (i) confirmed by any Person or (ii) confirmed or filed by any Loan Party in any of the Cases of the Debtors, or any order shall be entered which dismisses any of the Cases of the Debtors and which order does not provide for termination of the Commitments and Payment in Full in cash of the Obligations under the Loan Documents and continuation of the Liens with respect thereto until the effectiveness thereof (other than contingent indemnification obligations not yet due and payable), or any of the Debtors shall seek confirmation of any such plan or entry of any such order.

(vii) Any Loan Party or other Significant Subsidiary shall take any action in support of any matter set forth in paragraphs (i)-(vi) above or in support of any filing by any Person of a Reorganization Plan that is not an Acceptable Reorganization Plan or any other Person shall do so and such application is not contested in good faith by the Loan Parties and the relief requested is granted in an order that is not stayed pending appeal, in each case unless the Agent (with the consent of the Required Lenders) consents to such action.

(viii) Any of the Loan Parties shall seek to, or shall support (whether by way of motion or other pleadings filed with the Bankruptcy Court or any other writing executed by any Loan Party or by oral argument) any other Person's motion to, (1) disallow in whole or in part any of the Obligations arising under this Agreement or any other Loan Document, (2) disallow in whole or in part any of the Indebtedness owed by the Loan Parties under the Existing Credit Agreement or any related document, (3) challenge the validity and enforceability of the Liens or security interests granted under any of the Loan

Documents or in any Order in favor of the Agent, or (4) challenge the validity and enforceability of the Liens or security interests granted under the Existing Credit Agreement and related documents or in any Order in favor of the Existing Credit Agreement Agent or Existing Credit Agreement Lenders.

(ix) Except as expressly permitted pursuant to this Agreement, any Material Lease is terminated by the lessor of such material Leased Real Property and such termination is not (i) being contested in good faith by appropriate proceedings diligently conducted, or (ii) stayed in its effectiveness by the Bankruptcy Code by virtue of the commencement of the Cases or by the Bankruptcy Court, except in each case as would not, individually or in the aggregate, be materially adverse to the interest of the Lenders.

(x) a material breach by any of the Debtors of any provision of the Restructuring Support Agreement that results in the termination thereof.

Section 9.02. *Consequences of Event of Default.* (a) *Events of Default.* Subject to the terms and conditions set forth in the Interim Order and, once entered, the Final Order, if an Event of Default shall occur and be continuing, the Lenders shall be under no further obligation to make Term Loans and the Agent, with the consent of the Required Lenders may, and upon the request of the Required Lenders, shall, by written notice to the Borrower, take one or more of the following actions: (i) terminate the Commitments and thereupon the Commitments shall be terminated and of no further force and effect, (ii) declare the unpaid principal amount of the Term Loans then outstanding and all interest accrued thereon, any unpaid fees and all other Indebtedness of the Borrower to the Lenders hereunder and thereunder to be forthwith due and payable, and the same shall thereupon become and be immediately due and payable to the Agent for the benefit of each Lender without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, (iii) exercise rights and remedies in respect of the Collateral in accordance with Section 11 of each Security Agreement and/or the comparable provisions of any other Collateral Document; (iv) require any Loan Party to promptly complete, pursuant to Section 363 and 365 of the Bankruptcy Code, subject to the rights of the Agent and the Lenders to credit bid, a disposition with respect to its leased Real Property or any portion thereof in one or more parcels at public or private sales, at any of the Agent's offices or elsewhere, for cash, at such time or times and at such price or prices and upon such other terms as the Agent may deem commercially reasonable, or (v) exercise any of its rights with respect to Real Property Leases under Section 11.01;

provided that with respect to the enforcement of Liens or other remedies with respect to the Collateral of the Loan Parties under the preceding clause (iii), the Agent shall provide the Borrower (with a copy to counsel for the Creditors' Committee in the Cases and to the United States Trustee for the District of Missouri Eastern Division) with five (5) Business Days' written notice prior to taking the action contemplated thereby; in any hearing after the giving of the aforementioned notice, the only issue that may be raised by any party in opposition thereto being whether, in fact, an Event of Default has occurred and is continuing.

(b) [Reserved].

(c) *Set-off*. Subject to the Orders, if an Event of Default shall have occurred and be continuing, each Lender and its Affiliates which has agreed in writing to be bound by the provisions of Section 5.03 is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of any Loan Party against any and all of the Obligations of such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or Affiliate, irrespective of whether or not such Lender, Affiliate or participant shall have made any demand under this Agreement or any other Loan Document and although such Obligations of the Borrower or such Loan Party may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such Indebtedness. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or its Affiliates may have. Each Lender agrees to notify the Borrower and the Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

(d) *Suits, Actions, Proceedings*. If an Event of Default shall occur and be continuing and if the Agent or the Required Lenders shall have accelerated the maturity of the Term Loans pursuant to any of the foregoing provisions of this Section 9.02, then the Agent or any Lender, if owed any amount with respect to such Term Loans, may, to the extent permitted by Law, proceed to protect and enforce its rights by suit in equity, action at law and/or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in this Agreement or the other Loan Documents, including as permitted by applicable Law the obtaining of the ex parte appointment of a receiver, and, if such amount shall have become due, by declaration or otherwise, proceed to enforce the payment thereof or any other legal or equitable right of the Agent or the Lenders; and

(e) *Application of Proceeds*. From and after the date on which the Agent has taken any action pursuant to this Section 9.02 and until all Obligations of the Loan Parties under the Loan Documents (other than indemnification or other contingent obligations for which no amount is due and owing) have been paid in full, any and all proceeds received by the Agent from the sale or other disposition of the Collateral, or any part thereof, or the exercise of any remedy by the Agent or any Lender from the exercise of any remedy by the Agent or any Lender shall be applied as follows:

(i) *first*, to ratably reimburse the Agent and the Lenders for all costs, expenses and disbursements, including reasonable attorneys' and paralegals' fees and legal expenses, incurred by the Agent or the Lenders in connection with realizing on the Collateral or collection of any Obligations of any of the Loan Parties under any of the Loan Documents, including advances made by the Lenders or any one of them or the Agent for the reasonable maintenance, preservation, protection or enforcement of, or realization upon, the Collateral, including advances for taxes, insurance, repairs and the like and reasonable expenses incurred to sell or otherwise realize on, or prepare for sale or other realization on, any of the Collateral;

(ii) *second*, to the ratable repayment of all Obligations then due and unpaid of the Loan Parties to the Lenders incurred under this Agreement or any of the other Loan Documents, whether of principal, interest, fees, expenses or otherwise; and

(iii) the balance, if any, to the Borrower or as required by Law.

(f) *Other Rights and Remedies*. In addition to all of the rights and remedies contained in this Agreement or in any of the other Loan Documents (including the Mortgages), the Agent shall have all of the rights and remedies of a secured party under the Uniform Commercial Code or other applicable Law, all of which rights and remedies shall be cumulative and non-exclusive, to the extent permitted by Law. The Agent may, and upon the request of the Required Lenders shall, exercise all post-default rights granted to the Agent and the Lenders under the Loan Documents or applicable Law.

(g) *Notice of Sale*. Any notice required to be given by the Agent of a sale, lease, or other disposition of the Collateral or any other intended action by the Agent, if given ten (10) days prior to such proposed action, shall constitute commercially reasonable and fair notice thereof to the Borrower and each other Loan Party.

ARTICLE 10
THE AGENT

Section 10.01. *Appointment and Authority*. Each of the Lenders hereby irrevocably appoints the Agent to act on its behalf as the administrative agent and collateral agent hereunder and under the other Loan Documents and authorizes the Agent in such capacities to take such actions on its behalf and to exercise such powers and perform such duties as are expressly delegated to the Agent by the terms of this Agreement and the other Loan Documents, together with such actions and powers as are reasonably incidental thereto. Concurrently herewith, each Lender directs Agent, in each of its capacities, and Agent, in each if its capacities, is authorized to enter into the Loan Documents and any other related agreements, including the No Proceedings Letter, in the forms presented to the Agent. The provisions of this Article 10 are solely for the benefit of the Agent and the Lenders, and neither the Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section 10.02. *Rights as a Lender*. If applicable, the Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or

any Subsidiary or other Affiliate thereof as if such Person were not the Agent hereunder and without any duty to account therefor to the Lenders.

Section 10.03. *Exculpatory Provisions.*

(a) The Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Agent:

(i) shall not be subject to any fiduciary or other implied duties, covenants, functions, obligations, responsibilities or liabilities, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, including in each case, without limitation, any expression of approval or satisfaction or any delivery of a Fees Carve-Out Trigger Notice pursuant to and as defined in the Orders, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents) and in the absence of such direction or consent may refrain from taking any such discretionary actions or exercising any such discretionary power, provided that the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Agent or any of its Affiliates in any capacity.

(b) The Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of (or non-objection by) the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 13.01 and 9.02), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment.

(c) The Agent and each of its officers, directors, employees, advisors, agents, attorneys-in-fact and affiliates shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report, statement or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or

conditions set forth herein or therein or the occurrence of any Default, (iv) the value, validity, enforceability, effectiveness, sufficiency or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or for the failure of any Loan Party a party thereto to perform its obligations hereunder or thereunder, or (v) the satisfaction of any condition set forth in Article 7 or elsewhere herein.

(d) No provision of this Agreement or any related document shall require the Agent to expend or risk its own funds or otherwise incur any liability, financial or otherwise, in the performance of any of its duties hereunder or thereunder or in the exercise of any of its rights or powers, if it shall have grounds to believe that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

(e) In no event shall the Agent be responsible or liable for special, indirect, exemplary, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit).

(f) The Agent shall not be liable for failing to comply with its obligations under this Agreement in so far as the performance of such obligations is dependent upon the timely receipt of instructions and/or other information from any other person which are not received or not received by the time required.

(g) The Agent shall not be required to take any action under this Agreement or any related document if taking such action (i) would subject the Agent to a tax in any jurisdiction where it is not then subject to a tax, or (ii) would require the Agent to qualify to do business in any jurisdiction where it is not then so qualified.

(h) The Agent shall not have any duty or responsibility in respect of (i) any recording, filing, or depositing of this Agreement or any other agreement or instrument, monitoring or filing any financing statement or continuation statement evidencing a security interest, the maintenance of any such recording, filing or depositing or to any re-recording, re-filing or re-depositing of any thereof, or otherwise monitoring or maintaining the perfection, continuation of perfection or the sufficiency or validity of any security interest in or related to the Collateral, (ii) the acquisition or maintenance of any insurance or (iii) the payment or discharge of any tax, assessment, or other governmental charge or any lien or encumbrance of any kind owing with respect to, assessed or levied against, any part of the Collateral. The Agent shall be authorized to, but shall in no event have any duty or responsibility to, file any financing or continuation statements or record any documents or instruments in any public office at any time or times or otherwise perfect or monitor or maintain any security interest in the Collateral.

(i) In no event shall the Agent be liable for any failure or delay in the performance of its obligations under this Agreement or any related documents because of circumstances beyond the Agent's control, including, but not limited to, a failure, termination, or suspension of a clearing house, securities depositary, settlement system or central payment system in any applicable part of the world or acts of God, flood, war (whether declared or undeclared), civil or military disturbances or hostilities, nuclear or natural catastrophes, political unrest, explosion, severe weather or accident, earthquake, terrorism, fire, riot, labor disturbances, strikes or work stoppages for any reason, embargo, government action, including any laws, ordinances,

regulations or the like (whether domestic, federal, state, county or municipal or foreign) which delay, restrict or prohibit the providing of the services contemplated by this Agreement or any related documents, or the unavailability of communications or computer facilities, the failure of equipment or interruption of communications or computer facilities, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, or any other causes beyond the Agent's control whether or not of the same class or kind as specified above.

(j) For the avoidance of doubt, the Agent's rights, protections, indemnities and immunities provided herein shall apply to Agent for any actions taken or omitted to be taken under any Loan Document and any other related agreements in any of its capacities.

Section 10.04. *Reliance by the Agent.* The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Term Loan, the Agent may presume that such condition is satisfactory to such Lender unless the Agent shall have received notice to the contrary from such Lender prior to the making of such Term Loan. The Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. Without limiting the generality of the foregoing, the Agent: (i) makes no warranty or representation to any Lender or any other Person and shall not be responsible to any Lender or any Person for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement or the other Loan Documents; (ii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement, the other Loan Documents or any related documents on the part of the Borrower, the Loan Parties or any other Person or to inspect the property (including the books and records) of the Borrower and Loan Parties; and (iii) shall not be responsible to any Lender or any other Person for the due execution, legality, validity, enforceability, genuineness, sufficiency, ownership, transferability or value of any Collateral, this Agreement, the other Loan Documents, any related document or any other instrument or document furnished pursuant hereto or thereto. The Agent shall not have any liability to the Borrower, any Loan Party or any Lender or any other Person for the Borrower's, any Loan Party's or any Lender's, as the case may be, performance of, or failure to perform, any of their respective obligations and duties under this Agreement or any other loan Document. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate and unless it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future

holders of the Loans.. For purposes of clarity, phrases such as "satisfactory to the Agent," "approved by the Agent," "acceptable to the Agent," "as determined by the Agent," "in the Agent's discretion," "selected by the Agent," "elected by the Agent," "requested by the Agent," "waived by the Agent," "consented to by the Agent," "agreed by the Agent" and phrases of similar import (including, without limitation, any actions required of the Agent in connection with the collection, adjustment or settlement under an insurance policy pursuant to any Loan Document, or any actions required of the Agent in connection with or arising from the Cases) that authorize and permit the Agent to approve, disapprove, determine, act or decline to act in its discretion may be subject to the Agent's receiving written direction or consent from (or non-objection by) the Required Lenders to take such action or to exercise such rights.

Section 10.05. *Delegation of Duties.* The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more agents or attorneys-in-fact selected by the Agent. The Agent and any such agent or attorney-in-fact may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of Section 8.03 shall apply to any such agent or attorney-in-fact and to the Related Parties of the Agent and any such sub agent, and shall apply to their respective activities in connection with the syndication of the DIP Facility provided for herein as well as activities as Agent. The Agent shall not be responsible for the negligence or misconduct or for the supervision of any agents or attorneys-in-fact selected by it, except to the extent that a court of competent jurisdiction determines in a final and non appealable judgment that the Agent acted with gross negligence or willful misconduct in the selection of such agents or attorneys-in-fact.

Section 10.06. *Resignation of the Agent.* The Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "**Resignation Effective Date**"), then the retiring Agent may (but shall not be obligated to) on behalf of the Lenders appoint a successor Agent meeting the qualifications set forth above; provided that if the Agent shall notify the Borrower that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice on the Resignation Effective Date and the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Agent on behalf of the Lenders under any of the Loan Documents, the retiring Agent shall continue to hold such collateral security until such time as a successor Agent is appointed).

(a) If the Person serving as Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable law, by notice in writing to the Borrower and such Person remove such Person as Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "**Removal Effective Date**"),

then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(b) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) except for any indemnity payments or other amounts then owed to the retiring or removed Agent, all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Agent as provided for above. Upon the acceptance of

a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or removed) Agent (other than as provided in Section 5.10 and other than any rights to indemnity payments or other amounts owed to the retiring or removed Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article 10 and Section 13.03 shall continue in effect for the benefit of such retiring or removed Agent, its agents, attorneys-in-fact and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Agent was acting as Agent.

(c) Any successor Agent appointed pursuant to clause (a) or (b) above agrees to be bound by and shall enter into the No Proceedings Letter as a condition to such appointment.

Section 10.07. *Non-Reliance on Agent and Other Lenders.* Each Lender expressly acknowledges that neither the Agent nor any of its respective officers, directors, employees, agents, advisors, attorneys in fact or affiliates have made any representations or warranties to it and that no act by the Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by the Agent to any Lender. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Agent or any of its officers, directors, employees, agents, advisors, attorneys in fact or affiliates.

Section 10.08. *Notice of Default.* The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless a Responsible Officer of the Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give notice thereof to the Lenders. The Agent shall take such action with respect to such Default or Event of Default as shall be directed by the Required Lenders (or, if so specified by this Agreement, all Lenders).

Section 10.09. *The Agent May File Proofs of Claim.* In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Agent (irrespective of whether the principal of any Term Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Term Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Agent and their respective agents and counsel and all other amounts due the Lenders and the Agent under Sections 2.04 and 13.03) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Agent and, in the event that the Agent shall consent to the making of such payments directly to the Lenders to pay to the Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agent and its agents and counsel, and any other amounts due the Agent under Sections 2.04 and 13.03.

Nothing contained herein shall be deemed to authorize the Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender to authorize the Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 10.10. *Banking Law*. In order to comply with laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering ("Banking Law"), the Agent is required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with the Agent. Accordingly, each of the parties hereto agrees to provide to the Agent upon its request from time to time such identifying information and documentation as may be available for such party in order to enable the Agent to comply with Banking Law.

ARTICLE 11
REAL PROPERTY LEASES

Section 11.01. *Special Rights with Respect to Real Property Leases.*

(a) No Loan Party shall, nor shall it permit any of its Subsidiaries to, pursuant to Section 365 of the Bankruptcy Code, reject or otherwise terminate (including, without limitation, as a result of the expiration of the assumption period provided for in Section 365(d)(4) of the Bankruptcy Code to the extent applicable) (x) a Material Lease or (y) during the continuance of an Event of Default, a Real Property Lease, in each case, without first providing 30 days' prior written notice to the Agent (unless such notice provision is waived by the Agent (with the consent of the Required Lenders) during which time the Agent shall be permitted to find an acceptable (in the Agent's good faith and reasonable discretion (with the consent of the Required Lenders)) replacement

lessee (which may include the Agent, any Lender or their respective Affiliates) to whom such lease may be assigned. If a prospective assignee is not found within such 30-day notice period, the Loan Party may proceed to reject such lease If such a prospective assignee is timely found, the Loan Parties shall (i) not seek to reject such lease, (ii) promptly withdraw any previously filed rejection motion, (iii) promptly file a motion seeking expedited relief and a hearing on the earliest court date available for purposes of assuming such lease and assigning it to such prospective assignee and (iv) cure any defaults that have occurred and are continuing under such lease unless the Borrower and the Agent (with the consent of the Required Lenders) agree that any such cure obligation is overly burdensome on the cash position of the Debtors with such agreement not to be unreasonably withheld; provided that this Section 11.01(a) shall not apply to Real Property Leases that are rejected on the effective date of an Acceptable Reorganization Plan. For the avoidance of doubt, it is understood and agreed that on or prior to the 30th day prior to the Automatic Rejection Date, the Loan Parties shall have delivered (and hereby agree to deliver) written notice to the Agent of each outstanding Real Property Lease that they intend to reject (including, without limitation, through automatic rejection on the Automatic Rejection Date, to the extent applicable) from and after the date of such notice (or, if applicable, notice that the Loan Parties will seek to extend the Automatic Rejection Date as provided in Section 365(d)(4) of the Bankruptcy Code); provided that if the Loan Parties fail to deliver any such notice to the Agent prior to such date with respect to any such Real Property Lease (or a notice indicating that no such Real Property Leases shall be rejected), the Loan Parties shall be deemed, for all purposes hereunder, to have delivered notice to the Agent as of such date that it intends to reject all outstanding Real Property Leases.

(b) If an Event of Default shall have occurred and be continuing, the Agent may exercise any Debtor's rights pursuant to section 365(f) of the Bankruptcy Code with respect to any Real Property Lease or group of Real Property Leases and, subject to the Bankruptcy Court's approval after notice and hearing, assign any such Real Property Lease in accordance with section 365 of the Bankruptcy Code notwithstanding any language to the contrary in any of the applicable lease documents or executory contracts. In connection with the exercise of such rights, the Agent may (w) access the leasehold interests of the Loan Parties in any such Real Property Lease(s) for the purposes of marketing such property or properties for sale, (x) find an acceptable (in the Agent's good faith and reasonable discretion (with the consent of the Required Lenders)) replacement lessee (which may include the Agent or its designee, any Lender or their respective Affiliates) to whom a Real Property Lease may be assigned, (y) hold, and manage all

aspects of, an auction or other bidding process to find such reasonably acceptable replacement lessee, and (z) in connection with any such auction, agree, on behalf of the Loan Parties and subject to Bankruptcy Court approval, to a break-up fee or to reimburse fees and expenses of any stalking horse bidder up to an amount not to exceed 3.00% of the purchase price of such Real Property Lease and may make any such payments on behalf of such Loan Party and any amount used by the Agent to make such payments shall, at the election of the Agent, at the written direction of the Required Lenders in their reasonable discretion and subject to satisfaction of the conditions in Section 7.03, be deemed a borrowing of Term Loans hereunder. Upon receipt of notice that the Agent elects to exercise its rights under this Section 11.01(b), the Loan Parties shall promptly file a motion seeking expedited relief and a hearing on the earliest court date available for purposes of assuming such Real Property Lease and assigning it to such assignee and cure any defaults that have occurred and are continuing under such Real Property Lease. Notwithstanding the foregoing, this Section 11.01(b) shall not apply to Real Property Leases that are rejected on the effective date of an Acceptable Reorganization Plan. Notwithstanding anything to the contrary in this Section 11.01(b), or any consent or direction of the Required Lenders, in no event shall any Real Property Lease be assigned to the Agent without the express written consent of the Agent in its sole discretion.

(c) If an Event of Default shall have occurred and be continuing, the Agent shall have the right, at the written direction of the Required Lenders, to direct any Debtor that is a lessee under a Real Property Lease to assign such Real Property Lease to the Agent or its designee, on behalf of the Agent and the Lenders, as collateral for the Obligations and to direct such Debtor lessee to assume such Real Property Lease to the extent assumption is required under the Bankruptcy Code as a prerequisite to such assignment. Upon receipt of notice that the Agent elects to exercise its rights under this Section 11.01(c), the Loan Parties shall (i) promptly file a motion seeking expedited relief and a hearing on the earliest court date available for purposes of, if necessary, assuming such Real Property Lease and assigning it to the Agent and (ii) cure any defaults that have occurred and are continuing under such Real Property Lease. Notwithstanding the foregoing, this Section 11.01(c) shall not apply to Real Property Leases that are rejected on the effective date of an Acceptable Reorganization Plan. Notwithstanding anything to the contrary in this Section 11.01(c), or any consent or direction of the Required Lenders, in no event shall any Real Property Lease be assigned to the Agent without the express written consent of the Agent in its sole discretion.

(d) Any order of the Bankruptcy Court approving the assumption (but not the assignment) of any Real Property Lease shall specifically provide that the applicable Debtor shall be authorized to assign such Real Property Lease pursuant to section 365(f) of the Bankruptcy Code subsequent to the date of such assumption designated by the Agent.

(e) No Loan Party shall, nor shall it permit any of its Subsidiaries to, pursuant to section 365 of the Bankruptcy Code, sell or assign a Real Property Lease without first providing fifteen (15) days' prior written notice to the Agent (unless such notice provision is waived by the Agent (with the consent of the Required Lenders)) of any hearing in the Bankruptcy Court seeking approval of a sale or assignment, and the Agent, on behalf of the Agent and the Lenders, shall be permitted to credit bid forgiveness of some or all of the outstanding Obligations in respect of the DIP Facility (in an amount equal to at least the consideration offered by any other party in respect of such assignment) as consideration in exchange for any such Real Property

Lease. In connection with the exercise of any of the Agent's rights under Sections 11.01(b) and 11.01(c) to direct or compel a sale or assignment of any Real Property Lease, the Agent, on behalf of the Agent and the Lenders, shall be permitted to credit bid forgiveness of a portion of the Indebtedness (in an amount equal to at least the consideration offered by any other party in respect of such sale or assignment) outstanding under the Term Loans in exchange for such Real Property Lease.

If any Loan Party is required to cure any monetary default under any Real Property Lease under this Section 11.01, or otherwise in connection with any assumption of such Real Property Lease pursuant to section 365 of the Bankruptcy Code, and such monetary default is not cured within five (5) Business Days of the receipt by such Loan Party of notice from the Agent under Section 11.01(a), (b) or (c) or any other notice from the Agent requesting the cure of such monetary default, then the Agent (with the consent of the Required Lenders) may, but shall not be obligated to, cure any such monetary default on behalf of such Loan Party and any such payments shall, at the election of the Agent, at the written direction of the Required Lenders in their reasonable discretion and subject to satisfaction of the conditions in Section 7.03, be deemed a borrowing of Term Loans hereunder.

ARTICLE 12
GUARANTY

Section 12.01. *Guarantied Obligations*. Each Guarantor hereby jointly and severally unconditionally, and irrevocably, guaranties to the Agent for the ratable benefit of each Lender and becomes surety, as though it was a primary obligor for, the full and punctual payment and performance when due (whether on demand, at stated maturity, by acceleration, or otherwise and including any amounts which would become due but for the operation of an automatic stay under any Debtor Relief Law) of all Obligations, including, without limiting the generality of the foregoing, all obligations, liabilities, and indebtedness from time to time of the Borrower to the Agent or any of the Lenders hereunder or in connection with this Agreement or any other Loan Document, whether for principal, interest, fees, indemnities, expenses, or otherwise, and all renewals, extensions, amendments, refinancings or refundings thereof, whether such obligations, liabilities, or indebtedness are direct or indirect, secured or unsecured, joint or several, absolute or contingent, due or to become due, whether for payment or performance, now existing or hereafter arising (and including obligations, liabilities, and indebtedness arising or accruing after the commencement of any Insolvency Proceeding with respect to the Borrower or any Guarantor or which would have arisen or accrued but for the commencement of such proceeding, even if the claim for such obligation, liability, or indebtedness is not enforceable or allowable in such Insolvency Proceeding, and including all Obligations, liabilities, and indebtedness arising from any extensions of credit under or in connection with any Loan Document from time to time, regardless of whether any such extensions of credit are in excess of the amount committed under or contemplated by the Loan Documents or are made in circumstances in which any condition to the extension of credit is not satisfied) (all of the foregoing obligations, liabilities and indebtedness are referred to herein collectively as the "**Guarantied Obligations**" and each as a "**Guarantied Obligation**"). Without limitation of the foregoing, any of the Guarantied Obligations shall be and remain Guarantied Obligations entitled to the benefit of this Article 12 if the Agent or any of the Lenders (or any one or more assignees or transferees thereof) from

time to time assign or otherwise transfer all or any portion of their respective rights and obligations under the Loan Documents, or any other Guarantied Obligations, to any other Person.

Section 12.02. *Guaranty*. Each Guarantor hereby promises to pay and perform all Guarantied Obligations immediately upon demand of the Agent and the Lenders or any one or more of them. All payments made pursuant to this Article 12 shall be made by each Guarantor in immediately available funds in U.S. Dollars and shall be made without setoff, counterclaim, withholding, or other deduction of any nature.

Section 12.03. *Obligations Absolute*. The obligations of the Guarantors under this Article 12 shall not be discharged or impaired or otherwise diminished by the failure, default, omission, or delay, willful or otherwise, by any Lender, the Agent, or any Borrower or any other obligor on any of the Guarantied Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of any Guarantor or would otherwise operate as a discharge of any Guarantor as a matter of law or equity. Each of the Guarantors agrees that the Guarantied Obligations will be paid and performed strictly in accordance with the terms of the Loan Documents. Without limiting the generality of the foregoing, each Guarantor hereby consents to, at any time and from time to time, and the joint and several obligations of each Guarantor hereunder shall not be diminished, terminated, or otherwise similarly affected by any of the following:

(a) any lack of genuineness, legality, validity, enforceability or allowability (in an Insolvency Proceeding, or otherwise), or any avoidance or subordination, in whole or in part, of any Loan Document or any of the Guarantied Obligations and regardless of any Law, regulation or order now or hereafter in effect in any jurisdiction affecting any of the Guarantied Obligations, any of the terms of the Loan Documents, or any rights of the Agent or the Lenders or any other Person with respect thereto;

(b) any increase, decrease or change in the amount, nature, type or purpose of or any release, surrender, exchange, compromise or settlement of any of the Guarantied Obligations (whether or not contemplated by the Loan Documents as presently constituted); any change in the time, manner, method or place of payment or performance of, or in any other term of, any of the Guarantied Obligations; any execution or delivery of any additional Loan Documents; or any amendment, modification or supplement to, or renewals, extensions, refinancing or refunding of, any Loan Document or any of the Guarantied Obligations;

(c) any failure to assert any breach of or default under any Loan Document or any of the Guarantied Obligations; any extensions of credit in excess of the amount committed under or contemplated by the Loan Documents, or in circumstances in which any condition to such extensions of credit has not been satisfied; any other exercise or non-exercise, or any other failure, omission, breach, default, delay or wrongful action in connection with any exercise or non-exercise, of any right or remedy against the Borrower or any other Person under or in connection with any Loan Document or any of the Guarantied Obligations; any refusal of payment or performance of any of the Guarantied Obligations, whether or not with any reservation of rights against any Guarantor; or any application of collections (including but not limited to collections resulting from realization upon any direct or indirect security for the Guarantied Obligations) to other obligations, if any, not entitled to the benefits of this

Agreement, in preference to Guarantied Obligations entitled to the benefits of this Agreement, or if any collections are applied to Guarantied Obligations, any application to particular Guarantied Obligations;

(d) any taking, exchange, amendment, modification, waiver, supplement, termination, subordination, compromise, release, surrender, loss, or impairment of, or any failure to protect, perfect, or preserve the value of, or any enforcement of, realization upon, or exercise of rights, or remedies under or in connection with, or any failure, omission, breach, default, delay or wrongful action by the Agent and the Lenders, or any of them, or any other Person in connection with the enforcement of, realization upon, or exercise of rights or remedies under or in connection with, or, any other action or inaction by the Agent and the Lenders, or any of them, or any other Person in respect of, any direct or indirect security for any of the Guarantied Obligations. As used in this Agreement, "direct or indirect security" for the Guarantied Obligations, and similar phrases, includes any collateral security, guaranty, suretyship, letter of credit, capital maintenance agreement, put option, subordination agreement or other right or arrangement of any nature providing direct or indirect assurance of payment or performance of any of the Guarantied Obligations, made by or on behalf of any Person;

(e) any merger, consolidation, liquidation, dissolution, winding-up, charter revocation or forfeiture, or other change in, restructuring or termination of the corporate structure or existence of, the Borrower or any other Person; any Insolvency Proceeding with respect to the Borrower or any other Person; or any action taken or election made by the Agent and the Lenders, or any of them (including but not limited to any election under Section 1111(b)

(2) of the Bankruptcy Code), the Borrower, or any other Person in connection with any such proceeding; or any liability if the Borrower makes a payment to the Agent and such payment is recovered from the Agent under Debtor Relief Laws;

(f) any defense, setoff, or counterclaim (excluding only the defense of full, strict and indefeasible payment and performance), which may at any time be available to or be asserted by the Borrower or any other Person with respect to any Loan Document or any of the Guarantied Obligations; or any discharge by operation of law or release of the Borrower or any other Person from the performance or observance of any Loan Document or any of the Guarantied Obligations; or

(g) any other event or circumstance, whether similar or dissimilar to the foregoing, and whether known or unknown, which might otherwise constitute a defense available to, or limit the liability of, any Guarantor, a guarantor or a surety, excepting only full, strict and indefeasible payment and performance of the Guarantied Obligations in full.

Section 12.04. *Waivers, etc.*. Each Guarantor hereby waives any defense to or limitation on its obligations under this Agreement arising out of or based on any event or circumstance referred to in this Section 12.04. Without limitation and to the fullest extent permitted by applicable law, each Guarantor waives each of the following:

(a) all notices, disclosures and demand of any nature which otherwise might be required from time to time to preserve intact any rights against any Guarantor, including the following: any notice of any event or circumstance described in this Section 12.04; any notice

required by any Law, regulation or order now or hereafter in effect in any jurisdiction; any notice of nonpayment, nonperformance, dishonor, or protest under any Loan Document or any of the Guarantied Obligations; any notice of the incurrence of any Guarantied Obligation; any notice of any default or any failure on the part of the Borrower or any other Person to comply with any Loan Document or any of the Guarantied Obligations or any direct or indirect security for any of the Guarantied Obligations; and any notice of any information pertaining to the business, operations, condition (financial or otherwise) or prospects of the Borrower or any other Person;

(b) any right to any marshalling of assets, to the filing of any claim against the Borrower or any other Person in the event of any Insolvency Proceeding, or to the exercise against the Borrower or any other Person of any other right or remedy under or in connection with any Loan Document or any of the Guarantied Obligations or any direct or indirect security for any of the Guarantied Obligations; any requirement of promptness or diligence on the part of the Agent and the Lenders, or any of them, or any other Person; any requirement to exhaust any remedies under or in connection with, or to mitigate the damages resulting from default under, any Loan Document or any of the Guarantied Obligations or any direct or indirect security for any of the Guarantied Obligations; any benefit of any statute of limitations; and any requirement of acceptance of this Agreement and any requirement that any Guarantor receive notice of such acceptance;

(c) any defense or other right arising by reason of any Law now or hereafter in effect in any jurisdiction pertaining to election of remedies (including but not limited to anti-deficiency laws, “one action” laws or the like), or by reason of any election of remedies or other action or inaction by the Agent or the Lenders, or any of them, (including but not limited to commencement or completion of any judicial proceeding or nonjudicial sale or other action in respect of collateral security for any of the Guarantied Obligations), which results in denial or impairment of the right of the Agent and the Lenders, or any of them, to seek a deficiency against the Borrower or any other Person or which otherwise discharges or impairs any of the Guarantied Obligations; and

(d) any right to be subrogated to the rights of the Agent and the Lenders against the Borrower until the Guarantied Obligations are indefeasibly paid in full.

Section 12.05. *Reinstatement*. Each Guarantor agrees that its guarantee hereunder is a continuing obligation and shall remain in full force and effect notwithstanding that no Guarantied Obligations may be outstanding from time to time and notwithstanding any other event or circumstance. Upon the indefeasible payment in full of all Guarantied Obligations, the Guaranty under this Article 12 shall terminate; provided, however, that this Guaranty shall continue to be effective or be automatically reinstated, as the case may be, any time any payment of any of the Guarantied Obligations is rescinded, recouped, avoided, or must otherwise be returned or released by any Lender or Agent upon or during the Insolvency Proceeding affecting the Borrower or for any other reason whatsoever, all as though such payment had not been made and was due and owing.

Section 12.06. *Subrogation*. Each Guarantor waives and agrees it will not exercise any rights (including with respect to all “claims” (as defined in Section 101(5) of the Bankruptcy Code)) against Borrower or any other Guarantor arising in connection with, or any Collateral

securing, the Guarantied Obligations (including rights of subrogation (whether contractual, under Section 509 of the Bankruptcy Code or otherwise), contribution, and the like) until the Guarantied Obligations have been Paid in Full. If any amount shall be paid to any Guarantor by or on behalf of the Borrower or any other Guarantor by virtue of any right of subrogation (whether contractual, under Section 509 of the Bankruptcy Code or otherwise), contribution or the like, such amount shall be deemed to have been paid to such Guarantor for the benefit of, and shall be held in trust for the benefit of, the Agent and the Lenders and shall forthwith be paid to the Agent to be credited and applied upon the Guarantied Obligations, whether matured or unmatured, in accordance with the terms hereof.

ARTICLE 13
MISCELLANEOUS

Section 13.01. *Modifications, Amendments or Waivers.* With the written consent of the Required Lenders, the Agent, acting on behalf of all the Lenders, and the Borrower, on behalf of the Loan Parties, may from time to time enter into written agreements amending or changing any provision of this Agreement or any other Loan Document or the rights of the Lenders or the Loan Parties hereunder or thereunder, or may grant written waivers or consents hereunder or thereunder. Any such agreement, waiver or consent made with such written consent shall be effective to bind all the Lenders and the Loan Parties; provided that, except as otherwise expressly contemplated by this Agreement, no such agreement, waiver or consent may be made which will:

(a) [Reserved];

(b) *Extension of Payment; Reduction of Principal Interest or Fees; Modification of Terms of Payment*. Whether or not any Loans are outstanding, extend the Stated Maturity Date or the time for payment of principal or interest of any Loan, the Unused Commitment Fee or any other fee payable to any Lender, or reduce the principal amount of, or the rate of interest borne by, any Loan or reduce the Unused Commitment Fee or any other fee payable to any Lender, without the consent of each Lender directly affected thereby;

(c) *Release of Collateral or Guarantor*. Except for sales of assets permitted by Sections 8.02(c), 8.02(d) or other transactions expressly permitted hereunder, release all or substantially all of the Collateral or all or substantially all of the Guarantors from its Obligations under Article 12 hereof without the consent of all Lenders (other than Defaulting Lenders);

(d) *Miscellaneous*. Amend Section 5.02, 5.03 or 10.03 or this Section 13.01, alter any provision regarding the pro rata treatment of the Lenders or requiring all Lenders to authorize the taking of any action or reduce any percentage specified in the definition of Required Lenders, in each case without the consent of all of the Lenders; or

(e) *Superpriority Status.* Amend or modify the Superpriority Claim status of the Lenders under the Orders or under any other Loan Documents without the consent of each Lender;

provided that no agreement, waiver or consent which would modify the interests, rights or obligations of the Agent may be made without the written consent of the Agent; provided, further that, if in connection with any proposed waiver, amendment or modification referred to in

Sections 13.01(b) through 13.01(e) above, the consent of the Required Lenders is obtained but the consent of one or more of such other Lenders whose consent is required is not obtained (each a "**Non-Consenting Lender**"), then the Borrower shall have the right to replace any such Non-Consenting Lender with one or more replacement Lenders pursuant to Section 5.06(c).

Section 13.02. *No Implied Waivers; Cumulative Remedies.* No course of dealing and no delay or failure of the Agent or any Lender in exercising any right, power, remedy or privilege under this Agreement or any other Loan Document shall affect any other or future exercise thereof or operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any further exercise thereof or of any other right, power, remedy or privilege. The rights and remedies of the Agent and the Lenders under this Agreement and any other Loan Documents are cumulative and not exclusive of any rights or remedies which they would otherwise have.

Section 13.03. *Expenses; Indemnity; Damage Waiver*. (a) *Costs and Expenses*. The Borrower shall pay (i) all reasonable expenses incurred by the Agent and its Affiliates or any Lender (but limited, in the case of legal fees and expenses, to the reasonable and documented fees and expenses of one primary counsel to the Agent, two primary counsel to the Lenders taken as a whole, one financial advisory to all such Persons taken as a whole, one operational consultant to all such Persons taken as a whole, and, if reasonably necessary, of one local counsel in any relevant jurisdiction to all such Persons, taken as a whole, unless in the reasonable judgment of the Agent or the Lenders, a conflict exists which necessitates the engagement of separate local counsel), in connection with the syndication of the DIP Facility provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable expenses incurred by the Agent and its Affiliates or any Lender (but limited, in the case of legal fees and expenses, to the reasonable and documented fees and expenses of one primary counsel to the Agent, two primary counsel the Lenders taken as a whole, one financial advisory to all such Persons taken as a whole, one operational consultant to all such Persons taken as a whole, and, if reasonably necessary, of one local counsel in any relevant jurisdiction to each such Person), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made hereunder, including all such expenses incurred during any workout, restructuring or negotiations in respect of such Loans, and (iii) all reasonable expenses of the Agent and the Agent's regular employees and agents engaged periodically to perform audits of the Loan Parties' books, records and business properties during the continuation of an Event of Default.

(b) *Indemnification by the Borrower*. The Borrower shall indemnify the Agent (and any agent and attorney-in-fact thereof), each Lender and each Related Party of any of the foregoing Persons (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including reasonable and documented fees and expenses of counsel) in all cases, whether or not caused by or arising, in whole or in part, out of the comparative, contributory or sole negligence of the Indemnitee, and shall indemnify and hold harmless each Indemnitee from all reasonable and documented fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third

party or by the Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance or nonperformance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) breach of representations, warranties or covenants of the Borrower under the Loan Documents, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, including any such items or losses relating to or arising under Environmental Health and Safety Laws, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for a material breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(c) *Reimbursement by Lenders.* To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under Sections 13.03(a) or 13.03(b) to be paid by it to the Agent (or any agent or attorney-in-fact thereof) or any Related Party of any of the foregoing, each applicable Lender severally agrees to pay to the Agent (or any such agent or attorney-in-fact) or such Related Party, as the case may be, such Lender's Ratable Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Agent (or any such agent or attorney-in-fact) in its capacity as such, or against any Related Party acting for the Agent (or any such agent or attorney-in-fact) in connection with such capacity.

(d) *Waiver of Consequential Damages, Etc*. To the fullest extent permitted by applicable Law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnitee referred to in Section 13.03(b) shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby, except to the extent such damages are found to be a final, non-appealable judgment of a court to arise from the gross negligence or willful misconduct of such Indemnitee.

(e) *Payments*. All amounts due under this Section shall be payable not later than thirty (30) days after demand therefor.

Section 13.04. *Holidays.* Whenever payment of a Loan to be made or taken hereunder shall be due on a day which is not a Business Day such payment shall be due on the next Business Day (except as provided in Section 4.02) and such extension of time shall be included in computing interest and fees, except that the Loans shall be due on the Business Day preceding the Stated Maturity Date if the Stated Maturity Date is not a Business Day. Whenever any payment or action to be made or taken hereunder (other than payment of the Loans) shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall not be included in computing interest or fees, if any, in connection with such payment or action.

Section 13.05. *Notices; Effectiveness; Electronic Communication.* (a) *Notices Generally*. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 13.05(b)), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier (i) if to a Lender, to it at its address set forth in its administrative questionnaire, or (ii) if to any other Person, to it at its address set forth on Schedule 1.1(C).

Notices sent by hand shall be deemed to have been given when received, notices sent by overnight courier service shall be deemed to have been given one Business Day after deposit with a reputable overnight courier service, notices mailed by certified or registered mail shall be deemed to have been given three Business Days after being deposited in the mail, postage prepaid; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in Section 13.05(b) shall be effective as provided in such Section.

(b) *Electronic Communications.* Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Agent; provided that the foregoing shall not apply to notices to any Lender if such Lender has notified the Agent that it is incapable of receiving notices under such Article by electronic communication. The Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) *Change of Address, Etc.* Any party hereto may change its address, e-mail address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

Section 13.06. *Severability.* The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 13.07. Duration; Survival. All representations and warranties of the Loan Parties contained herein or made in connection herewith shall survive the execution and delivery of this Agreement, the completion of the transactions hereunder and Payment In Full. All covenants and agreements of the Borrower contained herein relating to the payment of principal, interest, premiums, additional compensation or expenses and indemnification, including those set forth in the Notes, Article 5 and Section 13.03, shall survive Payment In Full. All other covenants and agreements of the Loan Parties shall continue in full force and effect from and after the date hereof and until Payment In Full.

Section 13.08. [*Reserved*].

Section 13.09. *Successors and Assigns.*

(a) *Successors and Assigns Generally*. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrower nor any other Loan Party may assign or otherwise transfer any of its rights or obligations under the DIP Facility without the prior written consent of the Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of Section 13.09(b) or (ii) by way of participation in accordance with the provisions of Section 13.09(d) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 13.09(d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) *Assignments by Lenders*. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Term at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) *Minimum Amounts*.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Term Loans at the time owing to it or contemporaneous assignments to related Approved Funds that equal at least the amount specified in

Section 13.09(b)(i)(B) below in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in Section 13.09(b)(i)(A) above, the principal outstanding balance of the Term Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption Agreement with respect to such assignment is delivered to the Agent or, if "**Trade Date**" is specified in the Assignment and Assumption Agreement, as of the Trade Date, shall not be less than $1,000,000 unless each of the Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) *Proportionate Amounts*. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Term Loans assigned;

(iii) *Required Consents*. No consent shall be required for any assignment except to the extent required by Section 13.09(b)(i)(B) and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (i) an Event of Default has occurred and is continuing at the time of such assignment, or (ii) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Agent within ten (10) Business Days after having received notice thereof; and

(B) the consent of the Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any Term Loan to a Person that is not a Lender, an Affiliate of a Lender or an Approved Fund;

(iv) *Assignment and Assumption*. The parties to each assignment shall execute and deliver to the Agent an Assignment and Assumption Agreement, together with a processing and recordation fee in the amount of $3,500; provided that no such processing and recordation fee shall be required for any assignment in connection with the primary syndication of the DIP Facility. The assignee, if it is not a Lender, shall deliver to the Agent an administrative questionnaire.

(v) *No Assignment to Certain Persons*. No such assignment shall be made (A) to the Borrower or any of the Borrower's Affiliates or Subsidiaries, (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), (C) to a Disqualified Institution or (D) to a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural person);

provided that notwithstanding anything to the contrary in this Agreement, the Borrower and the other Loan Parties and the Lenders acknowledge and agree that in no event shall the Agent (in its capacity as such) be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to any preclusions as to assignments to Disqualified Institutions. Without limiting the generality of the foregoing, the Agent shall not (x) be obligated to, in connection with its maintenance of the Register (or otherwise), ascertain, monitor or inquire as to whether any Lender is a Disqualified Institution or (y) have any liability with respect to any assignment or participation of Loans or Commitments, or any disclosure of confidential information, to any Disqualified Institution.

(vi) *Certain Additional Payments*. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans in accordance with its Ratable Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Agent pursuant to Section 13.09(c), from and after the effective date specified in each Assignment and Assumption Agreement, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption Agreement, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 5.08, 5.09, 5.10, and 13.03 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 13.09(d) of this Section.

(c) *Register*. The Agent, acting solely for this purpose as an agent of the Borrower (and such agency being solely for tax purposes), shall maintain at its Principal Office a copy of each Assignment and Assumption Agreement delivered to it (or the equivalent thereof in electronic form) and a register for the recordation of the names and addresses of the Lenders and principal amounts (and stated interest) of the Term Loan owing to each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) *Participations*. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Agent, sell participations to any Person (other than a natural Person, a Defaulting Lender, a Disqualified Institution or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 13.03(b) without regard to the existence of any participation.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in Section 13.01 that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 5.08, 5.09 and 5.10 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 13.09(b) (it being understood that the documentation required under Section 5.09 shall be delivered to the Lender who sells the participation) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 5.03 and 5.07 as if it were an assignee under paragraph (b) of this Section and (B) shall not be entitled to receive any greater payment under Sections 5.08 or 5.09, with respect to any participation, than the Lender from whom it acquired the applicable participation would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 5.07 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.02(c) as though it were a Lender; provided that such Participant agrees to be subject to Section 5.03 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other

obligations under the Loan Documents (the "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Income Tax Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register.

(e) *Certain Pledges*. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 13.10. *Confidentiality*. (a) *General*. Each of the Agent and the Lenders agrees to maintain the confidentiality of the Information, except that Information may be disclosed (i) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (iii) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (iv) to any other party hereto, (v) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of or, Participant or in, or any prospective assignee of, or Participant in, any of its rights or obligations under this Agreement or (B) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (vii) with the consent of the Borrower or (viii) to the extent such

Information (Y) becomes publicly available other than as a result of a breach of this Section or (Z) becomes available to the Agent, any Lender, or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower or the other Loan Parties. In addition, the Agent and each Lender may disclose the existence of this Agreement and the information about this Agreement to rating agencies, credit insurers, CUSIP Service Bureau, Inc., market data collectors, similar services providers to the lending industry, and service providers to the Agent and the Lenders in connection with the administration and management of this Agreement and the other Loan Documents. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

(b) *Sharing Information With Affiliates of the Lenders*. Each Loan Party acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to the Borrower or one or more of its Affiliates (in connection with this Agreement or otherwise) by any Lender or by one or more Subsidiaries or Affiliates of such Lender and each of the Loan Parties hereby authorizes each Lender to share any information delivered to such Lender by such Loan Party and its Subsidiaries pursuant to this Agreement to any such Subsidiary or Affiliate subject to the provisions of Section 13.10(a).

Section 13.11. *Counterparts; Integration.* (a) *Counterparts; Integration*. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof including any prior confidentiality agreements and commitments; provided that to the extent that any provision herein is inconsistent with any term of the Orders, the Orders shall control. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or e-mail shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) *Electronic Execution of Assignments and Certain Other Documents*. The words "execute," "execution," "signed," "signature," and words of like import in any Assignment and Assumption Agreement or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 13.12. *CHOICE OF LAW; SUBMISSION TO JURISDICTION; WAIVER OF VENUE; SERVICE OF PROCESS; WAIVER OF JURY TRIAL*. (a) Governing Law. This Agreement shall be deemed to be a contract under the Law of the State of New York without regard to its conflict of laws principles that would require the application of any other Law and (to the extent applicable) the Bankruptcy Code.

(b) *SUBMISSION TO JURISDICTION*. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE BANKRUPTCY COURT AND, IF THE BANKRUPTCY COURT DOES NOT HAVE (OR ABSTAINS FROM) JURISDICTION, THE COURTS OF THE STATE OF NEW YORK SITTING IN THE BOROUGH OF MANHATTAN AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF (OTHER THAN WITH RESPECT TO ACTIONS BY THE AGENT IN RESPECT OF RIGHTS UNDER ANY COLLATERAL DOCUMENT GOVERNED BY LAWS OTHER THAN THE

LAWS OF THE STATE OF NEW YORK OR WITH RESPECT TO ANY COLLATERAL SUBJECT THERETO), IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE AGENT OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWER OR ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) *WAIVER OF VENUE*. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN THIS SECTION 13.12. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT AND AGREES NOT ASSERT ANY SUCH DEFENSE.

(d) *SERVICE OF PROCESS*. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 13.05. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) *WAIVER OF JURY TRIAL*. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, THE AGENT OR THE ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT

SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN

DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 13.13. *USA Patriot Act Notice.* Each Lender that is subject to the USA Patriot Act hereby notifies the Loan Parties that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of Loan Parties and other information that will allow such Lender to identify the Loan Parties in accordance with the USA Patriot Act.

Section 13.14. *No Fiduciary Duty.* Each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the "**Lenders**"), may have economic interests that conflict with those of the Loan Parties, their stockholders and/or their affiliates. The Loan Parties acknowledge and agree that (a) the arranging and other services regarding this Agreement and the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Agent and the Lenders, on the one hand, and the Loan Parties, on the other, and (b) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of any Loan Party, its stockholders or its affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise any Loan Party, its stockholders or its Affiliates on other matters) or any other obligation to any Loan Party except the obligations expressly set forth in the Loan Documents, (y) the Agent and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and none of the Agent, any Arranger, or any Lender has any obligation to disclose any of such interests to the Borrower and its Affiliate and (z) each Lender is acting solely as principal and not as an advisor, the agent or fiduciary of any Loan Party, its management, stockholders, creditors or any other Person. Each Loan Party acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate, that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto and is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents. Each Loan Party agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to such Loan Party, in connection with such transaction or the process leading thereto. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Agent or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 13.15. *The Platform.* THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR

OTHER CODE DEFECTS, IS MADE BY THE AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Agent or any of its Related Parties (collectively, the "**Agent Parties**") have any liability to the Borrower, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower's, any Loan Party's or the Agent's transmission of Borrower Materials through the Internet.

Section 13.16. *Authorization to Release Collateral and Guarantors.* The Lenders authorize the Agent to (i) release any Collateral that becomes Excluded Property (or any assets no longer required to be Collateral pursuant to the terms hereof or of any other Loan Document) or any Collateral consisting of assets or equity interests sold or otherwise disposed of in a sale or other disposition or transfer permitted under Section 8.02(d) or 8.02(c), and (ii) release any Guarantor from its obligations under Article 12 hereof if such Guarantor becomes a Non-Guarantor Subsidiary or ceases to be a Subsidiary pursuant to any sale, transfer, lease, disposition, merger or other transaction permitted by this Agreement, including, without limitation, in the event the ownership interests in such Guarantor are sold or otherwise disposed of or transferred to persons other than Loan Parties or Subsidiaries of the Loan Parties in a transaction permitted under Section 8.02(d) or 8.02(c). Upon the written request of the Borrower (accompanied by such certificates and other documentation as the Agent or any Lender may reasonably request) the Agent on behalf of the Lenders, (i) shall release, subordinate, enter into non-disturbance agreements or consent to the release by the Agent of any Collateral or Guarantor in connection with any event contemplated above or any easements, permits, licenses, rights of way, surface leases or other surface rights or interests permitted to be granted hereunder or any Payment in Full hereunder or termination hereof, and (ii) notwithstanding Section 13.01 or any other provision in any Loan Document to the contrary, the Agent may, on behalf of the Lenders, amend, modify, supplement, restate, terminate or release in whole or in part any of the Loan Documents from time to time or consent to such action by the Agent to (a) add Guarantors of the Obligations; (b) add property or other assets as Collateral, (c) approve of any correction or update to any Schedule hereto or to any other Loan Document to the extent such Schedule is being corrected in any manner that is not material or is being updated to reflect the consummation of any transaction or exercise of any rights of the Loan Parties permitted hereunder for which no consent is required or for which the required consent has been received, or (d) release from perfection any Lien created by any Loan Document that is no longer required by the terms hereof or such Loan Document to be perfected.

Section 13.17. *Right to Realize on Collateral and Enforce Guaranty .* Anything contained in any of the Loan Documents to the contrary notwithstanding, the Borrower, the Agent and each Lender hereby agree that no Lender shall have any right individually to realize upon any of the Collateral or to enforce the Guaranty, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Agent on behalf of Lenders in accordance with the terms hereof and all powers, rights and remedies under Collateral Documents may be exercised solely by the Agent.

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IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Agreement as of the day and year first written above.

BORROWER:

ARCH COAL, INC.

By: /s/ Robert G. Jones
Name: Robert G. Jones
Title: Senior Vice Present — Law, General Counsel & Secretary

[Signature Page to Arch DIP Credit Agreement]

GUARANTORS:

ACI TERMINAL, LLC
ALLEGHENY LAND COMPANY
ARCH COAL SALES COMPANY, INC.
ARCH COAL WEST, LLC
ARCH ENERGY RESOURCES, LLC
ARCH OF WYOMING, LLC
ARCH RECLAMATION SERVICES, INC.
ARCH WESTERN ACQUISITION CORPORATION
ARCH WESTERN ACQUISITION, LLC
ARCH WESTERN BITUMINOUS GROUP, LLC
ARCH WESTERN RESOURCES, LLC
ARK LAND COMPANY
ARK LAND KH, INC.
ARK LAND LT, INC.
ARK LAND WR, INC.
ASHLAND TERMINAL, INC.
BRONCO MINING COMPANY, INC.
CATENARY COAL HOLDINGS, INC.
COAL-MAC, INC.
COALQUEST DEVELOPMENT LLC
CUMBERLAND RIVER COAL COMPANY
HAWTHORNE COAL COMPANY, INC.
HUNTER RIDGE COAL COMPANY
HUNTER RIDGE HOLDINGS, INC.
HUNTER RIDGE, INC.
ICG BECKLEY, LLC
ICG EAST KENTUCKY, LLC
ICG EASTERN LAND, LLC
ICG EASTERN, LLC
ICG ILLINOIS, LLC
ICG KNOTT COUNTY, LLC
ICG NATURAL RESOURCES, LLC
ICG TYGART VALLEY, LLC
ICG, INC.
ICG, LLC
INTERNATIONAL COAL GROUP, INC.
JULIANA MINING COMPANY, INC.
KING KNOB COAL CO., INC.
LONE MOUNTAIN PROCESSING, INC.
MARINE COAL SALES COMPANY
MELROSE COAL COMPANY, INC.
MINGO LOGAN COAL COMPANY
MOUNTAIN COAL COMPANY, L.L.C.

[Signature Page to Arch DIP Credit Agreement]

MOUNTAIN GEM LAND, INC.
MOUNTAIN MINING, INC.
MOUNTAINEER LAND COMPANY
OTTER CREEK COAL, LLC

PATRIOT MINING COMPANY, INC.
POWELL MOUNTAIN ENERGY, LLC
PRAIRIE HOLDINGS, INC.
SHELBY RUN MINING COMPANY, LLC
SIMBA GROUP, INC.
THUNDER BASIN COAL COMPANY, L.L.C.
TRITON COAL COMPANY, LLC
UPSHUR PROPERTY, INC.
VINDEX ENERGY CORPORATION
WESTERN ENERGY RESOURCES, INC.
WHITE WOLF ENERGY, INC.
WOLF RUN MINING COMPANY

By: /s/ John T. Drexler
Name: John T. Drexler
Title: Vice President & Treasurer

[Signature Page to Arch DIP Credit Agreement]

GUARANTOR:

ARCH DEVELOPMENT, LLC

By: /s/ Robert G. Jones
Name: Robert G. Jones
Title: Secretary

[Signature Page to Arch DIP Credit Agreement]

GUARANTOR:

ARCH WESTERN FINANCE, LLC

By: /s/ Robert G. Jones
Name: Robert G. Jones
Title: Secretary

[Signature Page to Arch DIP Credit Agreement]

GUARANTOR:

JACOBS RANCH COAL LLC

By: /s/ Robert G. Jones
Name: Robert G. Jones
Title: Secretary

[Signature Page to Arch DIP Credit Agreement]

GUARANTOR:

JACOBS RANCH HOLDINGS I LLC

By: /s/ Robert G. Jones
Name: Robert G. Jones
Title: Secretary

[Signature Page to Arch DIP Credit Agreement]

GUARANTOR:

JACOBS RANCH HOLDINGS II LLC

By: /s/ Robert G. Jones
Name: Robert G. Jones
Title: Secretary

Exhibit 10.54

EXECUTION COPY

SECOND AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT
DATED AS OF JANUARY 13, 2016
BY AND AMONG
ARCH RECEIVABLE COMPANY, LLC,
as Seller,
ARCH COAL SALES COMPANY, INC.,
a debtor and debtor-in-possession under
chapter 11 of the Bankruptcy Code, as initial Servicer,
THE VARIOUS CONDUIT PURCHASERS, RELATED COMMITTED PURCHASERS, LC PARTICIPANTS AND PURCHASER AGENTS FROM TIME TO TIME PARTY HERETO,

AND
PNC BANK, NATIONAL ASSOCIATION,
as Administrator and as LC Bank

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This SECOND AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement") is entered into as of January 13, 2016, by and among ARCH RECEIVABLE COMPANY, LLC, a Delaware limited liability company, as seller (the "Seller"), ARCH COAL SALES COMPANY, INC., a Delaware corporation and a debtor and debtor-in-possession under chapter 11 of the Bankruptcy Code ("Arch Sales"), as initial servicer (in such capacity, together with its successors and permitted assigns in such capacity, the "Servicer"), the various CONDUIT PURCHASERS, RELATED COMMITTED PURCHASERS, LC PARTICIPANTS and PURCHASER AGENTS from time to time party hereto and PNC BANK, NATIONAL ASSOCIATION, a national banking association ("PNC"), as administrator (in such capacity, together with its successors and assigns in such capacity, the "Administrator") and as issuer of Letters of Credit (in such capacity, together with its successors and assigns in such capacity, the "LC Bank").

PRELIMINARY STATEMENTS. Certain terms that are capitalized and used throughout this Agreement are defined in Exhibit I. References in the Exhibits hereto to the "Agreement" refer to this Agreement, as amended, supplemented or otherwise modified from time to time.

This Agreement amends and restates in its entirety, as of the Closing Date, the Amended and Restated Receivables Purchase Agreement, dated as of February 24, 2010 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Prior Agreement"), among each of the parties hereto. Upon the effectiveness of this Agreement, the terms and provisions of the Prior Agreement shall, subject to this paragraph, be superseded hereby in their entirety. Notwithstanding the amendment and restatement of the Prior Agreement by this Agreement, (i) the Seller and Servicer shall continue to be liable to PNC, Regions and any other Indemnified Party or Affected Person (as such terms are defined in the Prior Agreement) for fees and expenses which are accrued and unpaid under the Prior Agreement on the date hereof (collectively, the "Prior Agreement Outstanding Amounts") and all agreements to indemnify such parties in connection with events or conditions arising or existing prior to the effective date of this Agreement and (ii) the security interest created under the Prior Agreement shall remain in full force and effect as security for such Prior Agreement Outstanding Amounts until such Prior Agreement Outstanding Amounts shall have been paid in full. Upon the effectiveness of this Agreement, each reference to the Prior Agreement in any other document, instrument or agreement shall mean and be a reference to this Agreement. Nothing contained herein, unless expressly herein stated to the contrary, is intended to amend, modify or otherwise affect any other instrument, document or agreement executed and/or delivered in connection with the Prior Agreement.

The Seller (i) desires to sell, transfer and assign an undivided percentage interest in a pool of receivables, and the Purchasers desire to acquire such undivided percentage interest, as such percentage interest shall be adjusted from time to time based upon, in part, reinvestment payments that are made by such Purchasers and (ii) may, subject to the terms and conditions hereof, request that the LC Bank issue or cause the issuance of one or more Letters of Credit.

In consideration of the mutual agreements, provisions and covenants contained herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.
AMOUNTS AND TERMS OF THE PURCHASES

Section 1.1 Purchase Facility.

(a) On the terms and subject to the conditions hereof, the Seller may, from time to time before the Facility Termination Date, (i) ratably (based on the aggregate Commitments of the Related Committed Purchasers in their respective Purchaser Groups) request that the Conduit Purchasers, or, only if a Conduit Purchaser denies such request or is unable to fund, ratably request that the Related Committed Purchasers, make purchases of and reinvestments in undivided percentage ownership interests with regard to the Purchased Interest from the Seller pursuant to Section 1.1(b) and (ii) request that the LC Bank issue or cause the issuance of Letters of Credit, in each case subject to the terms hereof (each such purchase, reinvestment or issuance is referred to herein as a "Purchase"). Subject to Section 1.4(b) concerning reinvestments, at no time will a Conduit Purchaser have any obligation to make a Purchase. Each Related Committed Purchaser severally hereby agrees, on the terms and subject to the conditions hereof, to make purchases of and reinvestments in undivided percentage ownership interests with regard to the Purchased Interest from the Seller from time to time from the date hereof to the Facility Termination Date, based on the applicable Purchaser Group's Ratable Share of each Purchase (and, in the case of each Related Committed Purchaser, its Commitment Percentage of its Purchaser Group's Ratable Share of such Purchase) and, on the terms of and subject to the conditions of this Agreement, the LC Bank hereby agrees to issue Letters of Credit in return for (and each LC Participant hereby severally agrees to make participation advances in connection with any draws under such Letters of Credit equal to such LC Participant's Pro Rata Share of such draws), undivided percentage ownership interests with regard to the Purchased Interest from the Seller from time to time from the date hereof to the Facility Termination Date. Notwithstanding anything set forth in this paragraph (a) or otherwise herein to the contrary, under no circumstances shall any Purchaser make any purchase or reinvestment (including, without limitation, any mandatory deemed Purchases pursuant to Section 1.1(b)) or issue any Letters of Credit hereunder, as applicable, if, after giving effect to such Purchase, the (i) aggregate outstanding amount of the Capital funded by such Purchaser, when added to all other Capital funded by all other Purchasers in such Purchaser's Purchaser Group would exceed (A) its Purchaser Group's Group Commitment (as the same may be reduced from time to time pursuant to Section 1.1(c)) minus (B) the related LC Participant's Pro Rata Share of the LC Participation Amount, (ii) the Aggregate Capital plus the LC Participation Amount would exceed the Purchase Limit or (iii) the LC Participation Amount would exceed the aggregate of the Commitments of the LC Participants.

The Seller may, subject to this paragraph (a) and the other requirements and conditions herein, use the proceeds of any purchase by the Purchasers hereunder to satisfy its Reimbursement Obligation to the LC Bank and the LC Participants (ratably, based on the outstanding amounts funded by the LC Bank and each such LC Participant) pursuant to Section 1.14 below.

Each of the parties hereto hereby acknowledges and agrees that from and after the Closing Date, the Purchaser Groups that includes PNC and Regions, as a Purchaser Agent and as

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a Purchaser, shall not include a Conduit Purchaser, and each request by the Seller for ratable Purchases by the Conduit Purchasers pursuant to Section 1.1(a)(i) shall be deemed to be a request that the Related Committed Purchasers in PNC's and Regions' Purchaser Group make their ratable share of such Purchases.

(b) In the event the Seller fails to reimburse the LC Bank for the full amount of any drawing under any Letter of Credit on the applicable Drawing Date (out of its own funds available therefor) pursuant to Section 1.14, then the Seller shall, automatically (and without the requirement of any further action on the part of any Person hereunder), be deemed to have requested a new purchase from the Conduit Purchasers or Related Committed Purchasers, as applicable, on such date, on the terms and subject to the conditions hereof, in an amount equal to the amount of such Reimbursement Obligation at such time. Subject to the limitations on funding set forth in paragraph (a) above (and the other requirements and conditions herein), the Conduit Purchasers or Related Committed Purchasers, as applicable, shall fund such deemed purchase request and deliver the proceeds thereof directly to the Administrator to be immediately distributed (ratably) to the LC Bank and the applicable LC Participants in satisfaction of the Seller's Reimbursement Obligation pursuant to Section 1.14, below, to the extent of the amounts permitted to be funded by the Conduit Purchasers or Related Committed Purchasers, as applicable, at such time, hereunder.

(c) The Seller may, upon at least 15 days' written notice to the Administrator, terminate the Purchase Facility in whole or, upon at least 15 days' written notice to the Administrator, from time to time, irrevocably reduce in part the unused portion of the Purchase Limit (but not below the amount that would cause the Aggregate Capital plus the LC Participation Amount to exceed the Purchase Limit or would cause the Group Capital of any Purchaser Group to exceed its Group Commitment, in each case after giving effect to such reduction); provided, that each partial reduction shall be in the amount of at least $5,000,000, or an integral multiple of $1,000,000 in excess thereof, and that, unless terminated in whole, the Purchase Limit shall in no event be reduced below $50,000,000. Each reduction in the Commitments hereunder shall be made ratably among the Purchasers in accordance with their respective Commitment Percentages and their respective Commitments. The Administrator shall promptly advise the Purchaser Agents of any notice received by it pursuant to this Section 1.1(c); it being understood that (in addition to and without limiting any other requirements for termination, prepayment and/or the funding of the LC Collateral Account hereunder) no such termination or reduction shall be effective unless and until (i) in the case of a termination, the amount on deposit in the LC Collateral Account is at least equal to the then outstanding LC Participation Amount and (ii) in the case of a partial reduction, the amount on deposit in the LC Collateral Account is at least equal to the positive difference between the then outstanding LC Participation Amount and the Purchase Limit as so reduced by such partial reduction.

Section 1.2 Making Purchases; Assignment and Assumption.

(a) [Reserved].

(b) [Reserved].

(c) Effective on the date of each Funded Purchase or other Purchase pursuant to this Section 1.2 and each reinvestment pursuant to Section 1.4, other than as provided under Section 5.17(a), the Seller hereby sells and assigns to the Administrator for the benefit of the Purchasers (ratably, based on the sum of the Capital plus the LC Participation Amount outstanding at such time for each such Purchaser's Capital) an undivided percentage ownership interest in: (i) each Pool Receivable then existing, (ii) all Related Security with respect to such Pool Receivables, and (iii) all Collections with respect to, and other proceeds of, such Pool Receivables and Related Security.

(d) To secure all of the Seller's obligations (monetary or otherwise) under this Agreement and the other Transaction Documents to which it is a party, whether now or hereafter existing or arising, due or to become due, direct or indirect, absolute or contingent, the Seller hereby grants to the Administrator (for the benefit of the Secured Parties) a security interest in all of the Seller's right, title and interest (including any undivided interest of the Seller) in, to and under all of the following, whether now or hereafter owned, existing or arising: (i) all Pool Receivables, (ii) all Related Security with respect to such Pool Receivables, (iii) all Collections with respect to such Pool Receivables, (iv) the Lock-Box Accounts and all amounts on deposit therein, and all certificates and instruments, if any, from time to time evidencing such Lock-Box Accounts and amounts on deposit therein, (v) the LC Collateral Account and all amounts on deposit therein, and all certificates and instruments, if any, from time to time evidencing such LC Collateral Account and amounts on deposit therein, (vi) all rights (but none of the obligations) of the Seller under the Sale Agreements, (vii) all proceeds of, and all amounts received or receivable under any or all of, the foregoing and (viii) all of its other property (collectively, the "Pool Assets"). The Seller hereby authorizes the Administrator to file financing statements describing the collateral covered thereby as "all of the debtor's personal property or assets" or words to that effect, notwithstanding that such wording may be broader in scope than the collateral described in this Agreement. The Administrator (on behalf of the Secured Parties) shall have, with respect to the Pool Assets, and in addition to all the other rights and remedies available to the Administrator and the Purchasers, all the rights and remedies of a secured party under any applicable UCC. The Seller hereby acknowledges and agrees that pursuant to the Prior Agreement, the Seller granted to the Administrator a security interest in all of the Seller's right, title and interest in, to and under the Pool Assets (as defined in the Prior Agreement). The Seller hereby confirms such security interest and acknowledges and agrees that such security interest is continuing and is supplemented and restated by the security interest granted by the Seller pursuant to this Section 1.2(d).

(e) Whenever the LC Bank issues a Letter of Credit pursuant to Section 1.12 hereof, each LC Participant shall, automatically and without further action of any kind upon the effective date of issuance of such Letter of Credit, have irrevocably been deemed to make a Funded Purchase hereunder in the event that such Letter of Credit is subsequently drawn and such drawn amount shall not have been reimbursed pursuant to Section 1.14 upon such draw in an amount equal to its Pro Rata Share of such unreimbursed draw. All such Funded Purchases shall be made ratably by the LC Participants according to their Pro Rata Shares and shall accrue Discount from the date of such draw. In the event that any Letter of Credit expires or is surrendered without being drawn (in whole or in part) then, in such event, the foregoing commitment to make Funded Purchases shall expire with respect to such Letter of Credit and the LC Participation

Amount shall automatically reduce by the amount of the Letter of Credit which is no longer outstanding.

(f) The Seller may, with the prior written consent of the Administrator and each Purchaser Agent (and, in the case of a new related LC Participant, the LC Bank), which consent may be granted or withheld in their sole and absolute discretion, add additional Persons as Purchasers (either to an existing Purchaser Group or by creating new Purchaser Groups) or cause an existing Related Committed Purchaser or related LC Participant to increase its Commitment; provided, that the Commitment of any Related Committed Purchaser or related LC Participant may only be increased with the prior written consent of such Purchaser; provided, further, that neither the Commitment of any new Purchaser Group nor the aggregate increase in the Commitment of existing Related Committed Purchasers shall exceed $50,000,000 and in connection with any such increase or addition shall be a corresponding increase in the Purchase Limit. Each new Conduit Purchaser, Related Committed Purchaser or related LC Participant (or Purchaser Group) shall become a party hereto, by executing and delivering to the Administrator, each Purchaser Agent and the Seller, an Assumption Agreement in the form of Annex F hereto (which Assumption Agreement shall, in the case of any new Conduit Purchaser, Related Committed Purchaser or related LC Participant, be executed by each Person in such new Purchaser's Purchaser Group).

(g) Each Related Committed Purchaser's and related LC Participant's obligations hereunder shall be several, such that the failure of any Related Committed Purchaser or related LC Participant to make a payment in connection with any purchase hereunder, or drawing under a Letter of Credit hereunder, as the case may be, shall not relieve any other Related Committed Purchaser or related LC Participant of its obligation hereunder to make payment for any Funded Purchase or such drawing. Further, in the event any Related Committed Purchaser or related LC Participant fails to satisfy its obligation to make a purchase or payment with respect to such drawing as required hereunder, upon receipt of notice of such failure from the Administrator (or any relevant Purchaser Agent), subject to the limitations set forth herein, the non-defaulting Related Committed Purchasers or related LC Participants in such defaulting Related Committed Purchaser's or related LC Participant's Purchaser Group shall fund the defaulting Related Committed Purchaser's or related LC Participant's Commitment Percentage of the related Purchase or drawing pro rata in proportion to their relative Commitment Percentages (determined without regard to the Commitment Percentage of the defaulting Related Committed Purchaser or related LC Participant; it being understood that a defaulting Related Committed Purchaser's or related LC Participant's Commitment Percentage of any Purchase or drawing shall be first funded by the Related Committed Purchasers or related LC Participants in such defaulting Related Committed Purchaser's or related LC Participant's Purchaser Group and thereafter if there are no other Related Committed Purchasers or related LC Participants in such Purchaser Group or if such other Related Committed Purchasers or related LC Participants are also defaulting Related Committed Purchasers or related LC Participants, then such defaulting Related Committed Purchaser's or related LC Participant's Commitment Percentage of such Purchase or drawing shall be funded by each other Purchaser Group ratably and applied in accordance with this paragraph (g)). Notwithstanding anything in this paragraph (g) to the contrary and for the avoidance of doubt, each Related Committed Purchaser's and LC Participant's obligation to make a Purchase or payment with respect to any drawing shall be

subject in all respects to the limitations set forth in the last sentence of the first paragraph of Section 1.1(a).

Section 1.3 Purchased Interest Computation. The Purchased Interest shall be initially computed on the Closing Date. Thereafter, until the Facility Termination Date, such Purchased Interest shall be automatically recomputed (or deemed to be recomputed) on each Business Day other than a Termination Day. From and after the occurrence of any Termination Day, the Purchased Interest shall (until the event(s) giving rise to such Termination Day are satisfied or are waived by the Administrator in accordance with Section 5.1) be deemed to be 100%. The Purchased Interest shall become zero when (a) the Aggregate Capital thereof and Aggregate Discount thereon shall have been paid in full, (b) an amount equal to 100% of the LC Participation Amount and the LC Fee Expectation shall have been deposited in the LC Collateral Account, or all Letters of Credit shall have expired or otherwise been terminated and (c) all the amounts owed by the Seller and the Servicer hereunder to each Purchaser, the Administrator and any other Indemnified Party or Affected Person are paid in full (other than indemnification and other contingent obligations not yet due and owing), and the Servicer shall have received the accrued Servicing Fee thereon.

Section 1.4 Settlement Procedures.

(a) The collection of the Pool Receivables shall be administered by the Servicer in accordance with this Agreement. The Seller shall provide to the Servicer on a timely basis all information needed for such administration, including notice of the occurrence of any Termination Day and current computations of the Purchased Interest.

(b) The Servicer shall, on each day on which Collections of Pool Receivables are remitted to the Servicer in accordance with this Agreement, including Section 1.4(g):

(i) set aside and hold in trust (and shall, at the request of the Administrator, segregate in a separate account approved by the Administrator) for the benefit of the Secured Parties, out of such Collections, first, an amount equal to the Aggregate Discount accrued through such day for each Portion of Capital and not previously set aside, second, an amount equal to the fees set forth in each Fee Letter accrued and unpaid through such day, and third, to the extent funds are available therefor, an amount equal to the aggregate of the Purchasers' Share of the Servicing Fee accrued through such day and not previously set aside;

(ii) subject to Section 1.4(f), if such day is not a Termination Day, remit to the Seller, ratably, on behalf of the Purchasers, the remainder of such Collections. Such remainder shall, to the extent representing a return on the Aggregate Capital, be automatically reinvested, ratably, according to each Purchaser's Capital, in Pool Receivables and in the Related Security, Collections and other proceeds with respect thereto; provided, that if the Purchased Interest would exceed 100%, then the Servicer shall not remit such remainder to the Seller or reinvest, but shall set aside and hold in trust for the Administrator (for the benefit of the Secured Parties) (and shall, at the

request of the Administrator, segregate in a separate account approved by the Administrator) a portion of such Collections that, together with the other Collections set aside pursuant to this paragraph, shall equal the amount necessary to reduce the Purchased Interest to 100% (determined as if such Collections set aside had been applied to reduce the Aggregate Capital or LC Participation Amount, as applicable, at such time), which amount shall either (x) be deposited ratably to each Purchaser Agent's account (for the benefit of its related Purchasers) or (y) be deposited in the LC Collateral Account, in each case, as applicable, on the next Settlement Date in accordance with Section 1.4(c); provided, further, that (x) in the case of any Purchaser that is a Conduit Purchaser, if such Purchaser has provided notice (a "Declining Notice") to its Purchaser Agent and the Administrator that such Purchaser (a "Declining Conduit Purchaser") no longer wishes Collections with respect to any Portion of Capital funded or maintained by such Purchaser to be reinvested pursuant to this clause (ii) or (y) in the case of any Purchaser that has provided notice (an "Exiting Notice") to its Purchaser Agent and the Administrator of its refusal, following any request by the Seller to extend the then Facility Termination Date, to extend its Commitment hereunder (an "Exiting Purchaser"), then in either case set forth in clause (x) or (y) above, such Purchaser's ratable share (determined according to outstanding Capital) of Collections shall not be reinvested or remitted to the Seller and shall instead be held in trust for the benefit of such Purchaser and applied in accordance with clause (iii) below;

(iii) if such day is a Termination Day (or any day following the provision of a Declining Notice or an Exiting Notice), set aside, segregate and hold in trust for the benefit of the Purchasers (and shall, at the request of the Administrator, segregate in a separate account approved by the Administrator), the entire remainder of such Collections (or in the case of a Declining Conduit Purchaser or an Exiting Purchaser, an amount equal to such Purchaser's ratable share of such Collections based on its Capital; provided, that solely for purposes of determining such Purchaser's ratable share of such Collections, such Purchaser's Capital shall be deemed to remain constant from the date of the provision of a Declining Notice or an Exiting Notice, as the case may be, until the date such Purchaser's Capital has been paid in full; it being understood that if such day is also a Termination Day, such Declining Conduit Purchaser's or Exiting Purchaser's Capital shall be recalculated taking into account amounts received by such Purchasers in respect of this parenthetical and thereafter Collections shall be set aside for such Purchaser ratably in respect of its Capital (as recalculated)); provided, further, that if amounts are set aside and held in trust on any Termination Day of the type described in clause (a) of the definition of "Termination Day" (or any day following the provision of a Declining Notice or an Exiting Notice) and, thereafter, the conditions set forth in Section 2 of Exhibit II are satisfied or waived by the Administrator and the Majority Purchaser Agents (or, in the case of a Declining Notice or an Exiting Notice, such Declining Notice or Exiting Notice, as the case may be, has been revoked by the related Declining Conduit Purchaser or Exiting Purchaser, respectively, and written notice thereof has been provided to the Administrator, the related Purchaser Agent and the Servicer), such previously set-aside amounts shall, to the extent representing a return on the Aggregate Capital (or the Capital of the Declining Conduit Purchaser or Exiting Purchaser, as the case may be) and ratably in accordance with each Purchaser's Capital,

be reinvested in accordance with clause (ii) on the day of such subsequent satisfaction or waiver of conditions or revocation of Declining Notice or Exiting Notice, as the case may be; and

(iv) release to the Seller (subject to Section 1.4(f)) for its own account any Collections in excess of: (w) amounts required to be reinvested in accordance with clause (ii) or the proviso to clause (iii) plus (x) the amounts that are required to be set aside pursuant to clause (i),

the provisos to clause (ii) and clause (iii) plus (y) the Seller's Share of the Servicing Fee accrued and unpaid through such day and all reasonable and appropriate out-of-pocket costs and expenses of the Servicer for servicing, collecting and administering the Pool Receivables plus (z) all other amounts then due and payable by the Seller under this Agreement to the Purchasers, the Purchaser Agents, the Administrator, and any other Indemnified Party or Affected Person.

(c) The Servicer shall, in accordance with the priorities set forth in Section 1.4(d), deposit into each Purchaser Agent's account, on each Settlement Date, Collections held for such Purchaser Agent (for the benefit of its related Purchasers) pursuant to clause (b)(i) or (f) plus the amount of Collections then held for such Purchaser Agent (for the benefit of its related Purchasers) pursuant to clauses (b)(ii) and (iii) of Section 1.4; provided, that if Arch Sales or an Affiliate thereof is the Servicer, such day is not a Termination Day and the Administrator has not notified Arch Sales (or such Affiliate) that such right is revoked, Arch Sales (or such Affiliate) may retain the portion of the Collections set aside pursuant to clause (b)(i) that represents the aggregate of each Purchasers' Share of the Servicing Fee. On or prior to the last day of each Settlement Period, each Purchaser Agent will notify the Servicer by facsimile of the amount of Discount accrued with respect to each Portion of Capital during such Settlement Period or portion thereof.

(d) The Servicer shall distribute the amounts described (and at the times set forth) in clause (c) above as follows:

(i) if such distribution occurs on a day that is not a Termination Day and the Purchased Interest does not exceed 100%, first to each Purchaser Agent ratably according to the Discount accrued during such Yield Period (for the benefit of the relevant Purchasers within such Purchaser Agent's Purchaser Group) in payment in full of all accrued Discount with respect to each Portion of Capital maintained by such Purchasers and all accrued Fees; it being understood that each Purchaser Agent shall distribute such amounts to the Purchasers within such Purchaser Agent's Purchaser Group ratably according to Discount and Fees, respectively, and second, if the Servicer has set aside amounts in respect of the Servicing Fee pursuant to clause (b)(i) and has not retained such amounts pursuant to clause (c), to the Servicer (payable in arrears on each Settlement Date) in payment in full of the aggregate of the Purchasers' Share of accrued Servicing Fees so set aside, and

(ii) if such distribution occurs on a Termination Day or on a day when the Purchased Interest exceeds 100%, first, if Arch Sales or an Affiliate thereof is not the Servicer, to the Servicer in payment in full of the Purchasers' Share of all accrued

Servicing Fees, second, to each Purchaser Agent ratably (based on the aggregate accrued and unpaid Discount and Fees payable to all Purchasers at such time) (for the benefit of the relevant Purchasers in such Purchaser Agent's Purchaser Group) in payment in full of all accrued Discount with respect to each Portion of Capital funded or maintained by the Purchasers within such Purchaser Agent's Purchaser Group and all accrued Fees, third, to each Purchaser Agent ratably according to the aggregate of the Capital of each Purchaser in each such Purchaser Agent's Purchaser Group (for the benefit of the relevant Purchasers in such Purchaser Agent's Purchaser Group) in payment in full of each Purchaser's Capital; it being understood that each Purchaser Agent shall distribute the amounts described in the first, second and third clauses of this Section 1.4(d)(ii) to the Purchasers within such Purchaser Agent's Purchaser Group ratably according to Discount, Fees and Capital, respectively, fourth, to the LC Collateral Account for the benefit of the LC Bank and the LC Participants (x) the amount necessary to cash collateralize the LC Participation Amount until the amount of cash collateral held in such LC Collateral Account (other than amount representing LC Fee Expectation) equals 100% of the LC Participation Amount (or, if such day is not a Termination Day, the amount necessary to reduce the Purchased Interest to 100%) (determined as if such Collections had been applied to reduce the aggregate outstanding amount of the LC Participation Amount) and (y) if such day is a Termination Day of the type described in clause (b) of the definition thereof or a Termination Event is continuing, an amount equal to the LC Fee Expectation at such time (or such portion thereof not currently on deposit in the LC Collateral Account), fifth, if the Aggregate Capital and accrued Aggregate Discount with respect to each Portion of Capital for all Purchaser Groups have been reduced to zero, and the aggregate of the Purchasers' Share of all accrued Servicing Fees payable to the Servicer (if other than Arch Sales or an Affiliate thereof) have been paid in full, to each Purchaser Agent ratably, based on the amounts payable to each Purchaser in such Purchaser Agent's Purchaser Group (for the benefit of the relevant Purchasers in such Purchaser Agent's Purchaser Group), the Administrator and any other Secured Party in payment in full of any other amounts owed thereto by the Seller or the Servicer hereunder, and sixth, to the Servicer (if the Servicer is Arch Sales or an Affiliate thereof) in payment in full of the aggregate of the Purchasers' Share of all accrued Servicing Fees.

After the Aggregate Capital, Aggregate Discount, fees payable pursuant to the Fee Letters and Servicing Fees with respect to the Purchased Interest, and any other amounts payable by the Seller and the Servicer to each Purchaser Group, the Administrator or any other Indemnified Party or Affected Person hereunder, have been paid in full, and (on and after a Termination Day) after an amount equal to 100% of the LC Participation Amount and the LC Fee Expectation has been deposited in the LC Collateral Account, all additional Collections with respect to the Purchased Interest shall be paid to the Seller for its own account.

(e) For the purposes of this Section 1.4:

(i) if on any day the Outstanding Balance of any Pool Receivable is reduced or adjusted as a result of any defective, rejected, returned, repossessed or foreclosed goods or services, or any revision, cancellation, allowance, rebate, discount or other adjustment made by the Seller, any Affiliate of the Seller, any Originator, the

Transferor, the Servicer or any Affiliate of the Servicer, or any setoff, netting of obligations or dispute between the Seller, any Affiliate of the Seller, any Originator, the Transferor, the Servicer or any Affiliate of the Servicer and an Obligor, the Seller shall be deemed to have received on such day a Collection of such Pool Receivable in the amount of such reduction or adjustment and shall immediately pay any and all such amounts in respect thereof to a Lock-Box Account for the benefit of the Secured Parties pursuant to Section 1.4;

(ii) if on any day any of the representations or warranties in Sections l(j) or 3(a) of Exhibit III is not true with respect to any Pool Receivable, the Seller shall be deemed to have received on such day a Collection of such Pool Receivable in full and shall immediately pay any and all such amounts in respect thereof to a Lock-Box Account (or as otherwise directed by the Administrator at such time) for the benefit of the Secured Parties and for application pursuant to Section 1.4;

(iii) except as provided in clause (i) or (ii), or as otherwise required by Applicable Law or the relevant Contract, all Collections received from an Obligor of any Receivable shall be applied to the Receivables of such Obligor in the order of the age of such Receivables, starting with the oldest such Receivable, unless such Obligor designates in writing its payment for application to specific Receivables; and

(iv) if and to the extent the Administrator, any Purchaser Agent or any Purchaser shall be required for any reason to pay over to an Obligor (or any trustee, receiver, custodian or similar official in any Insolvency Proceeding) any amount received by it hereunder, such amount shall be deemed not to have been so received by such Person but rather to have been retained by the Seller and, accordingly, such Person shall have a claim against the Seller for such amount, payable when and to the extent that any distribution from or on behalf of such Obligor is made in respect thereof.

(f) If at any time the Seller shall wish to cause the reduction of Aggregate Capital (but not to commence the liquidation, or reduction to zero, of the entire Aggregate Capital), the Seller may do so as follows:

(i) the Seller shall give the Administrator, each Purchaser Agent and the Servicer written notice in substantially the form of Annex C (each, a "Paydown Notice") (A) at least two Business Days prior to the date of such reduction for any reduction of the Aggregate Capital less than or equal to $20,000,000 and (B) at least five Business Days prior to the date of such reduction for any reduction of the Aggregate Capital greater than $20,000,000, in each case such Paydown Notice shall include, among other things, the amount of such proposed reduction and the proposed date on which such reduction will commence;

(ii) (A) on the proposed date of the commencement of such reduction and on each day thereafter, the Servicer shall cause Collections not to be reinvested until the amount thereof not so reinvested shall equal the desired amount of reduction or (B) the Seller shall remit to each Purchaser Agent's account (for the benefit of the relevant

Purchasers in such Purchaser Agent's Purchaser Group), in immediately available funds, an amount equal to the desired amount of such reduction together with accrued and unpaid Aggregate Discount, and Aggregate Discount to accrue through the next Settlement Date, with respect to such Aggregate Capital, ratably (based on such Purchaser Agent's Purchasers' portion of the Aggregate Capital reduced thereby and portion of the related Aggregate Discount); and

(iii) the Servicer shall hold such Collections in trust for the benefit of the Purchasers ratably (based on their respective Portions of Capital funded thereby) for payment to each such Purchaser Agent (for the benefit of the relevant Purchasers in such Purchaser Agent's Purchaser Group) on the next Settlement Date immediately following the current Settlement Period or such other date approved by the Administrator and each such Purchaser Agent, and the Aggregate Capital (together with the Capital of any related Purchaser) shall be deemed reduced in the amount to be paid to each such Purchaser Agent (on behalf of its related Purchasers) only when in fact finally so paid;

provided, that the amount of any such reduction shall be not less than $300,000 and shall be an integral multiple of $100,000 in excess thereof.

(g) The Servicer may, in its sole discretion, and shall at the direction of the Administrator (which direction may be given no more than once per week unless a Termination Event has occurred and is continuing), deliver an Interim Report to the Administrator on any Business Day. Upon receipt of such Interim Report, the Administrator shall promptly review such Interim Report to determine if such Interim Report constitutes a Qualifying Interim Report. In the event that the Administrator reasonably determines that such Interim Report constitutes a Qualifying Interim Report, so long as no Termination Event or Unmatured Termination Event has occurred and is continuing, the Administrator shall promptly remit to the Servicer from the Lock-Box Account (or the LC Collateral Account, if applicable) the lesser of (i) the amount identified on such Qualifying Interim Report as Collections on deposit in the Lock-Box Account and/or LC Collateral Account in excess of the amount necessary to ensure that the Purchased Interest does not exceed 100% and (ii) the aggregate amount of available Collections then on deposit in the Lock-Box Accounts and the LC Collateral Account. For purposes of this clause (g), "Qualifying Interim Report" shall mean any Interim Report that satisfies each of the following conditions: (A) the Purchased Interest as set forth in such Interim Report shall not exceed 100%; (B) such Interim Report is calculated as of the immediately prior Business Day and (C) the Administrator does not in good faith reasonably believe that any of the information or calculations set forth in such Interim Report are false or incorrect in any material respect (and notice of any such determination shall be provided promptly to the Servicer).

Section 1.5 Fees.

(a) The Seller shall pay to the Administrator, the Purchaser Agents and the Purchasers certain fees in the amounts and on the dates set forth in one or more fee letter agreements for each Purchaser Group, in each case entered into from time to time by and among the Servicer, the Seller and the applicable Purchaser Agent and/or the Administrator (as any such

fee letter agreement may be amended, restated, supplemented or otherwise modified from time to time, each, a "Fee Letter").

(b) The Seller shall pay to each Purchaser Agent, for the account of the LC Participants in such Purchaser Agent's Purchaser Group, a "Default LC Participation Fee" equal to, on any day while a Termination Event exists (i) 3.00%, multiplied by (ii) the related LC Participant's Pro Rata Share of the LC Participation Amount on such day, multiplied by (iii) 1/360, accruing on each day from the Closing Date until the Final Payout Date (or, if earlier, the date on which no Termination Event is continuing), payable in arrears on each Settlement Date for the prior Settlement Period and on the Final Payout Date. Each Default LC Participation Fee payable by the Seller hereunder will be (and shall be deemed to be for all purposes) fully earned as of the day on which it accrues, and once paid, shall be nonrefundable under any circumstances. For the avoidance of doubt, the Default LC Participation Fee is payable in addition to, and not in lieu of, any other fees or amounts payable by the Seller under, or in connection with, any Fee Letter and the other Transaction Documents.

(c) The Seller shall pay to each Purchaser Agent, for the account of Purchasers in such Purchaser Agent's Purchaser Group, a "Facility Fee" for each day equal to the product of (i) prior to (and including) the Facility Termination Date, (A) 0.85%, multiplied by (B) the Group Commitment of such

Purchaser Group on such day, multiplied by (C) 1/360, accruing each day from the date hereof until the Facility Termination Date, and (ii) after the Facility Termination Date, (A) 0.85%, multiplied by (B) the sum of (1) the aggregate outstanding Capital of all Purchasers in such Purchaser Group on such day, plus (2) the related LC Participant's Pro Rata Share of the LC Participation Amount on such day, multiplied by (C) 1/360, accruing each day from (but excluding) the Facility Termination Date until (and including) the Final Payout Date, in each case, payable in arrears on each Settlement Date for the prior Settlement Period and on the Final Payout Date.

(d) The Seller shall pay to each Purchaser Agent, for the account of Purchasers in such Purchaser Agent's Purchaser Group, a "Program Fee" for each day equal to the product of (i) 2.65%, multiplied by (ii) the aggregate outstanding Capital of all Purchasers in such Purchaser Group on such day, multiplied by (iii) 1/360, accruing each day from the date hereof until the Final Payout Date, payable in arrears on each Settlement Date for the prior Settlement Period and on the Final Payout Date.

(e) The Seller shall pay to each Purchaser Agent, for the account of Purchasers in such Purchaser Agent's Purchaser Group, an "LC Participant Fee" for each day equal to the product of (i) 2.65%, multiplied by (ii) the related LC Participant's Pro Rata Share of the LC Participation Amount on such day, multiplied by (iii) 1/360, accruing each day from the date hereof until the Final Payout Date, payable in arrears on each Settlement Date for the prior Settlement Period and on the Final Payout Date.

(f) The Seller shall pay to the LC Bank, an "LC Fee" for each day equal to the product of (i) 0.15%, multiplied by (ii) the LC Participation Amount on such day, multiplied by (iii) 1/360, accruing each day from the date hereof until the Final Payout Date, payable in arrears on each Settlement Date for the prior Settlement Period and on the Final Payout Date.

Section 1.6 Payments and Computations, Etc.

(a) All amounts to be paid or deposited by the Seller or the Servicer hereunder or under any other Transaction Document shall be made without reduction for offset or counterclaim and shall be paid or deposited no later than 2:00 p.m. (New York City time) on the day when due in same day funds to each account designated by the Purchaser Agents (for the benefit of the Purchasers in such Purchaser Agent's Purchaser Group) and/or the Administration Account, as applicable. All amounts received after 2:00 p.m.(New York City time) will be deemed to have been received on the next Business Day. Amounts payable hereunder to or for the benefit of the Administrator, the Purchasers or the Purchaser Agents (or their related Affected Persons or Indemnified Parties) shall be distributed as follows:

(i) Any amounts to be distributed by or on behalf of the Administrator hereunder to any Purchaser Agent, Purchaser or Purchaser Group shall be distributed to the account specified in writing from time to time by the applicable Purchaser Agent to the Administrator, and the Administrator shall have no obligation to distribute any such amounts unless and until it actually receives payment of such amounts by the Seller or the Servicer, as applicable, in the Administration Account. Except as expressly set forth herein (including, without limitation, as set forth in Section 1.4(b)(iii) with respect to Collections held in trust for Declining Conduit Purchasers and Exiting Purchasers), the Administrator shall distribute (or cause to be distributed) such amounts to the Purchaser Agents for the Purchasers within their respective Purchaser Groups ratably (x) in the case of such amounts paid in respect of Discount and Fees, according to the Discount and Fees payable to the Purchasers and (y) in the case of such amounts paid in respect of Capital (or in respect of any other obligations other than Discount and Fees), according to the outstanding Capital funded by the Purchasers.

(ii) Except as expressly set forth herein (including, without limitation, as set forth in Section 1.4(b)(iii) with respect to Collections held in trust for Declining Conduit Purchasers and Exiting Purchasers), each Purchaser Agent shall distribute the amounts paid to it hereunder for the benefit of the Purchasers in its Purchaser Group to the Purchasers within its Purchaser Group ratably (x) in the case of such amounts paid in respect of Discount and Fees, according to the Discount and Fees payable to such Purchasers and (y) in the case of such amounts paid in respect of Capital (or in respect of any other obligations other than Discount and Fees), according to the outstanding Capital funded by such Purchasers.

(b) The Seller or the Servicer, as the case may be, shall, to the extent permitted by law, pay interest on any amount not paid or deposited by the Seller or the Servicer, as the case may be, when due hereunder, at an interest rate equal to 2.0% per annum above the Base Rate, payable on demand.

(c) All computations of interest under clause (b) and all computations of Discount, fees and other amounts hereunder shall be made on the basis of a year of 360 (or 365 or 366, as applicable, with respect to Discount or other amounts calculated by reference to the Base Rate) days for the actual number of days elapsed. Whenever any payment or deposit to be made

hereunder shall be due on a day other than a Business Day, such payment or deposit shall be made on the next Business Day and such extension of time shall be included in the computation of such payment or deposit.

Section 1.7 Increased Costs.

(a) If the Administrator, any Purchaser Agent, any Purchaser, any Liquidity Provider or any other Program Support Provider or any of their respective Affiliates (each an "Affected Person") reasonably determines that the existence of or compliance with: (i) any law, rule, regulation or generally accepted accounting principle or any change therein or in the interpretation or application thereof, or (ii) any request, guideline or directive from Financial Accounting Standards Board ("FASB") (including, without limitation, FAS 166/167), or any central bank or other Governmental Authority (whether or not having the force of law), affects or would affect the amount of capital required or expected to be maintained by such Affected Person, and such Affected Person determines that the amount of such capital is increased by or based upon the existence of any commitment to make purchases of (or otherwise to maintain the investment in) Pool Receivables or issue any Letter of Credit related to this Agreement or any related liquidity facility, credit enhancement facility and other commitments of the same type, then, upon demand by such Affected Person (with a copy to the Administrator), the Seller shall promptly pay to the Administrator, for the account of such Affected Person, from time to time as specified by such Affected Person, additional amounts sufficient to compensate such Affected Person for increased costs in the light of such circumstances, to the extent that such Affected Person reasonably determines such

increase in capital to be allocable to the existence of any of such commitments. A certificate as to such amounts submitted to the Seller and the Administrator by such Affected Person shall be conclusive and binding for all purposes, absent manifest error.

(b) If, due to either: (i) the introduction of or any change in or in the interpretation of any law, rule, regulation or generally accepted accounting principle or (ii) compliance with any request, guideline or directive from FASB (including, without limitation, FAS 166/167) or any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost to any Affected Person of agreeing to purchase or purchasing, or maintaining the ownership of, the Purchased Interest (or its portion thereof) in respect of which Discount is computed by reference to the Euro-Rate or LMIR, then, upon demand by such Affected Person, the Seller shall promptly pay to such Affected Person, from time to time as specified by such Affected Person, additional amounts sufficient to compensate such Affected Person for increased costs. A certificate as to such amounts submitted to the Seller and the Administrator by such Affected Person shall be conclusive and binding for all purposes, absent manifest error.

(c) For the avoidance of doubt, and not in limitation of the foregoing, any increase in cost and/or reduction in yield caused by regulatory capital allocation adjustments due to Statements of Financial Accounting Standards Nos. 166 and 167 (or any future statements or interpretations issued by FASB or any successor thereto) (collectively, "FAS 166/167") shall be covered by this Section 1.7.

(d) Notwithstanding anything to the contrary, for purposes of this Section 1.7, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act, and all requests, rules, guidelines and directives promulgated thereunder and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or any Governmental Authority, any central bank of any jurisdiction, comparable agency or other Person, in each case pursuant to, or implementing, the accord known as Basel III, are, in the case of each of clause (i) and clause (ii) above, deemed to have been introduced or adopted after the date hereof, regardless of the date enacted, adopted, issued, promulgated or implemented.

Section 1.8 Requirements of Law; Funding Losses.

(I) If any Affected Person reasonably determines that the existence of or compliance with: (a) any law, rule or regulation or any change therein or in the interpretation or application thereof, or (b) any guideline, request or directive from any central bank or other Governmental Authority (whether or not having the force of law), in either case, adopted, issued or occurring after the date hereof:

(i) does or shall subject such Affected Person to any tax of any kind whatsoever with respect to this Agreement, any increase in the Purchased Interest (or its portion thereof) or in the amount of Capital relating thereto, or does or shall change the basis of taxation of payments to such Affected Person on account of Collections, Discount or any other amounts payable hereunder (excluding taxes imposed on the overall income of such Affected Person, and franchise taxes imposed on such Affected Person, by the jurisdiction under the laws of which such Affected Person is organized or a political subdivision thereof), or

(ii) does or shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, or deposits or other liabilities in or for the account of, purchases, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Affected Person that are not otherwise included in the determination of the Euro-Rate or LMIR or the Base Rate hereunder, or

(iii) does or shall impose on such Affected Person any other condition,

and the result of any of the foregoing is: (A) to increase the cost to such Affected Person of acting as Administrator, or of agreeing to purchase or purchasing or maintaining the ownership of undivided percentage ownership interests with regard to, or issuing any Letter of Credit in respect of, the Purchased Interest (or interests therein) or any Portion of Capital, or (B) to reduce any amount receivable hereunder (whether directly or indirectly), then, in any such case, upon demand by such Affected Person, the Seller shall promptly pay to such Affected Person additional amounts necessary to compensate such Affected Person for such additional cost or reduced amount receivable. All such amounts shall be payable as incurred. A certificate as to such amounts from such Affected Person to the Seller and the Administrator shall be conclusive and binding for all purposes, absent manifest error; provided, however, that notwithstanding

anything to the contrary, for purposes of this Section 1.8, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act, and all requests, rules, guidelines and directives promulgated thereunder, and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or any Governmental Authority, any central bank of any jurisdiction, comparable agency or other Person, in each case pursuant to, or implementing, the accord known as Basel III, are, in the case of each of clause (i) and clause (ii) above, deemed to have been introduced or adopted after the date hereof, regardless of the date enacted, adopted, issued, promulgated or implemented.

(II) The Seller shall compensate each Affected Person, upon written request by such Person for all losses, expenses and liabilities (including any interest paid by such Affected Person to lenders of funds borrowed by it to fund or maintain any Portion of Capital hereunder at an interest rate determined by reference to the Euro-Rate or LMIR and any loss sustained by such Person in connection with the re-employment of such funds), which such Affected Person may sustain with respect to funding or maintaining such Portion of Capital at the Euro-Rate or LMIR if, for any reason, funding or maintaining such Portion of Capital at an interest rate determined by reference to the Euro-Rate or LMIR does not occur on a date specified therefor.

Section 1.9 Inability to Determine Euro-Rate.

(a) If the Administrator (or any Purchaser Agent) determines before the first day of any Settlement Period (or solely with respect to LMIR, on any day) (which determination shall be final and conclusive) that, by reason of circumstances affecting the interbank eurodollar market generally, (i) deposits in dollars (in the relevant amounts for such Settlement Period) are not being offered to banks in the interbank eurodollar market for such Settlement Period, (ii) adequate means do not exist for ascertaining the Euro-Rate or LMIR for such Settlement Period (or portion thereof) or (iii) the Euro-Rate or LMIR does not accurately reflect the cost to any Purchaser (as determined by such Purchaser or such Purchaser's Purchaser Agent) of maintaining any Portion of Capital during such Settlement Period (or portion thereof), then the Administrator shall give notice thereof to the Seller. Thereafter, until the Administrator or such

Purchaser Agent notifies the Seller that the circumstances giving rise to such suspension no longer exist, (a) no Portion of Capital shall be funded at the Alternate Rate determined by reference to the Euro-Rate or LMIR and (b) the Discount for any outstanding Portions of Capital then funded at the Alternate Rate determined by reference to the Euro-Rate or LMIR shall, on the last day of the then current Settlement Period (or solely with respect to LMIR, immediately), be converted to the Alternate Rate determined by reference to the Base Rate.

(b) If, on or before the first day of any Settlement Period (or solely with respect to LMIR, on any day), the Administrator shall have been notified by any Affected Person that such Affected Person has determined (which determination shall be final and conclusive) that, any enactment, promulgation or adoption of or any change in any Applicable Law, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such Affected Person with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or

impossible for such Affected Person to fund or maintain any Portion of Capital at the Alternate Rate and based upon the Euro-Rate or LMIR, the Administrator shall notify the Seller thereof. Upon receipt of such notice, until the Administrator notifies the Seller that the circumstances giving rise to such determination no longer apply, (a) no Portion of Capital shall be funded at the Alternate Rate determined by reference to the Euro-Rate or LMIR and (b) the Discount for any outstanding Portions of Capital then funded at the Alternate Rate determined by reference to the Euro-Rate or LMIR shall be converted to the Alternate Rate determined by reference to the Base Rate either (i) on the last day of the then current Settlement Period (or solely with respect to LMIR, immediately) if such Affected Person may lawfully continue to maintain such Portion of Capital at the Alternate Rate determined by reference to the Euro-Rate or LMIR to such day, or (ii) immediately, if such Affected Person may not lawfully continue to maintain such Portion of Capital at the Alternate Rate determined by reference to the Euro-Rate or LMIR to such day.

Section 1.10 Taxes.

The Seller agrees that any and all payments by the Seller under this Agreement shall be made free and clear of and without deduction for any and all current or future taxes, stamp or other taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding overall income or franchise taxes, in either case, imposed on the Person receiving such payment by the Seller hereunder by the jurisdiction under whose laws such Person is organized, operates or where its principal executive office is located or any political subdivision thereof (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Seller shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Purchaser, Purchaser Agent, Liquidity Provider, Program Support Provider or the Administrator, then the sum payable shall be increased by the amount necessary to yield to such Person (after payment of all Taxes) an amount equal to the sum it would have received had no such deductions been made. Whenever any Taxes are payable by the Seller, the Seller agrees that, as promptly as possible thereafter, the Seller shall send to the Administrator for its own account or for the account of any Purchaser, Purchaser Agent, Liquidity Provider or other Program Support Provider, as the case may be, a certified copy of an original official receipt showing payment thereof or such other evidence of such payment as may be available to the Seller and acceptable to the taxing authorities having jurisdiction over such Person. If the Seller fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Administrator the required receipts or other required documentary evidence, the Seller shall indemnify the Administrator and/or any other Affected Person, as applicable, for any incremental taxes, interest or penalties that may become payable by such party as a result of any such failure.

Section 1.11 Letters of Credit.

Subject to the terms and conditions hereof and the satisfaction of the applicable conditions set forth in Exhibit II, the LC Bank shall issue or cause the issuance of Letters of Credit ("Letters of Credit") on behalf of Seller (and, if applicable, on behalf of, or for the account of, the Transferor or any Subsidiary thereof) in favor of such beneficiaries as the Seller or the Transferor, as applicable may elect. All amounts drawn upon Letters of Credit shall accrue Discount. Letters of Credit that have not been drawn upon shall not accrue Discount.

Section 1.12 Issuance of Letters of Credit.

(a) The Seller may request the LC Bank, upon two (2) Business Days' prior written notice submitted on or before 11:00 a.m., New York time, to issue a Letter of Credit by delivering to the Administrator, the LC Bank's form of Letter of Credit Application (the "Letter of Credit Application"), substantially in the form of Annex E attached hereto and an Issuance Notice, substantially in the form of Annex B hereto, in each case completed to the satisfaction of the Administrator and the LC Bank; and, such other certificates, documents and other papers and information as the Administrator may reasonably request. The Seller also has the right to give instructions and make agreements with respect to any Letter of Credit Application and the disposition of documents, and to agree with the Administrator upon any amendment, extension or renewal of any Letter of Credit.

(b) Each Letter of Credit shall, among other things, (i) provide for the payment of sight drafts or other written demands for payment when presented for honor thereunder in accordance with the terms thereof and when accompanied by the documents described therein and (ii) have an expiry date not later than twelve (12) months after such Letter of Credit's date of issuance, extension or renewal, as the case may be, and in no event later than twelve (12) months after the Facility Termination Date. For the avoidance of doubt, no Letter of Credit may be extended or renewed to a date that is later than twelve (12) months after the Facility Termination Date. Each Letter of Credit shall be subject either to the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600, and any amendments or revisions thereof adhered to by the LC Bank or the International Standby Practices (ISP98-International Chamber of Commerce Publication Number 590), and any amendments or revisions thereof adhered to by the LC Bank, as determined by the LC Bank.

(c) The Administrator shall promptly notify the LC Bank and each LC Participant, at such Person's address for notices hereunder, of the request by the Seller for a Letter of Credit hereunder, and shall provide the LC Bank and LC Participants with the Letter of Credit Application and Issuance Notice delivered to the Administrator by the Seller pursuant to paragraph (a) above, by the close of business on the day received or if received on a day that is not a Business Day or on any Business Day after 11:00 a.m., New York time, on such day, on the next Business Day.

Section 1.13 Requirements For Issuance of Letters of Credit.

The Seller shall authorize and direct the LC Bank to name the Seller or the Transferor as the "Applicant" or "Account Party" of each Letter of Credit.

Section 1.14 Disbursements, Reimbursement.

(a) Immediately upon the issuance of each Letter of Credit, each LC Participant shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the LC Bank a participation in such Letter of Credit and each drawing thereunder in an amount equal to such LC Participant's Pro Rata Share of the face amount of such Letter of Credit and the amount of such drawing, respectively.

(b) In the event of any request for a drawing under a Letter of Credit by the beneficiary or transferee thereof, the LC Bank will promptly notify the Administrator and the Seller of such request. Provided that it shall have received such notice prior to 10:00 a.m., New York time, the Seller shall reimburse (such obligation to reimburse the LC Bank shall sometimes be referred to as a "Reimbursement Obligation" and the required date of reimbursement, the "Reimbursement Date") the LC Bank prior to 12:00 p.m., New York time, on each Business Day that an amount is paid by the LC Bank under any Letter of Credit (each such date, a "Drawing Date") (or, otherwise, by 12:00 p.m., New York time, on the Business Day immediately following such notice) in an amount equal to the amount so paid by the LC Bank. Such Reimbursement Obligation shall be satisfied by the Seller (i) first, by the remittance by the Administrator to the LC Bank of any available amounts then on deposit in the LC Collateral Account and (ii) second, by the remittance by or on behalf of the Seller to the LC Bank of any other funds of the Seller then available for disbursement. In the event the Seller fails to reimburse the LC Bank for the full amount of any drawing under any Letter of Credit by the applicable time on the Reimbursement Date, the LC Bank will promptly notify each LC Participant thereof, and the Seller shall be deemed to have requested that a Funded Purchase be made by the Purchasers in the Purchaser Groups for the LC Bank and the LC Participants to be disbursed on the Drawing Date under such Letter of Credit, subject to the amount of the unutilized portion of the Purchase Limit. Any notice given by the LC Bank pursuant to this Section may be oral if immediately confirmed in writing; provided that the lack of such an immediate written confirmation shall not affect the conclusiveness or binding effect of such oral notice.

(c) Each LC Participant shall upon any notice pursuant to subclause (b) above make available to the LC Bank an amount in immediately available funds equal to its Pro Rata Share of the amount of the drawing, whereupon the LC Participants shall each be deemed to have made a Funded Purchase in that amount. If any LC Participant so notified fails to make available to the LC Bank the amount of such LC Participant's Pro Rata Share of such amount by no later than 2:00 p.m., New York time on the Drawing Date, then interest shall accrue on such LC Participant's obligation to make such payment, from the Drawing Date to the date on which such LC Participant makes such payment (i) at a rate per annum equal to the Federal Funds Rate during the first three days following the Drawing Date and (ii) at a rate per annum equal to the rate applicable to Capital on and after the fourth day following the Drawing Date. The LC Bank will promptly give notice of the occurrence of the Drawing Date, but failure of the LC Bank to give any such notice on the Drawing Date or in sufficient time to enable any LC Participant to effect such payment on such date shall not relieve such LC Participant from its obligation under this subclause (c), provided that such LC Participant shall not be obligated to pay interest as provided in subclauses (i) and (ii) above until and commencing from the date of receipt of notice from the LC Bank or the Administrator of a drawing. Each LC Participant's Commitment shall continue until the last to occur of any of the following events: (A) the LC Bank ceases to be obligated to issue or cause to be issued Letters of Credit hereunder; (B) no Letter of Credit issued hereunder remains outstanding and uncancelled or (C) all Persons (other than the Seller) have been fully reimbursed for all payments made under or relating to Letters of Credit.

Section 1.15 Repayment of Participation Advances.

(a) Upon (and only upon) receipt by the LC Bank for its account of immediately available funds from or for the account of the Seller (i) in reimbursement of any payment made by the LC Bank under a Letter of Credit with respect to which any LC Participant has made a participation advance to the LC Bank, or (ii) in payment of Discount on the Funded Purchases made or deemed to have been made in connection with any such draw, the LC Bank will pay to each LC Participant, ratably (based on the outstanding drawn amounts funded by each such LC Participant in respect of such Letter of Credit), in the same funds as those received by the LC Bank; it being understood, that the LC Bank shall retain a ratable amount of such funds that were not the subject of any payment in respect of such Letter of Credit by any LC Participant.

(b) If the LC Bank is required at any time to return to the Seller, or to a trustee, receiver, liquidator, custodian, or any official in any insolvency proceeding, any portion of the payments made by the Seller to the LC Bank pursuant to this Agreement in reimbursement of a payment made under the Letter of Credit or interest or fee thereon, each LC Participant shall, on demand of the LC Bank, forthwith return to the LC Bank the amount of its Pro Rata Share of any amounts so returned by the LC Bank plus interest at the Federal Funds Rate, from the date the payment was first made to such LC Participant through, but not including, the date the payment is returned by such LC Participant.

(c) If any Letters of Credit are outstanding and undrawn on the Facility Termination Date, the LC Collateral Account shall be funded from Collections (or, in the Seller's sole discretion, by other cash available to the Seller) in an amount equal to the aggregate undrawn face amount of such Letters of Credit plus all applicable fees to accrue through the stated expiration dates thereof (such fees to accrue, as reasonably estimated by the LC Bank, the "LC Fee Expectation").

Section 1.16 Documentation.

The Seller agrees to be bound by the terms of the Letter of Credit Application and by the LC Bank's interpretations of any Letter of Credit issued for the Seller and by the LC Bank's written regulations and customary practices relating to letters of credit, though the LC Bank's interpretation of such regulations and practices may be different from the Seller's own. In the event of a conflict between the Letter of Credit Application and this Agreement, this Agreement shall govern. It is understood and agreed that, except in the case of gross negligence or willful misconduct by the LC Bank, the LC Bank shall not be liable for any error, negligence and/or mistakes, whether of omission or commission, in following the Seller's instructions or those contained in the Letters of Credit or any modifications, amendments or supplements thereto.

Section 1.17 Determination to Honor Drawing Request.

In determining whether to honor any request for drawing under any Letter of Credit by the beneficiary thereof, the LC Bank shall be responsible only to determine that the documents and certificates required to be delivered under such Letter of Credit have been delivered and that they comply on their face with the requirements of such Letter of Credit and

that any other drawing condition appearing on the face of such Letter of Credit has been satisfied in the manner so set forth.

Section 1.18 Nature of Participation and Reimbursement Obligations.

Each LC Participant's obligation in accordance with this Agreement to make participation advances as a result of a drawing under a Letter of Credit, and the obligations of the Seller to reimburse the LC Bank upon a draw under a Letter of Credit, shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Article I under all circumstances, including the following circumstances:

(i) any set-off, counterclaim, recoupment, defense or other right which such LC Participant may have against the LC Bank, the Administrator, the Purchaser Agents, the Purchasers, the Seller or any other Person for any reason whatsoever;

(ii) the failure of the Seller or any other Person to comply with the conditions set forth in this Agreement for the making of a purchase, reinvestments, requests for Letters of Credit or otherwise, it being acknowledged that such conditions are not required for the making of participation advances hereunder;

(iii) any lack of validity or enforceability of any Letter of Credit or any set-off, counterclaim, recoupment, defense or other right which Seller, an Originator, the Transferor or any Affiliate thereof on behalf of which a Letter of Credit has been issued may have against the LC Bank, the Administrator, any Purchaser, any Purchaser Agent or any other Person for any reason whatsoever;

(iv) any claim of breach of warranty that might be made by the Seller, the Transferor, an Originator or an Affiliate thereof, the LC Bank or any LC Participant against the beneficiary of a Letter of Credit, or the existence of any claim, set-off, defense or other right which the Seller, the LC Bank or any LC Participant may have at any time against a beneficiary, any successor beneficiary or any transferee of any Letter of Credit or the proceeds thereof (or any Persons for whom any such transferee may be acting), the LC Bank, any LC Participant, the Administrator, any Purchaser or any Purchaser Agent or any other Person, whether in connection with this Agreement, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between the Seller or any Subsidiaries of the Seller or any Affiliates of the Seller and the beneficiary for which any Letter of Credit was procured);

(v) the lack of power or authority of any signer of, or lack of validity, sufficiency, accuracy, enforceability or genuineness of, any draft, demand, instrument, certificate or other document presented under any Letter of Credit, or any such draft, demand, instrument, certificate or other document proving to be forged, fraudulent, invalid, defective or insufficient in any respect or any statement therein being untrue or inaccurate in any respect, even if the Administrator or the LC Bank has been notified thereof;

(vi) payment by the LC Bank under any Letter of Credit against presentation of a demand, draft or certificate or other document which does not comply with the terms of such Letter of Credit other than as a result of the gross negligence or willful misconduct of the LC Bank;

(vii) the solvency of, or any acts or omissions by, any beneficiary of any Letter of Credit, or any other Person having a role in any transaction or obligation relating to a Letter of Credit, or the existence, nature, quality, quantity, condition, value or other characteristic of any property or services relating to a Letter of Credit;

(viii) any failure by the LC Bank or any of the LC Bank's Affiliates to issue any Letter of Credit in the form requested by the Seller, unless the LC Bank has received written notice from the Seller of such failure within three Business Days after the LC Bank shall have furnished the Seller a copy of such Letter of Credit and such error is material and no drawing has been made thereon prior to receipt of such notice;

(ix) any Material Adverse Effect on the Seller, the Transferor, any Originator or any Affiliates thereof;

(x) any breach of this Agreement or any Transaction Document by any party thereto;

(xi) the occurrence or continuance of an Insolvency Proceeding with respect to the Seller, the Transferor, any Originator or any Affiliate thereof;

(xii) the fact that a Termination Event or an Unmatured Termination Event shall have occurred and be continuing;

(xiii) the fact that this Agreement or the obligations of Seller or Servicer hereunder shall have been terminated; and

(xiv) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Section 1.19 Indemnity.

In addition to other amounts payable hereunder, the Seller hereby agrees to protect, indemnify, pay and save harmless the Administrator, the LC Bank, each LC Participant and any of the LC Bank's Affiliates that have issued a Letter of Credit from and against any and all claims, demands, liabilities, damages, taxes, penalties, interest, judgments, losses, costs, charges and expenses (including Attorney Costs) which the Administrator, the LC Bank, any LC Participant or any of their respective Affiliates may incur or be subject to as a consequence, direct or indirect, of the issuance of any Letter of Credit, except to

the extent resulting from (a) the gross negligence or willful misconduct of the party to be indemnified as determined by a final non-appealable judgment of a court of competent jurisdiction or (b) the wrongful dishonor by the LC Bank of a proper demand for payment made under any Letter of Credit, except if such dishonor resulted from any act or omission, whether rightful or wrongful, of any present or

future de jure or de facto Governmental Authority (all such acts or omissions herein called "Governmental Acts").

Section 1.20 Liability for Acts and Omissions.

As between the Seller, on the one hand, and the Administrator, the LC Bank, the LC Participants, the Purchaser Agents and the Purchasers, on the other, the Seller assumes all risks of the acts and omissions of, or misuse of any Letter of Credit by, the respective beneficiaries of such Letter of Credit. In furtherance and not in limitation of the respective foregoing, none of the Administrator, the LC Bank, the LC Participants, the Purchaser Agents or the Purchasers shall be responsible for: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for an issuance of any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged (even if the LC Bank or any LC Participant shall have been notified thereof); (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) the failure of the beneficiary of any such Letter of Credit, or any other party to which such Letter of Credit may be transferred, to comply fully with any conditions required in order to draw upon such Letter of Credit or any other claim of the Seller against any beneficiary of such Letter of Credit, or any such transferee, or any dispute between or among the Seller and any beneficiary of any Letter of Credit or any such transferee; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, electronic mail, cable, telegraph, telex, facsimile or otherwise, whether or not they be in cipher; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (viii) any consequences arising from causes beyond the control of the Administrator, the LC Bank, the LC Participants, the Purchaser Agents and the Purchasers, including any Governmental Acts, and none of the above shall affect or impair, or prevent the vesting of, any of the LC Bank's rights or powers hereunder. Nothing in the preceding sentence shall relieve the LC Bank from liability for its gross negligence or willful misconduct, as determined by a final non-appealable judgment of a court of competent jurisdiction, in connection with actions or omissions described in such clauses (i) through (viii) of such sentence. In no event shall the Administrator, the LC Bank, the LC Participants, the Purchaser Agents or the Purchasers or their respective Affiliates, be liable to the Seller or any other Person for any indirect, consequential, incidental, punitive, exemplary or special damages or expenses (including without limitation attorneys' fees), or for any damages resulting from any change in the value of any property relating to a Letter of Credit.

Without limiting the generality of the foregoing, the Administrator, the LC Bank, the LC Participants, the Purchaser Agents and the Purchasers and each of its Affiliates (i) may rely on any written communication believed in good faith by such Person to have been authorized or given by or on behalf of the applicant for a Letter of Credit; (ii) may honor any presentation if the documents presented appear on their face to comply with the terms and conditions of the relevant Letter of Credit; (iii) may honor a previously dishonored presentation

under a Letter of Credit, whether such dishonor was pursuant to a court order, to settle or compromise any claim of wrongful dishonor, or otherwise, and shall be entitled to reimbursement to the same extent as if such presentation had initially been honored, together with any interest paid by the LC Bank or its Affiliates; (iv) may honor any drawing that is payable upon presentation of a statement advising negotiation or payment, upon receipt of such statement (even if such statement indicates that a draft or other document is being delivered separately), and shall not be liable for any failure of any such draft or other document to arrive, or to conform in any way with the relevant Letter of Credit; (v) may pay any paying or negotiating bank claiming that it rightfully honored under the laws or practices of the place where such bank is located; and (vi) may settle or adjust any claim or demand made on the Administrator, the LC Bank, the LC Participants, the Purchaser Agents or the Purchasers or their respective Affiliates, in any way related to any order issued at the applicant's request to an air carrier, a letter of guarantee or of indemnity issued to a carrier or any similar document (each an "Order") and may honor any drawing in connection with any Letter of Credit that is the subject of such Order, notwithstanding that any drafts or other documents presented in connection with such Letter of Credit fail to conform in any way with such Letter of Credit.

In furtherance and extension and not in limitation of the specific provisions set forth above, any action taken or omitted by the LC Bank under or in connection with any Letter of Credit issued by it or any documents and certificates delivered thereunder, if taken or omitted in good faith and without gross negligence or willful misconduct, as determined by a final non-appealable judgment of a court of competent jurisdiction, shall not put the LC Bank under any resulting liability to the Seller, any LC Participant or any other Person.

ARTICLE II.
REPRESENTATIONS AND WARRANTIES; COVENANTS; TERMINATION EVENTS

Section 2.1 Representations and Warranties; Covenants.

Each of the Seller and the Servicer hereby makes the representations and warranties, and hereby agrees to perform and observe the covenants, applicable to it as set forth in Exhibits III and IV, respectively.

Section 2.2 Termination Events.

If any of the Termination Events set forth in Exhibit V shall occur, the Administrator may (with the consent of the Majority Purchaser Agents) and shall (at the direction of the Majority Purchaser Agents), by notice to the Seller, declare the Facility Termination Date to have occurred (in which case the Facility Termination Date shall be deemed to have occurred). Upon any such declaration, occurrence or deemed occurrence of the Facility Termination Date, the Purchasers, the Purchaser Agents and the Administrator shall have, in addition to the rights and remedies that they may have under this Agreement, all other rights and remedies provided after default under the UCC and under other Applicable Law, which rights and remedies shall be cumulative.

ARTICLE III.
INDEMNIFICATION

Section 3.1 Indemnities by the Seller.

Without limiting any other rights that the Administrator, the Purchasers, the Purchaser Agents, the Liquidity Providers, any Program Support Provider or any of their respective Affiliates, employees, officers, directors, agents, counsel, successors, transferees or permitted assigns (each, an "Indemnified Party") may have hereunder or under Applicable Law, the Seller hereby agrees to indemnify each Indemnified Party from and against any and all claims, damages, expenses, costs, losses, liabilities, penalties and taxes (including Attorney Costs) (all of the foregoing being collectively referred to as "Indemnified Amounts") at any time imposed on or incurred by any Indemnified Party arising out of or otherwise relating to any Transaction Document, the transactions contemplated thereby or the acquisition of any portion of the Purchased Interest, or any action taken or omitted by any of the Indemnified Parties (including any action taken by the Administrator as attorney-in-fact for the Seller, the Transferor or any Originator hereunder or under any other Transaction Document) whether arising by reason of the acts to be performed by the Seller hereunder or otherwise, excluding only Indemnified Amounts to the extent: (a) a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct of the Indemnified Party seeking indemnification, (b) due to the credit risk of the Obligor and for which reimbursement would constitute recourse to the Transferor, any Originator or the Servicer for uncollectible Receivables or (c) other than in the case of clause (xiii) below, such Indemnified Amounts include taxes imposed or based on, or measured by, the gross or net income or receipts of such Indemnified Party by the jurisdiction under the laws of which such Indemnified Party is organized, operates or where its principal executive office is located (or any political subdivision thereof); provided, however, that nothing contained in this sentence shall limit the liability of the Seller or the Servicer or limit the recourse of any Indemnified Party to the Seller or the Servicer for any amounts otherwise specifically provided to be paid by the Seller or the Servicer hereunder. Without limiting the foregoing indemnification, and subject to the exclusions in the preceding sentence, the Seller shall indemnify each Indemnified Party for Indemnified Amounts (including losses in respect of uncollectible Receivables regardless for purposes of these specific matters whether reimbursement therefor would constitute recourse to the Seller or the Servicer, except as set forth in subclause (viii) below) relating to or resulting from any of the following:

(i) the failure of any Receivable included in the calculation of the Net Receivables Pool Balance as an Eligible Receivable to be an Eligible Receivable, the failure of any information contained in any Information Package or any Interim Report to be true and correct, or the failure of any other information provided in writing to any Purchaser or the Administrator with respect to the Receivables or this Agreement to be true and correct;

(ii) the failure of any representation, warranty or statement made or deemed made by the Seller (or any employee, officer or agent of the Seller) under or in connection with this Agreement, any other Transaction Document, any Information

Package, any Interim Report or any other information or report delivered by or on behalf of the Seller pursuant hereto to have been true and correct as of the date made or deemed made when made;

(iii) the failure by the Seller to comply with any Applicable Law related to any Receivable or the related Contract or the non-conformity of any Receivable or the related Contract with any such Applicable Law;

(iv) the failure of the Seller to vest and maintain vested in the Administrator (on behalf of the Secured Parties) a first priority perfected ownership interest or security interest in the Purchased Interest and the property conveyed hereunder, free and clear of any Lien;

(v) any commingling of funds to which the Administrator, any Purchaser Agent or any Purchaser is entitled hereunder with any other funds;

(vi) the failure to have filed, in accordance with the requirements of this Agreement or any other Transaction Document, financing statements (including as-extracted collateral filings) or other similar instruments or documents under the UCC of each applicable jurisdiction or other Applicable Laws with respect to any Receivables in, or purporting to be in, the Receivables Pool and the other Pool Assets, whether at the time of any Purchase or at any subsequent time;

(vii) any failure of a Lock-Box Bank to comply with the terms of the applicable Lock-Box Agreement;

(viii) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including without limitation a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale or lease of goods or the rendering of services related to such Receivable or the furnishing or failure to furnish any such goods or services or other similar claim or defense not arising from the financial inability of any Obligor to pay undisputed indebtedness;

(ix) any failure of the Seller to perform its duties or obligations in accordance with the provisions of this Agreement or any other Transaction Document to which it is a party;

(x) any action taken by the Administrator as attorney-in-fact for the Seller, the Transferor or any Originator pursuant to this Agreement or any other Transaction Document;

(xi) any environmental liability claim or products liability claim or other claim, investigation, litigation or proceeding, arising out of or in connection with merchandise, insurance or services that are the subject of any Contract;

(xii) the failure by the Seller to pay when due any taxes, including, without limitation, sales, excise or personal property taxes;

(xiii) any taxes arising because a Purchase or the Purchased Interest is not treated for U.S. federal, state and local income and franchise tax purposes as intended under Section 5.17(a);

(xiv) the use of proceeds of purchases or reinvestments or the issuance of any Letter of Credit; or

(xv) any reduction in Capital as a result of the distribution of Collections pursuant to Section 1.4(d), if all or a portion of such distributions shall thereafter be rescinded or otherwise must be returned for any reason.

Section 3.2 Indemnities by the Servicer.

Without limiting any other rights that any Indemnified Party may have hereunder or under Applicable Law, the Servicer hereby agrees to indemnify each Indemnified Party from and against any and all Indemnified Amounts arising out of or resulting from (whether directly or indirectly): (a) the failure of any information contained in an Information Package or any Interim Report to be true and correct, or the failure of any other information provided to any such Indemnified Party by, or on behalf of, the Servicer to be true and correct, (b) the failure of any representation, warranty or statement made or deemed made by the Servicer (or any of its officers) under or in connection with this Agreement or any other Transaction Document to which it is a party to have been true and correct as of the date made or deemed made when made, (c) the failure by the Servicer to comply with any Applicable Law with respect to any Pool Receivable or the related Contract, (d) any dispute, claim, offset or defense of the Obligor (other than as a result of discharge in bankruptcy with respect to such Obligor) to the payment of any Receivable in, or purporting to be in, the Receivables Pool resulting from or related to the collection activities with respect to such Receivable, (e) any commingling (other than as a result of actions taken by the Administrator, any Purchaser Agent or any Purchaser) of funds to which the Administrator, any Purchaser Agent or any Purchaser is entitled hereunder with any other funds or (f) any failure of the Servicer to perform its duties or obligations in accordance with the provisions hereof or any other Transaction Document to which it is a party.

ARTICLE IV.
ADMINISTRATION AND COLLECTIONS

Section 4.1 Appointment of the Servicer.

(a) The servicing, administering and collection of the Pool Receivables shall be conducted by the Person so designated from time to time as the Servicer in accordance with this Section. Until the Administrator gives notice to Arch Sales (in accordance with this Section) of the designation of a new Servicer, Arch Sales is hereby designated as, and hereby agrees to perform the duties and obligations of, the Servicer pursuant to the terms hereof. Upon the occurrence of a Termination Event, the Administrator may (with the consent of the Majority Purchaser Agents) and shall (at the direction of the Majority Purchaser Agents) designate as

Servicer any Person (including itself) to succeed Arch Sales or any successor Servicer, on the condition in each case that any such Person so designated shall agree to perform the duties and obligations of the Servicer pursuant to the terms hereof.

(b) Upon the designation of a successor Servicer as set forth in clause (a), Arch Sales agrees that it will terminate its activities as Servicer hereunder in a manner that the Administrator determines will facilitate the transition of the performance of such activities to the new Servicer, and Arch Sales shall cooperate with and assist such new Servicer. Such cooperation shall include access to and transfer of related records (including all Contracts) and use by the new Servicer of all licenses, hardware or software necessary or desirable to collect the Pool Receivables and the Related Security.

(c) Arch Sales acknowledges that, in making their decision to execute and deliver this Agreement, the Administrator, the Purchaser Agents and the Purchasers have relied on Arch Sales' agreement to act as Servicer hereunder. Accordingly, Arch Sales agrees that it will not voluntarily resign as Servicer without the prior written consent of the Administrator and the Purchasers.

(d) The Servicer may delegate its duties and obligations hereunder to any subservicer (each a "Sub-Servicer"); provided, that, in each such delegation: (i) each such Sub-Servicer shall agree in writing to perform the delegated duties and obligations of the Servicer pursuant to the terms hereof, (ii) the Servicer shall remain liable for the performance of the duties and obligations so delegated, (iii) the Seller, the Administrator, the Purchaser Agents and the Purchasers shall have the right to look solely to the Servicer for performance, and (iv) the terms of any agreement with any Sub-Servicer shall provide that the Administrator may terminate such agreement upon the termination of the Servicer hereunder by giving notice of its desire to terminate such agreement to the Servicer (and the Servicer shall provide appropriate notice to each such Sub-Servicer); provided, however, that if any such delegation is to any Person other than an Originator or the Transferor, the Administrator and the Majority Purchaser Agents shall have consented in writing in advance to such delegation.

Section 4.2 Duties of the Servicer.

(a) The Servicer shall take or cause to be taken all such action as may be necessary or advisable to service, administer and collect each Pool Receivable from time to time, all in accordance with this Agreement and all Applicable Law, with reasonable care and diligence, and in accordance with the Credit and Collection Policies. The Servicer shall set aside, for the accounts of the Seller and the Purchasers, the amount of the Collections to which each is entitled in accordance with Article I. The Servicer may, in accordance with the applicable Credit and Collection Policy, take such action, including modifications, waivers or restructurings of Pool Receivables and the related Contracts as the Servicer may determine to be appropriate to maximize Collections thereof or reflect adjustments permitted under the Credit and Collection Policy or required under Applicable Laws or the applicable Contract; provided, however, that for the purposes of this Agreement (i) such action shall not change the number of days such Pool Receivable has remained unpaid from the date of the original due date related to such Pool Receivable, (ii) such action shall not alter the status of such Pool Receivable as a Delinquent

Receivable or a Defaulted Receivable under this Agreement or limit the rights of any of the Purchasers, Purchaser Agents or the Administrator under this Agreement or any other Transaction Document and (iii) if a Termination Event has occurred and is continuing and Arch Sales or an Affiliate thereof is serving as the Servicer, Arch Sales or such Affiliate may take such action only upon the prior written approval of the Administrator. The Seller shall deliver to the Servicer and the Servicer shall hold for the benefit of the Seller and the Administrator (individually and for the benefit of the Purchasers), in accordance with their respective interests, all records and documents (including computer tapes or disks) with respect to each Pool Receivable. Notwithstanding anything to the contrary contained herein, if a Termination Event has occurred and is continuing, the Administrator may direct the Servicer (whether the Servicer is Arch Sales or any other Person) to commence or settle any legal action to enforce collection of any Pool Receivable or to foreclose upon or repossess any Related Security.

(b) The Servicer shall, as soon as practicable following actual receipt of collected funds, turn over to the Seller the collections of any indebtedness that is not a Pool Receivable, less, if Arch Sales or an Affiliate thereof is not the Servicer, all reasonable and appropriate out-of-pocket costs and expenses of such Servicer of servicing, collecting and administering such collections. The Servicer, if other than Arch Sales or an Affiliate thereof, shall, as soon as practicable upon demand, deliver to the Seller all records in its possession that evidence or relate to any indebtedness that is not a Pool Receivable, and copies of records in its possession that evidence or relate to any indebtedness that is a Pool Receivable.

(c) The Servicer's obligations hereunder shall terminate on the Final Payout Date. After such termination, if Arch Sales or an Affiliate thereof was not the Servicer on the date of such termination, the Servicer shall promptly deliver to the Seller all books, records and related materials that the Seller previously provided to the Servicer, or that have been obtained by the Servicer, in connection with this Agreement.

Section 4.3 Lock-Box Account and LC Collateral Account Arrangements.

Prior to the Closing Date, the Seller shall have entered into Lock-Box Agreements with all of the Lock-Box Banks and delivered original counterparts thereof to the Administrator. At all times on and after the Closing Date, the Administrator shall exercise exclusive dominion and control (for the benefit of the Secured Parties) over each of the Lock-Box Accounts and all funds on deposit therein. The Seller and the Servicer each hereby agree that the Administrator shall have exclusive control (for the benefit of the Secured Parties) of the proceeds (including Collections) of all Pool Receivables and the Seller and the Servicer hereby further agree to take any other action that the Administrator may reasonably request to ensure that the Administrator maintains such control. Neither the Seller nor any member of the Arch Group shall have any control over any Lock-Box Account or any right to withdraw or direct the Administrator, any Lock-Box Bank or any other Person to withdraw any funds on deposit in any Lock-Box Account. The Seller and the Servicer hereby irrevocably instruct the Administrator to transfer all available amounts on deposit in the Lock-Box Accounts as of the end of each Business Day and after giving effect to any distributions to the Servicer on such day pursuant to Section 1.4(g), to the LC Collateral Account.

The Administrator shall have exclusive dominion and control, including the exclusive right of withdrawal, over the LC Collateral Account and the Seller hereby grants the Administrator a security interest in the LC Collateral Account and all money or other assets on deposit therein or credited thereto. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrator and at the Seller's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in the LC Collateral Account. Moneys in the LC Collateral Account shall be applied by the Administrator to reimburse the LC Bank for each drawing under a Letter of Credit and for repayment of amounts owing by the Seller hereunder and under each of the other Transaction Documents to each of the other Secured Parties, it being understood and agreed that certain amounts on deposit in the LC Collateral Account may, from time to time, be remitted to the Servicer pursuant to Section 1.4(g). Amounts, if any, on deposit in the LC Collateral Account on the Final Payout Date shall be remitted by the Administrator to the Seller.

The Administrator shall, on each Settlement Date (if such date occurs on a Termination Day or on a date that any Capital is then outstanding), remove any available amounts then on deposit in the Lock-Box Accounts and the LC Collateral Account and deposit such amounts into each Purchaser Agent's account in accordance with the priorities set forth in Section 1.4(d), to the extent that any amounts are then due and owing under clauses first through third of Section 1.4(d)(ii) after giving effect to the distribution, if any, by the Servicer on such date in accordance with Section 1.4(d).

Section 4.4 Enforcement Rights.

(a) At any time following the occurrence and during the continuation of a Termination Event:

(i) the Administrator (at the Seller's expense) may direct the Obligors that payment of all amounts payable under any Pool Receivable is to be made directly to the Administrator or its designee;

(ii) the Administrator may instruct the Seller or the Servicer to give notice of the Purchasers' interest in Pool Receivables to each Obligor, which notice shall direct that payments be made directly to the Administrator or its designee (on behalf of the Secured Parties), and the Seller or the Servicer, as the case may be, shall give such notice at the expense of the Seller or the Servicer, as the case may be; provided, that if the Seller or the Servicer, as the case may be, fails to so notify each Obligor within two (2) Business Days following instruction by the Administrator, the Administrator (at the Seller's or the Servicer's, as the case may be, expense) may so notify the Obligors;

(iii) the Administrator may request the Servicer to, and upon such request the Servicer shall: (A) assemble all of the records necessary or desirable to collect the Pool Receivables and the Related Security, and transfer or license to a successor Servicer the use of all software necessary or desirable to collect the Pool Receivables and the Related Security, and make the same available to the Administrator

or its designee (for the benefit of the Purchasers) at a place selected by the Administrator, and (B) segregate all cash, checks and other instruments received by it from time to time constituting Collections in a manner acceptable to the Administrator and, promptly upon receipt, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the Administrator or its designee; and

(iv) the Administrator may replace the Person then acting as Servicer.

(b) The Seller hereby authorizes the Administrator (on behalf of each Purchaser Group), and irrevocably appoints the Administrator as its attorney-in-fact with full power of substitution and with full authority in the place and stead of the Seller, which appointment is coupled with an interest, to take any and all steps in the name of the Seller and on behalf of the Seller necessary or desirable, in the determination of the Administrator, following the occurrence and during the continuation of a Termination Event, to collect any and all amounts or portions thereof due under any and all Pool Assets, including endorsing the name of the Seller on checks and other instruments representing Collections and enforcing such Pool Assets. Notwithstanding anything to the contrary contained in this subsection, none of the powers conferred upon such attorney-in-fact pursuant to the preceding sentence shall subject such attorney-in-fact to any liability if any action taken by it shall prove to be inadequate or invalid, nor shall they confer any obligations upon such attorney-in-fact in any manner whatsoever.

Section 4.5 Responsibilities of the Seller.

(a) Anything herein to the contrary notwithstanding, the Seller shall: (i) perform all of its obligations, if any, under the Contracts related to the Pool Receivables to the same extent as if interests in such Pool Receivables had not been transferred hereunder, and the exercise by the Administrator, any Purchaser Agent or any Purchaser of their respective rights hereunder shall not relieve the Seller from such obligations, and (ii) pay when due any taxes, including any sales taxes payable in connection with the Pool Receivables and their creation and satisfaction. None of the Administrator, the Purchaser Agents and the Purchasers shall have any obligation or liability with respect to any Pool Asset, nor shall any of them be obligated to perform any of the obligations of the Seller, the Transferor, ACI or any Originator thereunder.

(b) Arch Sales hereby irrevocably agrees that if at any time it shall cease to be the Servicer hereunder, it shall act (if the then-current Servicer so requests) as the data-processing agent of the Servicer and, in such capacity, Arch Sales shall conduct the data-processing functions of the administration of the Receivables and the Collections thereon in substantially the same way that Arch Sales conducted such data-processing functions while it acted as the Servicer.

Section 4.6 Servicing Fee.

(a) Subject to clause (b), the Servicer shall be paid a fee (the "Servicing Fee") equal to 1.00% per annum (the "Servicing Fee Rate") of the daily average aggregate Outstanding Balance of the Pool Receivables. The Purchasers' Share of such fee shall be paid through the

distributions contemplated by Section 1.4(d), and the Seller's Share of such fee shall be paid by the Seller on each Settlement Date.

(b) If the Servicer ceases to be Arch Sales or an Affiliate thereof, the servicing fee shall be the greater of: (i) the amount calculated pursuant to clause (a), and (ii) an alternative amount specified by the successor Servicer not to exceed 110% of the aggregate reasonable costs and expenses incurred by such successor Servicer in connection with the performance of its obligations as Servicer hereunder.

Section 4.7 Authorization and Action of the Administrator and Purchaser Agents.

(a) Each Purchaser and Purchaser Agent hereby accepts the appointment of and irrevocably authorizes the Administrator to take such actions as agent on its behalf and to exercise such powers as are delegated to the Administrator hereby and to exercise such other powers as are reasonably incidental thereto. The Administrator shall hold, in its name, for the benefit of each Purchaser, ratably, the Purchased Interest. The Administrator shall not have any duties other than those expressly set forth herein or any fiduciary relationship with any Purchaser or Purchaser Agent, and no implied obligations or liabilities shall be read into this Agreement, or otherwise exist, against the Administrator. The Administrator does not assume, nor shall it be deemed to have assumed, any obligation to, or relationship of trust or agency with, the Seller or Servicer. Notwithstanding any provision of this Agreement or any other Transaction Document to the contrary, in no event shall the Administrator ever be required to take any action which exposes the Administrator to personal liability or which is contrary to the provisions of this Agreement, any other Transaction Document or Applicable Law. The appointment and authority of the Administrator hereunder shall terminate on the Final Payout Date.

(b) Each Purchaser hereby accepts the appointment of the respective institution identified as the Purchaser Agent for such Purchaser's Purchaser Group on Schedule IV hereto or in the Assumption Agreement or Transfer Supplement pursuant to which such Purchaser becomes a party hereto, and irrevocably authorizes such Purchaser Agent to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to such Purchaser Agent by the terms of this Agreement, if any, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, no Purchaser Agent shall have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Purchaser or other Purchaser Agent or the Administrator, and no implied obligations or liabilities shall be read into this Agreement, or otherwise exist, against any Purchaser Agent.

(c) Except as otherwise specifically provided in this Agreement, the provisions of this Section 4.7 are solely for the benefit of the Administrator, the Purchaser Agents and the Purchasers, and none of the Seller or the Servicer shall have any rights as a third party beneficiary or otherwise under any of the provisions of this Section 4.7, except that this Section 4.7 shall not affect any obligations which the Administrator, any Purchaser Agent or any Purchaser may have to the Seller or the Servicer under the other provisions of this Agreement. Furthermore, no Purchaser shall have any rights as a third-party beneficiary or otherwise under

any of the provisions hereof in respect of a Purchaser Agent that is not the Purchaser Agent for such Purchaser.

(d) In performing its functions and duties hereunder, the Administrator shall act solely as the agent of the Purchasers and the Purchaser Agents and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Seller or Servicer or any of their successors and assigns. In performing its functions and duties hereunder, each Purchaser Agent shall act solely as the agent of its respective Purchasers and

does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Seller, the Servicer, any Purchaser not in such Purchaser Agent's Purchaser Group, any other Purchaser Agent or the Administrator, or any of their respective successors and assigns.

Section 4.8 Nature of Administrator's Duties; Delegation of Administrator's Duties; Exculpatory Duties.

(a) The Administrator shall have no duties or responsibilities except those expressly set forth in this Agreement or in the other Transaction Documents. The duties of the Administrator shall be mechanical and administrative in nature. The Administrator shall not have, by reason of this Agreement, a fiduciary relationship in respect of any Purchaser. Nothing in this Agreement or any of the Transaction Documents, express or implied, is intended to or shall be construed to impose upon the Administrator any obligations in respect of this Agreement or any of the Transaction Documents except as expressly set forth herein or therein. The Administrator shall not have any duty or responsibility, either initially or on a continuing basis, to provide any Purchaser or Purchaser Agent with any credit or other information with respect to the Seller, any Originator, the Transferor, any Sub-Servicer or the Servicer, whether coming into its possession before the date hereof or at any time or times thereafter. If the Administrator seeks the consent or approval of the Purchasers or the Purchaser Agents to the taking or refraining from taking any action hereunder, the Administrator shall send notice thereof to each Purchaser (or such Purchaser's Purchaser Agent, on its behalf) or each Purchaser Agent, as applicable. The Administrator shall promptly notify each Purchaser Agent any time that the Purchasers and/or Purchaser Agents, as the case may be, have instructed the Administrator to act or refrain from acting pursuant hereto.

(b) The Administrator may execute any of its duties through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrator shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) None of the Administrator and the Purchaser Agent, nor any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted (i) with the consent or at the direction of the Majority Purchaser Agents (or, in the case of any Purchaser Agent, the Purchasers within such Purchaser Agent's Purchaser Group that have a majority of the aggregate Commitments of such Purchaser Group) or (ii) in the absence of such Person's gross negligence or willful misconduct. The Administrator shall not be responsible to any Purchaser, Purchaser Agent or other Person for (i) any recitals, representations, warranties or

other statements made by the Seller, any Sub-Servicer, the Servicer, the Transferor, any Originator or any of their Affiliates, (ii) the value, validity, effectiveness, genuineness, enforceability or sufficiency of any Transaction Document, (iii) any failure of the Seller, any Sub-Servicer, the Servicer, the Transferor, any Originator or any of their Affiliates to perform any obligation hereunder or under the other Transaction Documents to which it is a party (or under any Contract), or (iv) the satisfaction of any condition specified in Exhibit II. The Administrator shall not have any obligation to any Purchaser Agent or Purchaser to ascertain or inquire about the observance or performance of any agreement contained in any Transaction Document or to inspect the properties, books or records of the Seller, the Servicer, the Transferor, any Originator or any of their respective Affiliates.

Section 4.9 UCC Filings.

Each of the Seller and the Purchasers expressly recognizes and agrees that the Administrator may be listed as the assignee or secured party of record on the various UCC filings required to be made hereunder in order to perfect the transfer of the Purchased Interest from the Seller to the Purchasers, that such listing shall be for administrative convenience only in creating a record or nominee owner to take certain actions hereunder on behalf of the Purchasers and that such listing will not affect in any way the status of the Purchasers as the beneficial owners of the Purchased Interest. In addition, such listing shall impose no duties on the Administrator other than those expressly and specifically undertaken in accordance with this Section 4.9.

Section 4.10 Agent's Reliance, Etc.

None of the Administrator and the Purchaser Agents, nor any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it as Administrator or as Purchaser Agent, as the case may be, under or in connection with this Agreement except for such Person's own gross negligence or willful misconduct. Each of the Administrator and each Purchaser Agent: (i) may consult with legal counsel (including counsel for the Seller), independent public accountants and other experts selected by the Administrator and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) makes no warranty or representation to any Purchaser or Purchaser Agent and shall not be responsible to any Purchaser or Purchaser Agent for any statements, warranties or representations made in or in connection with this Agreement; (iii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Seller, the Servicer, any Sub-Servicer, the Transferor or any Originator or to inspect the property (including the books and records) of the Seller, the Servicer, any Sub-Servicer, the Transferor or any Originator; (iv) shall not be responsible to any Purchaser or Purchaser Agent for the due execution, legality, validity, enforceability, genuineness, sufficiency, or value of this Agreement, or any other instrument or document furnished pursuant hereto; and (v) shall incur no liability under or in respect of this Agreement or any other Transaction Document by acting upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by telex) believed by it to be genuine and signed or sent by the proper party or parties. The Administrator may at any time request instructions from the Purchasers and/or Purchaser Agents, and the Purchaser Agents may at any time request instructions from the Purchasers in

their Purchaser Groups, with respect to any actions or approvals which by the terms of this Agreement or of any of the other Transaction Documents the Administrator or such Purchaser Agent is permitted or required to take or to grant, and if such instructions are promptly requested, the Administrator and/or such Purchaser Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from any action or withholding any approval under any of the Transaction Documents until it shall have received such instructions from the Majority Purchaser Agents, in the case of the Administrator or Purchasers holding the majority of the aggregate of the Commitments in such Purchaser Agent's Purchaser Group, in the case of any Purchaser Agent (or, in either case, where expressly required hereunder, from the Majority LC Participants, the LC Bank, all of the Purchasers and/or all of the LC Participants). Without limiting the foregoing, (x) none of the Purchasers and the Purchaser Agents shall have any right of action whatsoever against the Administrator as a result of the Administrator acting or refraining from acting under this Agreement or any of the other Transaction Documents in accordance with the instructions of the Majority Purchaser Agents and (y) none of the Purchasers in a Purchaser Agent's Purchaser Group shall have any right of action whatsoever against such Purchaser Agent as a result of such Purchaser

Agent acting or refraining from acting under this Agreement or any of the other Transaction Documents in accordance with the instructions of the Purchasers within such Purchaser Agent's Purchaser Group with a majority of the Commitments of such Purchaser Group. The Administrator shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the required Purchasers or required Purchaser Agents, and such request and any action taken or failure to act pursuant thereto shall be binding upon all Purchasers, all Purchaser Agents and the Administrator. Each Purchaser Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Purchasers in such Purchaser Agent's Purchaser Group with a majority of the Commitments of such Purchaser Group, and any such request and any action taken or failure to act pursuant thereto shall be binding upon all the Purchasers in such Purchaser Agent's Purchaser Group and such Purchaser Agent.

Section 4.11 Administrator and Affiliates.

To the extent that the Administrator or any of its Affiliates is or shall become an LC Participant hereunder, the Administrator or such Affiliate, in such capacity, shall have the same rights and powers under this Agreement as would any other LC Participant hereunder and may exercise the same as though it were not the Administrator. The Administrator and its Affiliates may generally engage in any kind of business with the Seller, the Transferor, any Originator, ACI, any Sub-Servicer or the Servicer, any of their respective Affiliates and any Person who may do business with or own securities of the Seller, the Transferor, any Originator, ACI, any Sub-Servicer or the Servicer or any of their respective Affiliates, all as if it were not the Administrator hereunder and without any duty to account therefor to any Purchaser Agent, or Purchaser.

Section 4.12 Notice of Termination Events.

Neither the Administrator nor any Purchaser Agent shall be deemed to have knowledge or notice of the occurrence of any Termination Event or Unmatured Termination

Event unless it has received notice from, in the case of the Administrator, any Purchaser Agent, any Purchaser, the Servicer or the Seller and, in the case of any Purchaser Agent, the Administrator, any other Purchaser Agent, any Purchaser, the Servicer or the Seller, in each case stating that a Termination Event or an Unmatured Termination Event has occurred hereunder and describing such Termination Event or Unmatured Termination Event. In the event that the Administrator receives such a notice, it shall promptly give notice thereof to each Purchaser Agent. In the event that a Purchaser Agent receives such a notice, it shall promptly give notice thereof to the Administrator (unless such Purchaser Agent first received notice of such Termination Event or Unmatured Termination Event from the Administrator) and to each of its related Purchasers. The Administrator shall take such action concerning a Termination Event or an Unmatured Termination Event as may be directed by the Majority Purchaser Agents (unless such action otherwise requires the consent of the required Purchasers, all Purchaser Agents or the LC Bank), but until the Administrator receives such directions, the Administrator may (but shall not be obligated to) take such action, or refrain from taking such action, as the Administrator deems advisable and in the best interests of the Purchasers and Purchaser Agents.

Section 4.13 Non-Reliance on Administrator, Purchaser Agents and other Purchasers; Administrators and Affiliates.

(a) Each Purchaser and Purchaser Agent expressly acknowledges that none of the Administrator and the Purchaser Agents, in the case of such Purchaser, and none of the Administrator or any other Purchaser Agent, in the case of such Purchaser Agent, nor in either case any of their respective officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrator or any Purchaser Agent hereafter taken, including any review of the affairs of the Seller, the Transferor, ACI, the Servicer or any Originator, shall be deemed to constitute any representation or warranty by the Administrator or such Purchaser Agent. Each Purchaser and Purchaser Agent represents and warrants to the Administrator and such Purchaser's Purchaser Agent, in the case of such Purchaser, and Administrator, in the case of such Purchaser Agent, that it has, independently and without reliance upon the Administrator, the LC Bank, any Purchaser Agent or any Purchaser and based on such documents and information as it has deemed appropriate, made and will continue to make its own appraisal of any investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Seller, the Transferor, ACI, the Servicer or the Originators, and made its own evaluation and decision to enter into this Agreement. Except for terms specifically required to be delivered hereunder, the Administrator shall not have any duty or responsibility to provide any Purchaser or Purchaser Agent, and no Purchaser Agent have any duty or responsibility to provide any Purchaser, with any information concerning the Seller, the Transferor, ACI, the Servicer or the Originators or any of their Affiliates that comes into the possession of the Administrator or such Purchaser Agent, respectively, or any of their respective officers, directors, employees, agents, attorneys-in-fact or Affiliates.

(b) Each of the Purchasers, the Purchaser Agents and the Administrator and any of their respective Affiliates may extend credit to, accept deposits from and generally engage in any kind of banking, trust, debt, entity or other business with the Seller, the Transferor, ACI, the Servicer or any Originator or any of their Affiliates. With respect to the acquisition of the

Eligible Receivables pursuant to this Agreement, each of the Purchaser Agents and the Administrator shall have the same rights and powers under this Agreement as any Purchaser and may exercise the same as though it were not such an agent, and the terms "Purchaser" and "Purchasers" shall include, to the extent applicable, each of the Purchaser Agents and the Administrator in their individual capacities.

Section 4.14 Indemnification.

Each LC Participant and Related Committed Purchaser agrees to indemnify and hold harmless the Administrator and its officers, directors, employees, representatives and agents and the LC Bank (to the extent not reimbursed by the Seller, the Transferor, the Servicer or any Originator and without limiting the obligation of the Seller, the Transferor, the Servicer, or any Originator to do so), ratably according to its Pro Rata Share, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, settlements, costs, expenses and, or disbursements of any kind or nature whatsoever (including, in connection with any investigative or threatened proceeding, whether or not the Administrator, the LC Bank or such Person shall be designated a party thereto) that may at any time be imposed on, incurred by, or asserted against the Administrator, LC Bank or such Person as a result of, or related to, any of the transactions contemplated by the Transaction Documents or the execution, delivery or performance of the Transaction Documents or any other document furnished in connection therewith; provided, however, that no LC Participant or Related Committed Purchaser shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements resulting from the Administrator's or the LC Bank's gross negligence or willful misconduct, as determined by a final non-appealable judgment of a court of competent jurisdiction. Without limiting

the generality of the foregoing, each LC Participant agrees to reimburse the Administrator and the LC Bank, ratably according to their Pro Rata Shares, promptly upon demand, for any out-of-pocket expenses (including reasonable counsel fees) incurred by the Administrator or the LC Bank in connection with the administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of its rights or responsibilities under, this Agreement.

Section 4.15 Successor Administrator.

The Administrator may, upon at least thirty (30) days' notice to the Seller, the Purchaser Agents and the Servicer, resign as Administrator. Such resignation shall not become effective until a successor Administrator is appointed by the Majority Purchaser Agents and the LC Bank (subject to the consent of the Seller, so long as no Termination Event exists, such consent not to be unreasonably withheld, conditioned or delayed) and has accepted such appointment. If no successor Administrator shall have been so appointed by the Majority Purchaser Agents and the LC Bank within sixty (60) days after the resigning Administrator's giving of notice of resignation, the resigning Administrator may, on behalf of the Secured Parties, petition a court of competent jurisdiction to appoint a successor Administrator. Upon such acceptance of its appointment as Administrator hereunder by a successor Administrator, such successor Administrator shall succeed to and become vested with all the rights and duties of the resigning Administrator, and the resigning Administrator shall be discharged from its duties

and obligations under the Transaction Documents. After any resigning Administrator's resignation hereunder, the provisions of Sections 3.1 and 3.2 and this Article IV shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrator.

ARTICLE V.
MISCELLANEOUS

Section 5.1 Amendments, Etc.

No amendment or waiver of any provision of this Agreement or any other Transaction Document, or consent to any departure by the Seller or the Servicer therefrom, shall be effective unless in a writing signed by the Administrator, the Majority Purchaser Agents and the LC Bank and, in the case of an amendment, by the other parties thereto (other than the Secured Parties); provided, however, that no such amendment shall, (a) without the consent of each affected Purchaser, (i) extend the date of any payment or deposit of Collections by the Seller or the Servicer or decrease the outstanding amount of or rate of Discount or extend the repayment of or any scheduled payment date for the payment of any Discount in respect of any Portion of Capital or any fees owed to a Purchaser; (ii) reduce any fees payable pursuant to the applicable Fee Letter, (iii) forgive or waive or otherwise excuse any repayment of Capital or change either the amount of Capital of any Purchaser or any Purchaser's pro rata share of the Purchased Interest; (iii) increase the Commitment of any Purchaser; (iv) amend or modify the Pro Rata Share of any LC Participant; (v) amend or modify the provisions of this Section 5.1 or of Section 4.3, Exhibit V or the definition of "Eligible Receivables", "Net Receivables Pool Balance", "Majority LC Participants", "Majority Purchaser Agents", "Purchased Interest", "Scheduled Commitment Termination Date", "Termination Day", "Termination Event" or "Total Reserves" or (vi) amend or modify any defined term (or any term used directly or indirectly in such defined term) used in clauses (i) through (v) above in a manner that would circumvent the intention of the restrictions set forth in such clauses and (b) without the consent of the Majority Purchaser Agents and/or Majority LC Participants, as applicable, amend, waive or modify any provision expressly requiring the consent of such Majority Purchaser Agents and/or Majority LC Participant. Each such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. The Administrator hereby agrees to provide executed copies of any material amendment or waiver of any provision of this Agreement or any other Transaction Document to the Rating Agencies if requested by any party hereto. No failure on the part of any Purchaser Agent, any Purchaser or the Administrator to exercise, and no delay in exercising any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Section 5.2 Notices, Etc.

All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including facsimile or electronic mail communication) and shall be personally delivered or sent by facsimile, electronic mail or by overnight mail, to the intended party at the mailing address or electronic mail address or facsimile number of such party set forth under its name on the signature pages hereof (or in any other document or

agreement pursuant to which it is or became a party hereto), or at such other address or facsimile number as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective (i) if delivered by overnight mail, when received, and (ii) if transmitted by facsimile or electronic mail, when sent, receipt confirmed by telephone or electronic means.

Section 5.3 Successors and Assigns; Assignability; Participations.

(a) Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; all covenants, promises and agreements by or on behalf of any parties hereto that are contained in this Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns. Except as otherwise provided in Section 4.1(d) or Section 4.4(a)(iv), neither the Seller nor the Servicer may assign or transfer any of its rights or delegate any of its duties hereunder or under any Transaction Document without the prior written consent of the Administrator, each Purchaser Agent and the LC Bank.

(b) Participations. (i) Except as otherwise specifically provided herein, any Purchaser may sell to one or more Persons (each a "Participant") participating interests in the interests of such Purchaser hereunder; provided, that no Purchaser shall grant any participation under which the Participant shall have rights to approve any amendment to or waiver of this Agreement or any other Transaction Document. Such Purchaser shall remain solely responsible for performing its obligations hereunder, and the Seller, the Servicer, each Purchaser Agent and the Administrator shall continue to deal solely and directly with such Purchaser in connection with such Purchaser's rights and obligations hereunder. A Purchaser shall not agree with a Participant to restrict such Purchaser's right to agree to any amendment, waiver or modification hereto, except amendments, waivers or modifications that require the consent of all

Purchasers. (ii) Notwithstanding anything contained in paragraph (a) or clause (i) of paragraph (b) of this Section 5.3, each of the LC Bank and each LC Participant may sell participations in all or any part of any Funded Purchase made by such LC Participant to another bank or other entity so long as (i) no such grant of a participation shall, without the consent of the Seller, require the Seller to file a registration statement with the SEC and (ii) no holder of any such participation shall be entitled to require such LC Participant to take or omit to take any action hereunder except that such LC Participant may agree with such participant that, without such Participant's consent, such LC Participant will not consent to an amendment, modification or waiver that requires the consent of all LC Participants. Any such Participant shall not have any rights hereunder or under the Transaction Documents.

(c) Assignments by Related Committed Purchasers. Any Related Committed Purchaser may assign to one or more Persons (each a "Purchasing Related Committed Purchaser"), reasonably acceptable to each of the Administrator, the LC Bank and the related Purchaser Agent in each such Person's sole and absolute discretion, its rights and obligations herein (including its Commitment (which shall be inclusive of its Commitment as an LC Participant)) in whole or in part, pursuant to a supplement hereto, substantially in the form of Annex G with any changes as have been approved by the parties thereto (each, a "Transfer Supplement"), executed by each such Purchasing Related Committed Purchaser, such selling

Related Committed Purchaser, such related Purchaser Agent and the Administrator and with the consent of the Seller (provided, that the consent of the Seller shall not be unreasonably withheld, conditioned or delayed and that no such consent shall be required if (i) a Termination Event or Unmatured Termination Event has occurred and is continuing or (ii) such assignment is made by any Related Committed Purchaser to (A) the Administrator, (B) any other Related Committed Purchaser, (C) any Affiliate of the Administrator or any Related Committed Purchaser, (D) any commercial paper conduit or similar financing vehicle sponsored or administered by such Purchaser and for whom such Purchaser acts as a program support provider or through which (directly or indirectly) such Purchaser does or may fund Purchases hereunder (each, a "Conduit"), (E) any Liquidity Provider, (F) any Program Support Provider or (G) any Person that (1) is in the business of issuing commercial paper notes and (2) is associated with or administered by the Administrator or such Related Committed Purchaser or any Affiliate of the Administrator or such Related Committed Purchaser). Upon (i) the execution of the Transfer Supplement, (ii) delivery of an executed copy thereof to the Seller, the Servicer, such related Purchaser Agent and the Administrator and (iii) payment by the Purchasing Related Committed Purchaser to the selling Related Committed Purchaser of the agreed purchase price, if any, such selling Related Committed Purchaser shall be released from its obligations hereunder to the extent of such assignment and such Purchasing Related Committed Purchaser shall for all purposes be a Related Committed Purchaser party hereto and shall have all the rights and obligations of a Related Committed Purchaser hereunder to the same extent as if it were an original party hereto. The amount of the Commitment of the selling Related Committed Purchaser allocable to such Purchasing Related Committed Purchaser shall be equal to the amount of the Commitment of the selling Related Committed Purchaser transferred regardless of the purchase price, if any, paid therefor. The Transfer Supplement shall be an amendment hereof only to the extent necessary to reflect the addition of such Purchasing Related Committed Purchaser as a "Related Committed Purchaser" and a related "LC Participant" and any resulting adjustment of the selling Related Committed Purchaser's Commitment and, if applicable, selling related LC Participant's Pro Rata Share of the LC Participation Amount.

(d) Assignments to Liquidity Providers and other Program Support Providers. Any Conduit Purchaser may at any time grant to one or more of its Liquidity Providers or other Program Support Providers participating interests in its portion of the Purchased Interest. In the event of any such grant by such Conduit Purchaser of a participating interest to a Liquidity Provider or other Program Support Provider, such Conduit Purchaser shall remain responsible for the performance of its obligations hereunder. The Seller agrees that each Liquidity Provider and Program Support Provider shall be entitled to the benefits of Sections 1.7 and 1.8.

(e) Other Assignment by Conduit Purchasers. Each party hereto agrees and consents (i) to any Conduit Purchaser's assignment, participation, grant of security interests in or other transfers of any portion of, or any of its beneficial interest in, the Purchased Interest (or portion thereof), including without limitation to any collateral agent in connection with its commercial paper program and (ii) to the complete assignment by any Conduit Purchaser of all of its rights and obligations hereunder to any other Person, and upon such assignment such Conduit Purchaser shall be released from all obligations and duties, if any, hereunder; provided, that such Conduit Purchaser may not, without the prior consent of its Related Committed Purchasers, make any such transfer of its rights hereunder unless the assignee (x) is a Conduit or (y) (i) is

principally engaged in the purchase of assets similar to the assets being purchased hereunder, (ii) has as its Purchaser Agent the Purchaser Agent of the assigning Conduit Purchaser and (iii) issues commercial paper or other Notes with credit ratings substantially comparable to the ratings of the assigning Conduit Purchaser. Any assigning Conduit Purchaser shall deliver to any assignee a Transfer Supplement with any changes as have been approved by the parties thereto, duly executed by such Conduit Purchaser, assigning any portion of its interest in the Purchased Interest to its assignee. Such Conduit Purchaser shall promptly (i) notify each of the other parties hereto of such assignment and (ii) take all further action that the assignee reasonably requests in order to evidence the assignee's right, title and interest in such interest in the Purchased Interest and to enable the assignee to exercise or enforce any rights of such Conduit Purchaser hereunder. Upon the assignment of any portion of its interest in the Purchased Interest, the assignee shall have all of the rights hereunder with respect to such interest (except that the Discount therefor shall thereafter accrue at the rate, determined with respect to the assigning Conduit Purchaser unless the Seller, the related Purchaser Agent and the assignee shall have agreed upon a different Discount).

(f) Certain Pledges. Without limiting the right of any Purchaser to sell or grant interests, security interests or participations to any Person as otherwise described in this Article V, above, any Purchaser may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure its obligations as a Purchaser hereunder, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Purchaser from any of its obligations hereunder or substitute any such pledge or assignee for such Purchaser as a party hereto.

(g) Assignment by Administrator. Subject to Section 4.15 (if applicable), this Agreement and the rights and obligations of the Administrator hereunder shall be assignable, in whole or in part, by the Administrator and its successors and assigns; provided, that unless: (i) such assignment is to an Affiliate of PNC, (ii) it becomes unlawful for PNC to serve as the Administrator or (iii) a Termination Event exists, the Seller has consented to such assignment, which consent shall not be unreasonably withheld, conditioned or delayed.

(h) Agents. Without limiting any other rights that may be available under Applicable Law, the rights of the Purchasers and each Liquidity Provider may be enforced through it or by its agents.

(i) Disclosure; Notice. Each assignor may, in connection with an assignment permitted hereunder, disclose to the applicable assignee (that shall have agreed to be bound by Section 5.6) any information relating to the Servicer, the Seller or the Pool Receivables furnished to such assignor by or on behalf of the Servicer, the Seller, any Purchaser, any Purchaser Agent or the Administrator. Such assignor shall give prior written notice to Seller of any assignment of such assignor's rights and obligations (including ownership of the Purchased Interest) to any Person other than a Program Support Provider.

(j) Opinions of Counsel. If required by the Administrator or the applicable Purchaser Agent or to maintain the ratings of the Notes of any Conduit Purchaser, each Transfer Supplement or other assignment and acceptance agreement must be accompanied by an opinion

of counsel of the assignee as to matters as the Administrator or such Purchaser Agent may reasonably request.

Section 5.4 Costs, Expenses and Taxes.

(a) By way of clarification, and not of limitation, of Sections 1.7, 1.19 or 3.1, the Seller shall pay to the Administrator, any Purchaser Agent and/or any Purchaser on demand all costs and expenses in connection with (i) the preparation, execution, delivery and administration (including amendments or waivers of any provision) of this Agreement and the other Transaction Documents, (ii) the sale of the Purchased Interest (or any portion thereof), (iii) the perfection (and continuation) of the Administrator's rights (on behalf of the Secured Parties) in the Receivables, Collections and other Pool Assets, (iv) the enforcement by the Administrator, the Purchaser Agents or the Purchasers of the obligations of the Seller, the Transferor, the Servicer or the Originators under the Transaction Documents or of any Obligor under a Receivable and (v) the maintenance by the Administrator of the Lock-Box Accounts (and any related lock-box or post office box), including Attorney Costs relating to any of the foregoing or to advising the Administrator, any Purchaser Agent, any Purchaser, any Liquidity Provider or any other Program Support Provider about its rights and remedies under any Transaction Document and all costs and expenses (including Attorney Costs) of the Administrator, the Purchaser Agents, the Purchasers, any Liquidity Provider or Program Support Provider in connection with the enforcement of the Transaction Documents and in connection with the administration of the Transaction Documents. Subject to Section 1(e) of Exhibit IV of this Agreement, the Seller shall reimburse the Administrator, each Purchaser Agent and each Purchaser for the cost of such Person's auditors (which may be employees of such Person) auditing the books, records and procedures of the Seller or the Servicer. The Seller shall reimburse each Conduit Purchaser for any amounts such Conduit Purchaser must pay to any Liquidity Provider or other Program Support Provider on account of any Tax. The Seller shall reimburse each Conduit Purchaser on demand for all reasonable costs and expenses incurred by such Conduit Purchaser or any holder of membership interests of such Conduit Purchaser in connection with the Transaction Documents or the transactions contemplated thereby, including costs related to the auditing of the Conduit Purchaser's books by certified public accountants, Rating Agency fees and fees and out of pocket expenses of counsel of the Administrator, any Purchaser Agent and any Purchaser, or any membership interest holder, or administrator, of such for advice relating to such Conduit Purchaser's operation.

(b) All payments made by the Seller to the Administrator, any Purchaser Agent, any Purchaser, Liquidity Provider or other Program Support Provider hereunder shall be made without withholding for or on account of any present or future taxes (other than those imposed or based on the gross or net income or receipts of the recipient by the jurisdiction under the laws of which such Person is organized, operates or where its principal executive office is located or any political subdivision thereof). If any such withholding is so required, the Seller shall make the withholding, pay the amount withheld to the appropriate authority before penalties attach thereto or interest accrues thereon and pay such additional amount as may be necessary to ensure that the net amount actually received by such Person free and clear of such taxes (including such taxes on such additional amount) is equal to the amount that such Person would have received had such withholding not been made. If any such Person pays any such taxes, penalties or interest the

Seller shall reimburse such Person for that payment on demand. If the Seller pays any such taxes, penalties or interest, it shall deliver official tax receipts evidencing that payment or certified copies thereof to such Person on whose account such withholding was made on or before the thirtieth day after payment.

(c) In addition, the Seller shall pay on demand any and all stamp and other taxes and fees payable in connection with the execution, delivery, filing and recording of this Agreement, the other Transaction Documents or the other documents or agreements to be delivered hereunder or thereunder, and agrees to save each Indemnified Party and Affected Person harmless from and against any liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

Section 5.5 No Proceedings; Limitation on Payments.

(a) Each of the Seller, ACI, the Servicer, the Administrator, the LC Bank, the Purchaser Agents and the Purchasers and each assignee of the Purchased Interest or any interest therein, and each Person that enters into a commitment to purchase the Purchased Interest or interests therein, hereby covenants and agrees that it will not institute against, or join any other Person in instituting against, any Conduit Purchaser any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law, for one year and one day after the latest maturing Note issued by such Conduit Purchaser is paid in full. The provisions of this paragraph shall survive any termination of this Agreement.

(b) Each of the Seller, ACI, the Servicer, the Administrator, the LC Bank, the Purchaser Agents and the Purchasers and each assignee of the Purchased Interest or any interest therein, and each Person that enters into a commitment to purchase the Purchased Interest or interests therein, hereby covenants and agrees that it will not institute against, or join any other Person in instituting against, the Seller any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law, for one year and one day after the Final Payout Date; provided, that the Administrator may take any such action with the prior written consent of the Majority Purchaser Agents and the LC Bank. The provisions of this paragraph shall survive any termination of this Agreement.

(c) Notwithstanding any provisions contained in this Agreement to the contrary, no Conduit Purchaser shall, or shall be obligated to, pay any amount, if any, payable by it pursuant to this Agreement or any other Transaction Document unless (i) such Conduit Purchaser has received funds which may be used to make such payment and which funds are not required to repay such Conduit Purchaser's Notes when due and (ii) after giving effect to such payment, either (x) such Conduit Purchaser could issue Notes to refinance all of its outstanding Notes (assuming such outstanding Notes matured at such time) in accordance with the program documents governing such Conduit Purchaser's securitization program or (y) all such Conduit Purchaser's Notes are

paid in full. Any amount which a Conduit Purchaser does not pay pursuant to the operation of the preceding sentence shall not constitute a claim (as defined in §101 of the Bankruptcy Code) against or company obligation of such Conduit Purchaser for any

such insufficiency unless and until such Conduit Purchaser satisfies the provisions of clauses (i) and (ii) above. The provisions of this paragraph shall survive any termination of this Agreement.

Section 5.6 Confidentiality.

Unless otherwise required by Applicable Law, each of the Seller and the Servicer agrees to maintain the confidentiality of this Agreement and the other Transaction Documents (and all drafts thereof) in communications with third parties and otherwise; provided, that this Agreement may be disclosed: (a) to third parties to the extent such disclosure is made pursuant to a written agreement of confidentiality in form and substance reasonably satisfactory to the Administrator and each Purchaser Agent, (b) to the Seller's legal counsel and auditors if they agree to hold it confidential, subject to Applicable Law, (c) in connection with any legal proceeding arising out of or in connection with this Agreement or any other Transaction Document or the preservation or maintenance of that party's rights hereunder or thereunder, (d) if required to do so by a court of competent jurisdiction whether in pursuance of any procedure for discovering documents or otherwise, (e) pursuant to any law in accordance with which that party is required or accustomed to act (including applicable SEC requirements), (f) to any Governmental Authority, and (g) to any Person in connection with any credit agreement or other financing transaction. The restrictions in the preceding sentence shall not apply to disclosures to any party to this Agreement by any other party hereto, information already known to a recipient otherwise than in breach of this Section, information also received from another source on terms not requiring it to be kept confidential, or information that is or becomes publicly available otherwise than in breach of this Section. Unless otherwise required by Applicable Law, each of the Administrator, the Purchaser Agents and the Purchasers agrees to maintain the confidentiality of non-public financial information regarding ACI, the Seller, the Transferor, the Servicer and the Originators; provided, that such information may be disclosed to: (i) third parties to the extent such disclosure is made pursuant to a written agreement of confidentiality in form and substance reasonably satisfactory to ACI, (ii) legal counsel and auditors of the Purchasers, the Purchaser Agents or the Administrator if they agree to hold it confidential, (iii) any nationally recognized statistical rating organization or if applicable, the Rating Agencies rating the Notes of any Conduit Purchaser, (iv) any Program Support Provider or potential Program Support Provider (if they agree to hold it confidential), (v) any placement agency placing the Notes and (vi) any regulatory authorities or Governmental Authority having jurisdiction over the Administrator, any Purchaser Agent, any Purchaser, any Program Support Provider or any Liquidity Provider.

Section 5.7 GOVERNING LAW AND JURISDICTION.

(a) THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF A SECURITY INTEREST OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK; AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, THAT IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH SERVICE MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

Section 5.8 Execution in Counterparts.

This Agreement may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original, and all of which, when taken together, shall constitute one and the same agreement. Delivery of an executed counterpart hereof by facsimile or other electronic means shall be equally effective as delivery of an originally executed counterpart.

Section 5.9 Survival of Termination; Non-Waiver.

The provisions of Sections 1.7, 1.8, 1.18, 1.19, 3.1, 3.2, 5.4, 5.5, 5.6, 5.7, 5.10 and 5.14 shall survive any termination of this Agreement.

Section 5.10 WAIVER OF JURY TRIAL.

EACH OF THE PARTIES HERETO WAIVES ITS RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. EACH OF THE PARTIES HERETO AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, EACH OF THE PARTIES HERETO FURTHER AGREES THAT ITS RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING THAT SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

Section 5.11 Entire Agreement.

This Agreement and the other Transaction Documents embody the entire agreement and understanding between the parties hereto, and supersede all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

Section 5.12 Headings.

The captions and headings of this Agreement and any Exhibit, Schedule or Annex hereto are for convenience of reference only and shall not affect the interpretation hereof or thereof.

Section 5.13 Right of Setoff.

Each Secured Party is hereby authorized (in addition to any other rights it may have) to setoff, appropriate and apply (without presentment, demand, protest or other notice which are hereby expressly waived) any deposits and any other indebtedness held or owing by such Secured Party (including by any branches or agencies of such Secured Party) to, or for the account of, (i) the Seller against amounts owing by the Seller hereunder (even if contingent or unmatured) and (ii) the Servicer against amounts owing by the Servicer hereunder (even if contingent or unmatured); provided that (i) such Secured Party shall notify the Seller or the Servicer, as applicable, promptly following such setoff and (ii) no such setoff shall be made by any Secured Party against any assets of the Servicer to the extent that such assets secure any Eligible DIP Facility.

Section 5.14 Purchaser Groups' Liabilities.

The obligations of each Purchaser Agent and each Purchaser under the Transaction Documents are solely the corporate obligations of such Person. No recourse shall be had for any obligation or claim arising out of or based upon any Transaction Document against any member, employee, officer, director or incorporator of any such Person; provided, however, that this Section shall not relieve any such Person of any liability it might otherwise have for its own gross negligence or willful misconduct.

Section 5.15 Sharing of Recoveries.

Each Purchaser agrees that if it receives any recovery, through set-off, judicial action or otherwise, on any amount payable or recoverable hereunder in a greater proportion than should have been received hereunder or otherwise inconsistent with the provisions hereof, then the recipient of such recovery shall purchase for cash an interest in amounts owing to the other Purchasers (as return of Capital or otherwise), without representation or warranty except for the representation and warranty that such interest is being sold by each such other Purchaser free and clear of any Adverse Claim created or granted by such other Purchaser, in the amount necessary to create proportional participation by the Purchaser in such recovery. If all or any portion of such amount is thereafter recovered from the recipient, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 5.16 USA Patriot Act.

Each of the Administrator and each of the other Secured Parties hereby notifies the Seller and the Servicer that pursuant to the requirements of the USA Patriot Act, the Administrator and the other Secured Parties may be required to obtain, verify and record information that identifies the Seller, the Originators, the Transferor, the Servicer and the Performance Guarantor, which information includes the name, address, tax identification number and other information regarding the Seller, the Originators, the Transferor, the Servicer and the Performance Guarantor that will allow the Administrator and the other Secured Parties to identify the Seller, the Originators, the Transferor, the Servicer and the Performance Guarantor in accordance with the USA Patriot Act. This notice is given in accordance with the requirements of the USA Patriot Act. Each of the Seller and the Servicer agrees to provide the Administrator and each other Secured Parties, from time to time, with all documentation and other information required by bank regulatory authorities under "know your customer" and anti-money laundering rules and regulations, including, without limitation, the USA Patriot Act.

Section 5.17 Tax Matters.

(a) It is the intention of the parties hereto that for U.S. federal, state and local income and franchise tax purposes, each Purchase is not treated as a sale of the Purchased Interest or otherwise.

(b) The Administrator, on Seller's behalf, shall maintain a register for the recordation of the names and addresses of the Purchasers, and the Purchases (and Discount, fees and other similar amounts under this Agreement) pursuant to the terms hereof from time to time (the "Register"), including any participant and/or assignee. The entries in the Register shall be conclusive absent manifest error, and to the extent applicable, the parties hereto shall treat each person whose name is recorded in the Register pursuant to the terms hereof as a lender solely for U.S. federal income tax purposes. The Register shall be available for inspection by each Purchaser, at any reasonable time and from time to time upon reasonable prior notice.

Section 5.18 Severability.

Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 5.19 Mutual Negotiations.

This Agreement and the other Transaction Documents are the product of mutual negotiations by the parties thereto and their counsel, and no party shall be deemed the draftsperson of this Agreement or any other Transaction Document or any provision hereof or thereof or to have provided the same. Accordingly, in the event of any inconsistency or ambiguity of any provision of this Agreement or any other Transaction Document, such

inconsistency or ambiguity shall not be interpreted against any party because of such party's involvement in the drafting thereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

ARCH RECEIVABLE COMPANY, LLC,
as Seller

By: /s/ Robert G. Jones
Name: Robert G. Jones
Title: Secretary

Address: One CityPlace Drive, Suite 300
St. Louis, Missouri 63141

Attention: Robert G. Jones
Tel: 314-994-2716
Fax: 314-994-2736
Email: bjones@archcoal.com

ARCH COAL SALES COMPANY, INC.,
a debtor and debtor-in-possession under chapter 11
of the Bankruptcy Code, as initial Servicer

By: /s/ Robert G. Jones
Name: Robert G. Jones
Title: Secretary

Address: One CityPlace Drive, Suite 300
St. Louis, Missouri 63141

Attention: Robert G. Jones
Tel: 314-994-2716
Fax: 314-994-2736
Email: bjones@archcoal.com

ARCH COAL, INC.,
a debtor and debtor-in-possession under chapter 11 of the Bankruptcy Code

By: /s/ Robert G. Jones
Name: Robert G. Jones
Title: Senior Vice President — Law, General
Counsel & Secretary

Address: One CityPlace Drive, Suite 300
St. Louis, Missouri 63141

Attention: Robert G. Jones
Tel: 314-994-2716
Fax: 314-994-2736
Email: bjones@archcoal.com

PNC BANK, NATIONAL ASSOCIATION,
as Administrator

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

Address: PNC Bank, National Association
300 Fifth Avenue
11th Floor
Pittsburgh, Pennsylvania 15222

Attention: Brian Stanley
Telephone: 412-768-2001
Facsimile: 412-768-5151

PNC BANK, NATIONAL ASSOCIATION,
as a Related Committed Purchaser

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

Address: PNC Bank, National Association
300 Fifth Avenue
11th Floor
Pittsburgh, Pennsylvania 15222

Attention: Brian Stanley
Telephone: 412-768-2001
Facsimile: 412-768-5151

PNC BANK, NATIONAL ASSOCIATION,
as the LC Bank and as an LC Participant

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

Address: PNC Bank, National Association
300 Fifth Avenue
11th Floor
Pittsburgh, Pennsylvania 15222

Attention: Brian Stanley
Telephone: 412-768-2001
Facsimile: 412-768-5151

PNC BANK, NATIONAL ASSOCIATION,
as a Purchaser Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

Address: PNC Bank, National Association
300 Fifth Avenue
11th Floor
Pittsburgh, Pennsylvania 15222

Attention: Brian Stanley
Telephone: 412-768-2001
Facsimile: 412-768-5151

REGIONS BANK,
as a Purchaser Agent

By: /s/ Mark A. Kassis
Name: Mark A. Kassis
Title: Senior Vice President

Address: Regions Bank
1180 West Peachtree Street NW
Suite 1000
Atlanta, GA 30309

Attention: Mark Kassis or Linda Harris
Telephone: 404-221-4366 or 404-221-4354
Facsimile: 404-805-0841

REGIONS BANK,
as a Related Committed Purchaser

By: /s/ Mark A. Kassis
Name: Mark A. Kassis
Title: Senior Vice President

Address: Regions Bank
1180 West Peachtree Street NW
Suite 1000
Atlanta, GA 30309

Attention: Mark Kassis or Linda Harris
Telephone: 404-221-4366 or 404-221-4354
Facsimile: 404-805-0841

REGIONS BANK,
as an LC Participant

By: /s/ Mark A. Kassis
Name: Mark A. Kassis
Title: Senior Vice President

Address: Regions Bank
1180 West Peachtree Street NW
Suite 1000
Atlanta, GA 30309

Attention: Mark Kassis or Linda Harris
Telephone: 404-221-4366 or 404-221-4354
Facsimile: 404-805-0841

WAIVER AND CONSENT AND AMENDMENT No. 1, dated as of March 4, 2016 (this "Amendment"), (i) to the Superpriority Secured Debtor-in-Possession Credit Agreement, dated as of January 21, 2016 (as amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the "Credit Agreement"), among Arch Coal, Inc., a debtor and debtor-in-possession under chapter 11 of the Bankruptcy Code, as borrower (the "Borrower"), the Guarantors from time to time party thereto, each a debtor and debtor-in-possession under chapter 11 of the Bankruptcy Code, the Lenders from time to time party thereto and Wilmington Trust, National Association, in its capacity as administrative agent and collateral agent (in such capacities, the "Agent"), and (ii) under the Final Order. Capitalized terms used but not defined herein have the meaning provided in the Credit Agreement.

WHEREAS, the Borrower and ICG, Inc., a Subsidiary of the Borrower, desire to sell and transfer (the "ICG Knott County Sale") their membership interests in ICG Knott County, LLC ("ICG Knott County") pursuant to that certain Membership Interest Purchase Agreement, dated as of September 16, 2015 (as amended, restated, supplemented or otherwise modified from time to time), among the Borrower and ICG, Inc., as seller, and Quest Energy Inc., as buyer, and, in connection therewith, to have the Case of ICG Knott County dismissed;

WHEREAS, pursuant to the Final Order, the prior written consent of the Required Lenders and the Required Lenders (as defined in the Amended and Restated Credit Agreement, dated as of June 14, 2011 (as amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the "Prepetition Credit Agreement"), among the Borrower, the Guarantors (as defined in the Prepetition Credit Agreement) from time to time party thereto, the lenders from time to time party thereto (the "Prepetition Lenders") and Wilmington Trust, National Association (as successor in interest to Bank of America, N.A.), as administrative agent for the lenders under the Term Loan Facility (as defined in the Prepetition Credit Agreement) (in such capacity, the "Prepetition Administrative Agent") and Wilmington Trust, National Association (as successor in interest to PNC Bank, National Association), as collateral agent (in such capacity, the "Prepetition Collateral Agent")) (the "Prepetition Required Lenders") is required in connection with the dismissal of the Case of ICG Knott County;

WHEREAS, the Borrower has requested certain amendments to the Credit Agreement and the undersigned Lenders are willing to consent to such amendments on the terms and conditions set forth herein;

WHEREAS, pursuant to Section 13.01 of the Credit Agreement, the Agent, with the written consent of the Required Lenders, and the Borrower, on behalf of the Loan Parties, may grant written waivers or consents under and enter into written agreements amending or changing any provision of the Credit Agreement; and

WHEREAS, the parties hereto desire to provide the waivers, consents and amendments set forth below on the terms set forth herein;

NOW, THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. **Waiver and Consent under and Amendment to Credit Agreement**.

(a) The Agent, with the consent of the Lenders party hereto, hereby (x) waives any Default or Event of Default that would occur pursuant to Section 9.01(q)(i) of the Credit Agreement solely as a result of the dismissal of the Case of ICG Knott County in connection with the ICG Knott County Sale and (y) consents to the dismissal of the Case of ICG Knott County in connection with the ICG Knott County Sale.

(b) The Credit Agreement is hereby amended effective as of the Amendment Effective Date as follows:

(A) the definition of "Availability End Date" set forth in Section 1.01 of the Credit Agreement is hereby amended by deleting the word "four" therefrom and inserting in lieu thereof the word "six".

(B) Section 5.06(a) of the Credit Agreement is hereby amended by deleting the words "four month anniversary" therefrom and inserting in lieu thereof the words "six month anniversary".

(C) Section 8.01(p)(iii) of the Credit Agreement is hereby amended by deleting the words "that is reasonably acceptable to the Required Lenders" therefrom and inserting in lieu thereof the words "that contemplates the payment in full in cash of the Obligations under the Loan Documents (other than contingent indemnification obligations not yet due and payable) on the consummation date of the Reorganization Plan".

(D) Section 8.02(s) of the Credit Agreement is hereby amended by deleting the number "$575,000,000" therefrom and inserting in lieu thereof the number "$500,000,000".

(E) Section 9.01(q) of the Credit Agreement is hereby amended by deleting clause (x) in its entirety therefrom.

Section 2. **Consent to Dismissal of Case of ICG Knott County**. The Prepetition Lenders party hereto hereby consent to the dismissal of the Case of ICG Knott County in connection with the ICG Knott County Sale.

Section 3. **Representations and Warranties**. The Borrower represents and warrants to the Agent and the Lenders as of the Amendment Effective Date that:

(a) (i) The Borrower (A) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and (B) subject to the entry of the Orders and subject to the terms thereof, has full power to enter into, execute, deliver and carry out this Amendment, and all such actions have been duly authorized by all necessary proceedings on its part, and (ii) this Amendment has been duly and validly executed and

delivered by the Borrower and, subject to the entry of the Orders and subject to the terms thereof, constitutes the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms.

(b) Neither the execution and delivery of this Amendment by the Borrower, nor the consummation of the transactions herein contemplated or compliance with the terms and provisions hereof by the Borrower will (x) conflict with, constitute a default under or result in any breach of (i) the terms and conditions of the certificate of incorporation, bylaws or other organizational documents of the Borrower or (ii) except as would not reasonably be expected to result in Material Adverse Change and except in respect of the Existing Debt Documents, any Law or any material agreement or instrument or order, writ, judgment, injunction or decree to which the Borrower is a party or by which the Borrower is bound or subject to, or (y) result in the creation or enforcement of any Lien, charge or encumbrance whatsoever upon any property (now or hereafter acquired) of the Borrower (other than Liens granted in respect of the Obligations and Liens created by the Existing Debt Documents).

(c) Subject to the entry of the Orders and subject to the terms thereof, no consent, approval, exemption, order or authorization of, or a registration or filing with, any Official Body or any other Person is necessary to authorize or permit under any Law in connection with the execution, delivery and carrying out of this Amendment by the Borrower.

(d) Immediately before and immediately after giving effect to this Amendment, the representations and warranties of each Loan Party set forth in the Loan Documents to which it is a party shall be true and correct in all material respects on and as of the Amendment Effective Date, with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

(e) Immediately before and immediately after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

Section 4. **Conditions to Effectiveness of Section 1**. Section 1 of this Amendment shall become effective on the date (the "Amendment Effective Date") on which the following conditions are satisfied or waived:

(a) the Agent shall have received from (i) the Required Lenders and (ii) the Borrower a duly executed counterpart of this Amendment signed on behalf of such party (which may include facsimile or other electronic transmission of a signed signature page of this Amendment).

(b) on and as of the Amendment Effective Date, both immediately before and immediately after giving effect to the effectiveness of this Amendment, the representations and warranties of the Borrower set forth in Section 3 hereof shall be true and correct in all material respects.

Section 5. **Conditions to Effectiveness of Section 2**. Section 2 of this Amendment shall become effective on the date on which the Prepetition Administrative Agent shall have received from the Prepetition Required Lenders a duly executed counterpart of this Amendment signed on behalf of such party (which may include facsimile or other electronic transmission of a signed signature page of this Amendment).

Section 6. **Counterparts**. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

Section 7. **Governing Law**. THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT UNDER THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS CONFLICT OF LAWS PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF ANY OTHER LAW AND (TO THE EXTENT APPLICABLE) THE BANKRUPTCY CODE.

Section 8. **Headings**. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 9. **Effect of Amendment**. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Agent under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other provision of the Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. The Borrower, on behalf of each Loan Party, confirms and agrees that the Liens granted pursuant to the Interim Order, the Final Order and the Collateral Documents shall continue without any diminution thereof and shall remain in full force and effect on and after the date hereof. For the avoidance of doubt, on and after the Amendment Effective Date, this Amendment shall for all purposes constitute a Loan Document.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

ARCH COAL, INC.

By: /s/ Robert G. Jones
Name: Robert G. Jones

Title: Senior Vice President — Law, General Counsel & Secretary

FIRST AMENDMENT
TO RESTRUCTURING SUPPORT AGREEMENT

First Amendment to Restructuring Support Agreement (this "Amendment"), dated as of February 25, 2016, to that certain Restructuring Support Agreement made and entered into as of January 10, 2016 (the "Restructuring Support Agreement"), by and among (i) the parties signatory thereto which are lenders under the First Lien Credit Agreement (each such party a "Consenting Lender", and collectively, the "Consenting Lenders"), (ii) Arch Coal, Inc., a Delaware corporation ("Arch Coal"), and (iii) each of the subsidiaries of Arch Coal signatory thereto (collectively with Arch Coal, the "Company"). Capitalized terms used in this Amendment and not otherwise defined shall have the meanings set forth in the Restructuring Support Agreement.

RECITALS

WHEREAS, Arch Coal, the other guarantors party thereto, the lenders party thereto (including the Consenting Lenders) and Wilmington Trust, National Association, as successor term loan administrative agent and successor collateral agent under the First Lien Credit Agreement (the "First Lien Agent") have entered into the First Lien Credit Agreement;

WHEREAS, pursuant to the Restructuring Support Agreement, the Parties thereto agreed to support a Restructuring that is to be implemented through the Plan;

WHEREAS, the Company has requested a limited waiver of the Consenting Lender Termination Event under Section 5.02(g)(iii) of the Restructuring Support Agreement;

WHEREAS, the Company has requested a waiver of the Consenting Lender Termination Event under Section 5.02(a) of the Restructuring Support Agreement with respect to the sale and transfer the membership interests in ICG Knott County, LLC ("ICG Knott Country") pursuant to that certain Membership Interest Purchase Agreement, dated as of September 16, 2015, among Arch Coal, ICG, Inc. and Quest Energy Inc. (the "ICG Knott County Sale");

WHEREAS, the Company has requested an amendment to the Restructuring Support Agreement; and

WHEREAS, the parties hereto have agreed to (i) provide a limited waiver or waiver, as applicable, of such Consenting Lender Termination Events and (ii) amend the Restructuring Support Agreement, in each case, on the terms and conditions set forth in this Amendment.

AGREEMENT

NOW THEREFORE, for and in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Limited Waiver of Consenting Lender Termination Event. Effective as of the Amendment Effective Date (as defined below), the Consenting Lenders party hereto hereby waive any Consenting Lender Termination Event set forth in Section 5.02(g)(iii)

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of the Restructuring Support Agreement solely to the extent arising out of the failure of the Company to obtain, prior to forty-five (45) days after the Petition Date, entry of the RSA Assumption Order by the Bankruptcy Court; provided that it shall be a Consenting Lender Termination Event if the Company fails to obtain, prior to ninety (90) days after the Petition Date, entry of the RSA Assumption Order, in form and substance reasonably satisfactory to the Majority Consenting Lenders and otherwise in accordance with the Restructuring Support Agreement.

SECTION 2. Waiver of Consenting Lender Termination Event. Effective as of the Amendment Effective Date, the Consenting Lenders party hereto hereby waive any Consenting Lender Termination Event set forth in Section 5.02(a) of the Restructuring Support Agreement solely to the extent arising out of the dismissal of the Bankruptcy Case of ICG Knott County in connection with the ICG Knott County Sale.

SECTION 3. Amendment to Restructuring Support Agreement. Effective as of the Amendment Effective Date, the Company and the Consenting Lenders party hereto hereby amend footnote 5 appearing in Exhibit A to the Restructuring Support Agreement by deleting the reference to "45" appearing therein and replacing such reference with "90".

SECTION 4. Compliance with Restructuring Support Agreement. As of the Amendment Effective Date, each of the parties hereto represents and warrants, severally and not jointly, to each other party that (i) it is in compliance with all of the terms and provisions set forth in the Restructuring Support Agreement (as amended by this Amendment) and (ii) no material breach has occurred and is continuing under the Restructuring Support Agreement.

SECTION 5. Effect of Amendment on the Restructuring Support Agreement. Except as specifically amended or waived hereby, the terms and provisions of the Restructuring Support Agreement are in all other respects ratified and confirmed and remain in full force and effect without modification or limitation. No reference to this Amendment need be made in any notice, writing or other communication relating to the Restructuring Support Agreement, and any such reference to the Restructuring Support Agreement shall be deemed a reference thereto as amended by this Amendment. This Amendment shall be limited precisely as written and, except as expressly provided herein, shall not be deemed or construed (i) to be a consent granted pursuant to, or a waiver (except for the specific waivers set forth above), modification or forbearance of, any term or condition of the Restructuring Support Agreement, any of the instruments or agreements referred to therein or a waiver of any breach under the Restructuring Support Agreement, whether or not known to the First Lien Agent or any of the Consenting Lenders, or (ii) to prejudice any right or remedy which the First Lien Agent, any Consenting Lender or the Company may now have or have in the future under or in connection with the Restructuring Support Agreement, or any of the instruments or agreements referred to therein, as applicable.

SECTION 6. Effectiveness of This Amendment. This Amendment shall become effective and binding on each Party on the date (such date, the "Amendment Effective Date") counsel to the parties hereto have received signature pages hereto signed by the Company and the Consenting

Lenders constituting Majority Consenting Lenders.

SECTION 7. Governing Law. **THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.**

SECTION 8. Counterparts; Electronic Execution. This Amendment may be executed and delivered in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Delivery of an executed copy of this Amendment shall be deemed to be a certification by each person executing this Amendment on behalf of a party hereto that such person and party hereto has been duly authorized and empowered to execute and deliver this Amendment and each other party hereto may rely on such certification. Delivery of any executed signature page of this Amendment by telecopier, facsimile or electronic mail shall be as effective as delivery of a manually executed signature page of this Amendment.

SECTION 9. Reference to Restructuring Support Agreement. All references to the "Restructuring Support Agreement", "hereunder", "hereof" or words of like import in the Restructuring Support Agreement shall mean and be a reference to the Restructuring Support Agreement as modified hereby and as may in the future be amended, restated, supplemented or modified from time to time.

SECTION 10. Breach of Amendment. This Amendment shall be part of the Restructuring Support Agreement and a breach of any representation, warranty or covenant herein shall constitute a breach under the Restructuring Support Agreement, without the giving of notice or the passage of time.

[Remainder of page intentionally left blank
Signatures on next page].

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have executed and delivered this First Amendment to Restructuring Support Agreement as of the date hereof.

ARCH COAL INC., on behalf of itself and each of the Guarantors

By: /s/ John T. Drexler
Name: John T. Drexler
Title: Senior Vice President & CFO

[Signature Page to First Amendment to Restructuring Support Agreement]

Exhibit 12.1

Computation of Ratio of Earnings to Combined Fixed Charges and Preference Dividends

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Income (loss) from continuing operations excluding income or loss from equity investments	$ (3,294,376)	$ (543,051)	$ (1,089,023)	$ (1,102,837)	$ 52,824
Adjustments:					
Fixed charges	407,081	404,514	450,743	367,238	294,484
Distributed income from equity investments	29,862	12,603	13,536	5,342	19,360
Capitalized interest, net of amortization	4,476	5,078	(13,518)	19,163	2,113
Arch Western Resources, LLC dividends on preferred membership interest	—	—	—	(72)	(91)
Total loss	$ (2,852,957)	$ (120,856)	$ (638,262)	$ (711,166)	$ 368,690
Fixed charges:					
Interest expense	$ 397,979	$ 390,946	$ 381,268	$ 317,615	$ 230,186
Capitalized interest	9	—	15,918	15,625	1,937
Costs of debt retirement and write-off of related capitalized financing costs	—	—	42,921	23,668	51,448
Arch Western Resources, LLC dividends on preferred membership interest	—	—	—	72	91
Portions of rent which represent an interest factor	9,093	13,568	10,636	10,258	10,822
Total fixed charges	$ 407,081	$ 404,514	$ 450,743	$ 367,238	$ 294,484
Ratio of earnings to fixed charges	N/A	N/A	N/A	N/A	1.25x

Total loss consists of loss from continuing operations before income taxes and are adjusted to include only distributed income from affiliates accounted for on the equity method and fixed charges (excluding capitalized interest). Fixed charges consist of interest incurred on indebtedness, the portion of operating lease rentals deemed representative of the interest factor and the amortization of debt expense.

Exhibit 21.1

Subsidiaries of the Company

The following is a complete list of the direct and indirect subsidiaries of Arch Coal, Inc., a Delaware corporation, including their respective states of incorporation or organization, as of March 1, 2016:

Arch Coal Asia-Pacific PTE. LTD.	**100%**
Arch of Australia PTY LTD	**100%**
Arch Coal Australia PTY LTD	**100%**
Arch Coal Australia Holdings PTY LTD	**100%**
Arch Coal UK Unlimited	**15%**
Arch Coal Europe Limited	**100%**
Arch Coal UK Unlimited	**85%**
Arch Reclamation Services, Inc.	**100%**
Arch Western Acquisition Corporation	**100%**
Arch Western Acquisition, LLC (Delaware)	**100%**
Arch Western Resources, LLC (Delaware)	**0.5%**
Arch Western Resources, LLC (Delaware)	**99.5%**
Arch of Wyoming, LLC	**100%**
Arch Western Finance, LLC	**100%**
Arch Western Bituminous Group, LLC	**100%**
Mountain Coal Company, L.L.C.	**100%**
Thunder Basin Coal Company, L.L.C.	**100%**
Triton Coal Company, LLC	**100%**
ACI Terminal, LLC	**100%**
Ark Land Company	**100%**
Western Energy Resources, Inc.	**100%**
Ark Land KH, Inc.	**100%**
Ark Land LT, Inc.	**100%**
Ark Land WR, Inc.	**100%**
Allegheny Land Company	**100%**
Apogee Holdco, Inc.	**100%**
Arch Coal Sales Company, Inc.	**100%**
Arch Energy Resources, LLC	**100%**
Arch Coal West, LLC	**100%**
Arch Development, LLC	**100%**
Arch Receivable Company, LLC	**100%**
Ashland Terminal, Inc.	**100%**
Catenary Coal Holdings, Inc.	**100%**
Cumberland River Coal Company	**100%**
Lone Mountain Processing, Inc.	**100%**
Powell Mountain Energy, LLC	**100%**

Catenary Holdco, Inc.	**100%**
Coal-Mac, Inc.	**100%**
Energy Development Co.	**100%**
Hobet Holdco, Inc.	**100%**
International Coal Group, Inc.	**100%**
ICG, LLC	**100%**
ICG, Inc.	**100%**
ICG Beckley, LLC	**100%**
ICG Natural Resources, LLC	**100%**
ICG East Kentucky, LLC	**100%**
ICG Illinois, LLC	**100%**
ICG Knott County, LLC	**100%**

ICG Tygart Valley, LLC	100%
Shelby Run Mining Company, LLC	100%
ICG Eastern, LLC	100%
ICG Eastern Land LLC	100%
CoalQuest Development LLC	100%
Hunter Ridge Holdings, Inc.	100%
Hunter Ridge, Inc.	100%
Hunter Ridge Coal Company	100%
White Wolf Energy, Inc.	100%
Bronco Mining Company, Inc.	100%
Juliana Mining Company, Inc.	100%
Hawthorne Coal Company, Inc.	100%
Marine Coal Sales Company	100%
Upshur Property, Inc.	100%
King Knob Coal Co., Inc.	100%
Vindex Energy Corporation	100%
Patriot Mining Company, Inc.	100%
Melrose Coal Company, Inc.	100%
Wolf Run Mining Company	100%
The Sycamore Group, LLC	50%
Simba Group, Inc.	100%
Jacobs Ranch Holdings I LLC	100%
Jacobs Ranch Holdings II LLC	100%
Jacobs Ranch Coal LLC	100%
Mingo Logan Coal Company	100%
Mountain Gem Land, Inc.	100%
Mountain Mining, Inc.	100%
Mountaineer Land Company	100%
Otter Creek Coal, LLC	100%
P.C. Holding, Inc.	100%

Prairie Holdings, Inc.	100%
Prairie Coal Company, LLC	100%
Saddleback Hills Coal Company	100%

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-179841) of Arch Coal, Inc.,

(2) Registration Statements (Form S-8 Nos. 333-30565 and 333-112536) pertaining to the Arch Coal, Inc. 1997 Stock Incentive Plan,

(3) Registration Statements (Form S-8 Nos. 333-193169, 333-68131 and 333-147459) pertaining to the Arch Coal, Inc. Deferred Compensation Plan,

(4) Registration Statements (Form S-8 Nos. 333-112537 and 333-127548) pertaining to the Arch Coal, Inc. Retirement Account Plan, and

(5) Registration Statement (Form S-8 No. 333-191071) pertaining to the Arch Coal, Inc. Omnibus Incentive Plan;

of our reports dated March 15, 2016, with respect to the consolidated financial statements and schedule of Arch Coal, Inc. and subsidiaries and the effectiveness of internal control over financial reporting of Arch Coal, Inc. and subsidiaries included in this Annual Report (Form 10-K) of Arch Coal, Inc. and subsidiaries for the year ended December 31, 2015.

/s/ Ernst & Young, LLP

St. Louis, Missouri
March 15, 2016

Exhibit 23.2

CONSENT OF WEIR INTERNATIONAL, INC.

We hereby consent to the reference to Weir International, Inc. in the Annual Report on Form 10-K of Arch Coal, Inc. for the year ended December 31, 2015.

We further wish to advise that Weir International, Inc. was not employed on a contingent basis and that at the time of preparation of our report, as well as at present, neither Weir International, Inc. nor any of its employees had, or now has, a substantial interest in Arch Coal, Inc. or any of its affiliates or subsidiaries.

Respectfully submitted,

By: /s/ Dennis N. Kostic

Name: Dennis N. Kostic
Title: President & CEO
Date: March 4, 2016

Exhibit 24.1

Power Of Attorney

KNOW ALL PERSONS BY THESE PRESENTS: That each of the undersigned directors and/or officers of Arch Coal, Inc., a Delaware corporation ("Arch Coal"), hereby constitutes and appoints John W. Eaves, John T. Drexler and Robert G. Jones, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power to act without the other, to sign Arch Coal's Annual Report on Form 10-K for the year ended December 31, 2015, to be filed with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended; to file such report and the exhibits thereto and any and all other documents in connection therewith, including without limitation, amendments thereto, with the Securities and Exchange Commission; and to do and perform any and all other acts and things requisite and necessary to be done in connection with the foregoing as fully as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

DATED: February 25, 2016

/s/ John W. Eaves John W. Eaves	Director
/s/ David Freudenthal David Freudenthal	Director
/s/ Patricia F. Godley Patricia F. Godley	Director
/s/ Paul T. Hanrahan Paul T. Hanrahan	Director
/s/ Douglas H. Hunt Douglas H. Hunt	Director
/s/ J. Thomas Jones J. Thomas Jones	Director
/s/ Paul A. Lang Paul A. Lang	Director
/s/ George C. Morris, III George C. Morris, III	Director
/s/ James A. Sabala James A. Sabala	Director
/s/ Theodore D. Sands Theodore D. Sands	Director
/s/ Wesley M. Taylor Wesley M. Taylor	Director
/s/ Peter I. Wold Peter I. Wold	Director

Exhibit 31.1

Certification

I, John W. Eaves, certify that:

1. I have reviewed this annual report on Form 10-K of Arch Coal, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John W. Eaves
John W. Eaves
Chairman and Chief Executive Officer

Date: March 15, 2016

Exhibit 31.2

Certification

I, John T. Drexler, certify that:

1. I have reviewed this annual report on Form 10-K of Arch Coal, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John T. Drexler
John T. Drexler
Senior Vice President and Chief Financial Officer

Date: March 15, 2016

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
OF ARCH COAL, INC. PURSUANT TO 18. U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, John W. Eaves, Chairman and Chief Executive Officer of Arch Coal, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Annual Report on Form 10-K for the year ended December 31, 2015 (the "Periodic Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Arch Coal, Inc.

/s/ John W. Eaves
John W. Eaves
Chairman and Chief Executive Officer

Date: March 15, 2016

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
OF ARCH COAL, INC. PURSUANT TO 18. U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, John T. Drexler, Senior Vice President and Chief Financial Officer of Arch Coal, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Annual Report on Form 10-K for the year ended December 31, 2015 (the "Periodic Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Arch Coal, Inc.

/s/ John T. Drexler
John T. Drexler
Senior Vice President and Chief Financial Officer

Date: March 15, 2016

Mine Safety and Health Administration Safety Data

We believe that Arch Coal, Inc. ("Arch Coal") is one of the safest coal mining companies in the world. Safety is a core value at Arch Coal and at our subsidiary operations. We have in place a comprehensive safety program that includes extensive health & safety training for all employees, site inspections, emergency response preparedness, crisis communications training, incident investigation, regulatory compliance training and process auditing, as well as an open dialogue between all levels of employees. The goals of our processes are to eliminate exposure to hazards in the workplace, ensure that we comply with all mine safety regulations, and support regulatory and industry efforts to improve the health and safety of our employees along with the industry as a whole.

The operation of our mines is subject to regulation by the Federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (Mine Act). MSHA inspects our mines on a regular basis and issues various citations, orders and violations when it believes a violation has occurred under the Mine Act. We present information below regarding certain mining safety and health violations, orders and citations, issued by MSHA and related assessments and legal actions and mine-related fatalities with respect to our coal mining operations. In evaluating the above information regarding mine safety and health, investors should take into account factors such as: (i) the number of citations and orders will vary depending on the size of a coal mine, (ii) the number of citations issued will vary from inspector to inspector and mine to mine, and (iii) citations and orders can be contested and appealed, and in that process are often reduced in severity and amount, and are sometimes dismissed or vacated.

The table below sets forth for the twelve months ended December 31, 2015 for each active MSHA identification number of Arch Coal and its subsidiaries, the total number of: (i) violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard under section 104 of the Mine Act for which the operator received a citation from MSHA; (ii) orders issued under section 104(b) of the Mine Act; (iii) citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under section 104(d) of the Mine Act; (iv) flagrant violations under section 110(b)(2) of the Mine Act; (v) imminent danger orders issued under section 107(a) of the Mine Act; (vi) proposed assessments from MHSA (regardless of whether Arch Coal has challenged or appealed the assessment); (vii) mining-related fatalities; (viii) notices from MSHA of a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety hazards under section 104(e) of the Mine Act; (ix) notices from MSHA regarding the potential to have a pattern of violations as referenced in (viii) above; and (x) pending legal actions before the Federal Mine Safety and Health Review Commission (as of December 31, 2015) involving such coal or other mine, as well as the aggregate number of legal actions instituted and the aggregate number of legal actions resolved during the reporting period.

Mine or Operating Name / MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (in thousands) ($)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violations Under Section 104(e) (Yes/No)	Received Notice of Potential to Have Pattern of Violations Under Section 104(e) (Yes/No)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)	Legal Actions Pending as of Last Day of Period(1) (#)
Active Operations												
Lone Mountain Darby Fork / 15-02263	6	—	—	—	—	10.6	—	No	No	—	2	—
Lone Mountain Clover Fork / 15-18647	24	—	—	—	—	54.9	—	No	No	6	7	—
Lone Mountain Huff Creek / 15-17234	15	—	—	—	—	27.4	—	No	No	—	2	4
Lone Mountain 6C Mine / 44-06782	—	—	—	—	—	0.2	—	No	No	—	—	—
Lone Mountain Processing / 44-05898	—	—	—	—	—	0.7	—	No	No	—	—	—
Powell Mt. Mine #1 / 15-18734	—	—	—	—	—	1.1	—	No	No	—	—	—
Powell Mt. Middle Splint / 44-07207	—	—	—	—	—	0.1	—	No	No	—	—	—
Knott County Raven Prep Plant / 15-17724	—	—	—	—	—	0.1	—	No	No	—	—	—
Vindex Cabin Run / 18-00133	1	—	—	—	—	0.9	—	No	No	—	—	—
Vindex Bismarck / 46-09369	—	—	—	—	—	0.2	—	No	No	—	2	—
Vindex Jackson Mt. / 18-00170	—	—	—	—	—	0.2	—	No	No	—	—	—
Vindex Wolf Den Run / 18-00790	—	—	—	—	—	0.4	—	No	No	—	—	—
Cumberland River Pardee Plant / 44-05014	—	—	—	—	—	25.7	—	No	No	1	1	—
Cumberland River Band Mill Mine / 44-06816	1	—	—	—	—	2.0	—	No	No	—	1	—
Cumberland River Pine Branch #1 / 44-07224	2	—	—	—	—	6.9	—	No	No	2	10	—
Cumberland River Trace Fork #1 / 15-19533	—	—	—	—	—	2.0	—	No	No	4	8	—
Beckley Pocahontas Mine / 46-05252	62	—	—	—	—	1,082.4	—	No	No	14	24	9
Beckley Pocahontas Plant / 46-09216	5	—	—	—	—	2.6	—	No	No	—	—	—
Coal Mac Holden #22 Prep	2	—	—	—	—	0.8	—	No	No	—	—	—

Plant / 46-05909												

Coal Mac Ragland Loadout / 46-08563	—	—	—	—	—	0.3	—	No	No	—	—	—
Coal Mac Holden #22 Surface / 46-08984	5	—	—	—	—	8.1	—	No	No	—	—	—
Sentinel Mine / 46-04168	73	—	—	—	—	341.7	—	No	No	7	10	8
Sentinel Prep Plant / 46-08777	2	—	—	—	—	0.6	—	No	No	—	—	—
Mingo Logan Mountaineer II / 46-09029	58	—	—	—	—	224.0	—	No	No	13	31	3
Mingo Logan Cardinal Prep Plant / 46-09046	—	—	—	—	—	0.7	—	No	No	—	2	—
Mingo Logan Daniel Hollow / 46-09047	—	—	—	—	—	—	—	No	No	—	1	—
Leer #1 Mine / 46-09192	91	—	1	—	—	453.7	—	No	No	20	18	11
Arch of Wyoming Elk Mountain / 48-01694	—	—	—	—	—	—	—	No	No	1	1	—
Black Thunder / 48-00977	23	—	—	—	1	68.0	—	No	No	1	9	—
Coal Creek / 48-01215	1	—	—	—	—	2.1	—	No	No	—	1	—
West Elk Mine / 05-03672	28	—	—	—	—	76.7	—	No	No	2	5	1
Viper Mine / 11-02664	24	—	—	—	—	78.9	—	No	No	3	5	1
Leer #1 Prep Plant / 46-09191	1	—	—	—	—	0.7	—	No	No	—	—	—
Wolf Run Mining — Sawmill Run Prep Plant / 46-05544	—	—	—	—	—	0.1	—	No	No	—	—	—

(1) See table below for additional details regarding Legal Actions Pending as of December 31, 2015.

Mine or Operating Name/MSHA Identification Number	Contests of Citations, Orders (as of December 31, 2015)	Contests of Proposed Penalties (as of December 31, 2015)	Complaints for Compensation (as of December 31, 2015)	Complaints of Discharge, Discrimination or Interference (as of December 31, 2015)	Applications for Temporary Relief (as of December 31, 2015)	Appeals of Judges' Decisions or Orders (as of December 31, 2015)
Lone Mountain Huff Creek / 15-17234	3	1	—	—	—	—
Beckley Pocahontas Mine / 46-05252	—	9	—	—	—	—
Sentinel Mine / 46-04168	—	8	—	—	—	—
Mingo Logan Mountaineer II / 46-09029	—	3	—	—	—	—
West Elk Mine / 05-03672	—	1	—	—	—	—
Leer #1 / 46-09192	1	10	—	—	—	—
Viper Mine / 11-02664	—	—	—	—	—	1