

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2014

OR

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

For the transition period from to

Commission File Number: 001-36503

Foresight Energy LP

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

211 North Broadway, Suite 2600, Saint Louis, MO
(Address of principal executive offices)

80-0778894
(I.R.S. Employer
Identification No.)

63102
(Zip code)

Registrant's telephone number, including area code: (314) 932-6160

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

Title of Each Class

Common Units representing limited partner interests

Name of Each Exchange On Which Registered

New York Stock Exchange

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 ☐ No ☒

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 ☐ No ☒

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 ☒ No ☐

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 files). Yes ☒ No ☐

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

☐

Accelerated filer

☐

Non-accelerated filer

☒

(do not check if a smaller reporting company)

Smaller reporting company

☐

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

The aggregate market value of units held by non-affiliates of the registrant (which is exclusive also of units beneficially held by officers and directors of the registrant) as of June 30, 2014 was \$353,991,400.

As of February 27, 2015, the registrant had 65,059,477 common units and 64,954,691 subordinated units outstanding.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and information in this Annual Report on Form 10-K may constitute “forward-looking statements.” The words “believe,” “expect,” “anticipate,” “plan,” “intend,” “foresee,” “outlook,” “estimate,” “potential,” “continues,” “may,” “will,” “seek,” “approximately,” “predict,” “anticipate,” “should,” “would,” “could” or other similar expressions are intended to identify forward-looking statements, which are generally not historical in nature. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our expectations for future revenues and operating results are based on our forecasts for our existing operations and do not include the potential impact of any future acquisitions. Our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. Known material factors that could cause our actual results to differ from those in the forward-looking statements are described in Part I, Item 1A. “Risk Factors.” Readers are cautioned not to place undue reliance on forward-looking statements, which are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.

REFERENCES WITHIN THIS ANNUAL REPORT

All references to “FELP,” the “Partnership,” “we,” “us,” and “our” refer to the combined results of Foresight Energy LP and Foresight Energy LLC and its subsidiaries, unless the context otherwise requires or where otherwise indicated.

PART I

Item 1. Business

We mine and market coal from reserves and operations located exclusively in the Illinois Basin. Since our inception, we have invested over \$2.0 billion to construct a fleet of state-of-the-art, low-cost and highly productive longwall mining operations and related transportation infrastructure. We control over 3 billion tons of coal in the state of Illinois, which, in addition to making us one of the largest reserve holders in the United States, provides significant organic growth opportunities. Our reserves consist principally of three large contiguous blocks of uniform, thick, high heat content (high Btu) thermal coal, which are ideal for highly productive longwall operations. Thermal coal is used by power plants and industrial steam boilers to produce electricity or process steam.

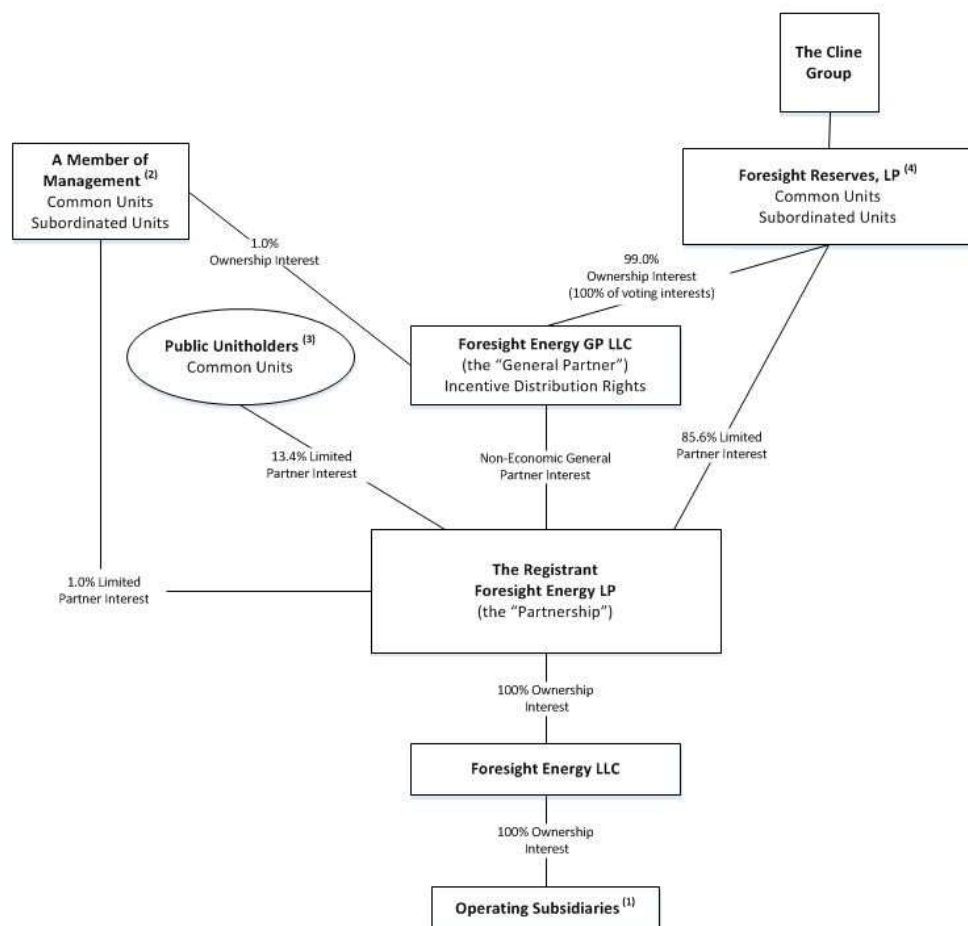
We own four mining complexes where we operate four longwall mines and one continuous miner operation. We have made preliminary capital expenditures to pursue permits for our fifth and sixth longwalls. Our four mining complexes can collectively support up to nine longwalls, with a portion of the existing surface infrastructure available to be shared among most of our future longwalls.

Our operations are strategically located near multiple rail and river transportation access points giving us cost-competitive transportation options. We have developed infrastructure that provides each of our four mining complexes with multiple transportation outlets including direct and indirect access to five Class I railroads. Our access to competing rail carriers as well as access to truck and barge transport provides us with operating flexibility and minimizes transportation costs. We have access to a 25 million ton per year barge-loading river terminal on the Ohio River, which was contributed to us in February 2015 by Foresight Reserves and a member of management, and contractual agreements for a minimum of 9 million tons per year of export terminal capacity in the Gulf of Mexico, including a terminal owned by an affiliate. We also have long-term, fixed price transportation contracts from our mines to both of these terminals. These logistical arrangements provide transportation cost certainty and the flexibility to direct shipments to markets that provide the highest margin for our coal sales.

We sell a significant portion of our coal under agreements with terms of one year or longer. We market and sell our coal to a diverse customer base, including electric utility and industrial companies in the eastern United States and the international market. In 2014, we sold 89.6% of our domestic tons to electric utilities, of which 93.9% was sold to utility plants with installed pollution control devices. These devices, also known as scrubbers, are designed to eliminate substantially all emissions of sulfur dioxide.

Foresight Energy LP, a Delaware limited partnership, completed its initial public offering on June 23, 2014 and is listed on the New York Stock Exchange (“NYSE”) under the ticker symbol “FELP.” We are managed and operated by the board of directors and executive officers of our general partner, Foresight Energy GP LLC, which is owned by Foresight Reserves L.P. (“Foresight Reserves”) and a member of management.

Below is a diagram of our organizational and ownership structure as of February 27, 2015:



(1) The list below details the names of our operating subsidiaries. Certain of our non-corporate operating subsidiaries rely exclusively on affiliated contract mining companies for their operations, which are consolidated as variable interest entities.

- | | | |
|-------------------------|--|---|
| - Williamson Energy LLC | - Foresight Coal Sales LLC | - Foresight Receivable LLC |
| - Hillsboro Energy LLC | - Oeneus LLC d/b/a Savatran LLC | - Sitran LLC (effective 2/25/2015) |
| - Macoupin Energy LLC | - Foresight Energy Services LLC | - Hillsboro Transport LLC (effective 2/25/2015) |
| - Sugar Camp Energy LLC | - Foresight Energy Employee Services Corporation | - Adena Resources LLC (effective 2/25/2015) |
| - Tanner Energy LLC | - Seneca Rebuild LLC | |

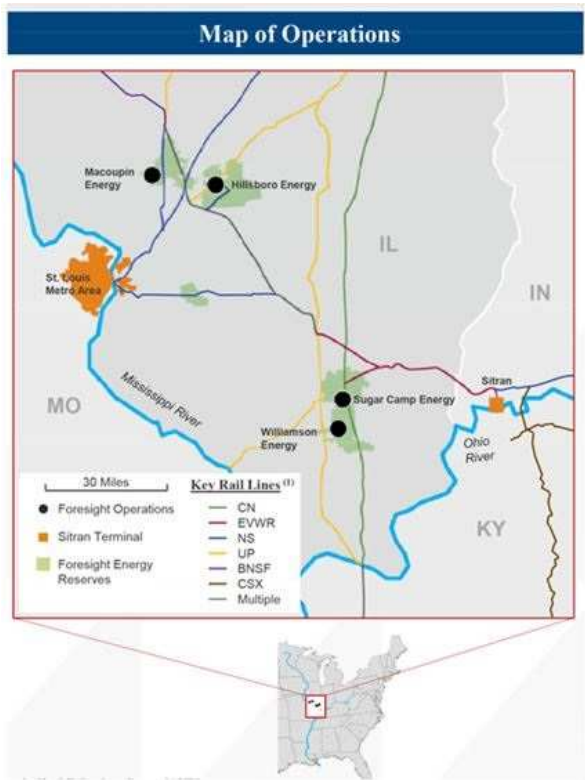
(2) The member of management refers to Michael J. Beyer, our general partner's President and Chief Executive Officer.

(3) Includes common units held by executive management and directors (other than Michael J. Beyer).

(4) Percentage ownership represents the aggregate limited partner units held by Foresight Reserves and Christopher Cline.

Mining Operations

Each of our four mining complexes operates in the Illinois Basin; two are located in Southern Illinois and two are located in Central Illinois. Williamson, Sugar Camp and Hillsboro are longwall operations, and Macoupin is currently a continuous miner operation. The geology, mine plan, equipment and infrastructure at each of our Williamson, Sugar Camp and Hillsboro mines are relatively similar and we anticipate similar productive capacity and productivity levels as we add additional longwalls. Each of our mining complexes has its own preparation plant and support facilities. The following map shows the location of our mining complexes and transportation network:



(1) "CN": Canadian National line; "EVWR": the Evansville Western line; "NS": the Norfolk Southern line; "UP": Union Pacific line; "BNSF": BNSF Railway line; and "CSX": CSX Corporation line.

The table below summarizes our operations, mining methods, transportation, reserves and production:

			Proven and Probable Reserves (3)	Production (4)		
Complex	Available Mining Methods (1)	Transportation Access (2)		Year Ended December 31,		
				2014	2013	2012
<i>(In Millions of Tons)</i>						
Williamson	LW, CM	Rail (CN), Barge (OHR, MSR), Truck	383.8	6.5	6.7	7.5
Sugar Camp	LW, CM	Rail (CN, NS, CSX, BNSF), Barge (OHR, MSR), Truck	1,359.7	9.1	6.5	4.7
Hillsboro	LW, CM	Rail (UP, NS, CN), Barge (OHR, MSR), Truck	870.6	5.6	4.8	2.4
Macoupin	CM, LW	Rail (UP, NS, CN), Barge (OHR, MSR), Truck	457.1	1.6	0.7	1.7
			<u>3,071.2</u>	<u>22.8</u>	<u>18.7</u>	<u>16.3</u>

(1) LW: Longwall; CM: Continuous miner. Williamson, Sugar Camp and Hillsboro use CM for development sections only. Macoupin does not currently mine with a longwall.

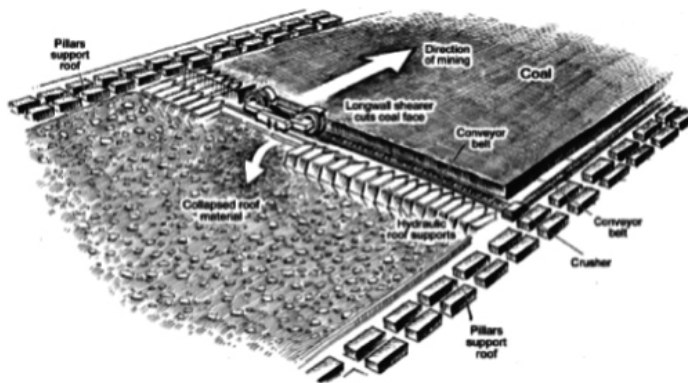
(2) CN: Canadian National Railway Company; UP: Union Pacific Railroad Corporation; NS: Norfolk Southern Corporation; CSX: CSX Corporation; BNSF: BNSF Railway Company; OHR: Ohio River; MSR: Mississippi River.

(3) As of December 31, 2014. With respect to Williamson, the reserves shown include approximately 10 million tons of reserves that are subject to partial ownership and lack of exclusive control.

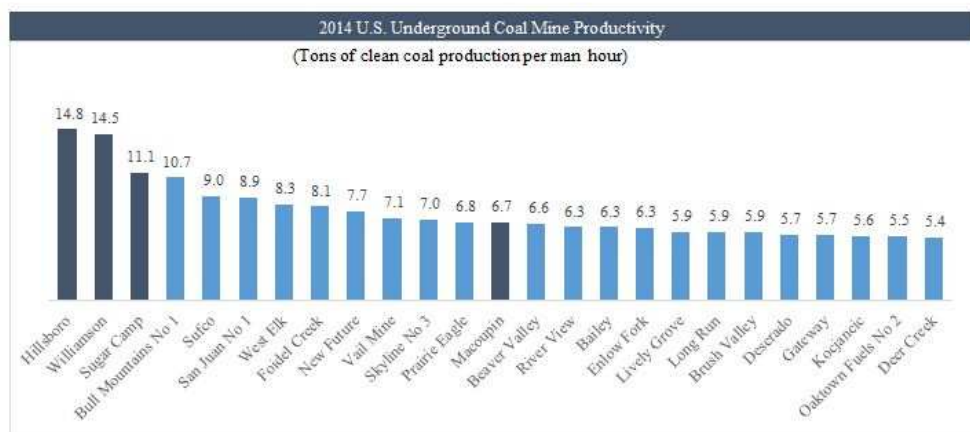
(4) As reported by MSHA, inclusive of tons produced for certain mines in development.

Longwall mining is a highly-automated, underground mining technique that generates high volumes of low-cost coal production and is typically supported by one or two continuous mining units. While the continuous mining units contribute to coal production, the primary function is to prepare an area of the mine for longwall operations. A longwall mining system uses a shearer to cut the coal, self-advancing roof supports to protect the miners working at the longwall face and an armored face conveyor to transport the coal. The longwall mining system is highly productive due to the continuous nature of the coal production and the high volume of coal produced relative to the number of personnel required to operate the system.

Below is an illustrative diagram of the longwall mining process:



We have been able to sustain our highly productive and low operating costs since we started our first longwall in 2008, and the high productivity at the new mines we have developed demonstrates the repeatability of our mine design. The high productivity translates into low costs, and in 2014, our operations had an average cash cost of \$20.80 per ton sold. We operated the three most productive underground coal mines in the United States during 2014 on a clean tons produced per man hour basis based on Mine Safety and Health Administration (“MSHA”) data, as illustrated below.



Source: MSHA data. Note: The chart above displays the top 25 most productive underground mines out of 234 mines with over 100,000 tons produced during 2014 on a clean tons produced per man hour basis. Darker shading denotes mines owned by Foresight Energy LP.

All of our mining operations utilize affiliated non-union contract mining companies who operate under contractual mining agreements (See “Employees and Labor Relations”). As of December 31, 2014, our affiliated contract mining companies, which we consolidate as variable interest entities, employed 888 contractors involved in mining and mining-related operations and we had 65 corporate employees.

Williamson Mining Complex

Our Williamson mine is wholly-owned by our subsidiary Williamson Energy, LLC (“Williamson”) and is located in southern Illinois near the town of Marion. Williamson is the first mine we developed, with longwall mining production commencing in 2008. The mine operates in the Herrin No. 6 Seam, using one longwall system and two continuous miner units to develop the mains and gate roads for its longwall panels. Coal is washed at Williamson’s 2,000 tons-per-hour (“tph”) preparation plant, stockpiled and then shipped by rail or truck to market. Williamson’s coal is shipped via the CN railroad to the Ohio and Mississippi Rivers to serve the domestic thermal market or to New Orleans to serve the international market. Williamson has access to several barge facilities on the Ohio and Mississippi Rivers and two vessel loading facilities in New Orleans. Williamson was the second most productive underground coal mine in the United States in 2014 on a clean tons produced per man hour basis based on MSHA data.

Sugar Camp Mining Complex

Our Sugar Camp mine is wholly-owned by our subsidiary Sugar Camp Energy, LLC (“Sugar Camp”), and is located in southern Illinois approximately 12 miles north of Williamson. Sugar Camp’s first longwall system began production in the first quarter of 2012 and the second longwall system began production in the second quarter of 2014. Sugar Camp’s original infrastructure, including its bottom development, slope belt, material handling system and rail loadout, supports both longwalls. Sugar Camp operates in the Herrin No. 6 Seam and uses a similar mine design and similar equipment as Williamson. With additional equipment, infrastructure and mine development, Sugar Camp has the capacity to add two incremental longwall systems. Coal is washed at Sugar Camp’s two 2,000 tph preparation plants, stockpiled and then shipped by rail to market. Sugar Camp has direct access to the CN railroad which can deliver its coal to the Ohio and Mississippi Rivers to serve the domestic thermal market or to New Orleans to serve the international

market. Sugar Camp also has indirect access to the NS, BNSF and CSX railroads. Sugar Camp was the third most productive underground coal mine in the United States in 2014 on a clean tons produced per man hour basis based on MSHA data.

Hillsboro Mining Complex

Our Hillsboro mine is wholly-owned by our subsidiary Hillsboro Energy LLC (“Hillsboro”), and is located in central Illinois near the town of Hillsboro. Hillsboro’s longwall mining system began production in the third quarter of 2012. The mine operates in the Herrin No. 6 Seam and uses similar mine design and similar equipment as Williamson and Sugar Camp. Coal is washed at Hillsboro’s 2,000 tph preparation plant, stockpiled and then shipped by rail or truck to market. Hillsboro has direct access to the UP and NS railroads and indirect access to the CN railroad, which allows for the delivery of its coal directly to customers or to the Ohio and Mississippi Rivers to serve the domestic thermal market or the international market through New Orleans. Hillsboro was the most productive underground coal mine in the United States in 2014 on a clean tons produced per man hour basis based on MSHA data.

Macoupin Mining Complex

Our Macoupin mine is wholly-owned by our subsidiary Macoupin Energy LLC (“Macoupin”), and is located in central Illinois near the town of Carlinville. We acquired the Macoupin mine from ExxonMobil Coal USA, Inc. (“Exxon”) in 2009. Following the acquisition from Exxon, Macoupin sealed the majority of the previously mined area and implemented a new mine plan and design. In addition, the surface facilities were upgraded, including the rehabilitation of the preparation plant. Coal production began in 2009 with a single continuous miner super-section utilizing battery powered coal haulers. An additional continuous miner unit was added in 2011 using a flexible conveyor train system rather than coal haulers. Coal is washed at Macoupin’s 850 tph preparation plant, stockpiled and then shipped by rail or truck to market. Macoupin has direct access to both the UP and NS railroads and indirect access to the CN railroad, which allows for the delivery of its coal directly to customers or to the Ohio and Mississippi Rivers to serve the domestic thermal market or the international market through New Orleans.

Transportation

Our coal is transported to our domestic customers and export terminal facilities by rail, barge and truck. Depending on the proximity of our customers to the mines and the transportation available to deliver coal to that customer, transportation costs can be a substantial part of the total delivered cost of coal. Because our reserves and mines are favorably located near multiple rail and river transportation options, we believe we can negotiate advantageous transportation rates, allowing us to keep our transportation costs relatively low and provide broad market access for our coal.

We have direct and indirect rail access to domestic customers via five Class I railroads, river access to domestic customers via various Ohio and Mississippi River terminals, and river and rail access to coal export terminals for shipping to international customers. We have agreements with rail carriers that vary in initial length from one to twenty years. We also have favorable access to the international market through the CN railroad and an export terminal owned by an affiliate, discussed below. The international market provides us with an alternative to the domestic market and has been an important economic outlet for our coal. While transportation costs are higher for exports, we generally receive higher coal sale prices on export sales which offset the higher transportation costs. Rates and practices of the transportation company serving a particular mine or customer may affect our marketing efforts with respect to coal produced from the relevant mine.

For the year ended December 31, 2014, approximately 28% of our coal sales volume was shipped to our domestic customers by barge, 42% to domestic customers by rail or truck and 30% was shipped to international customers.

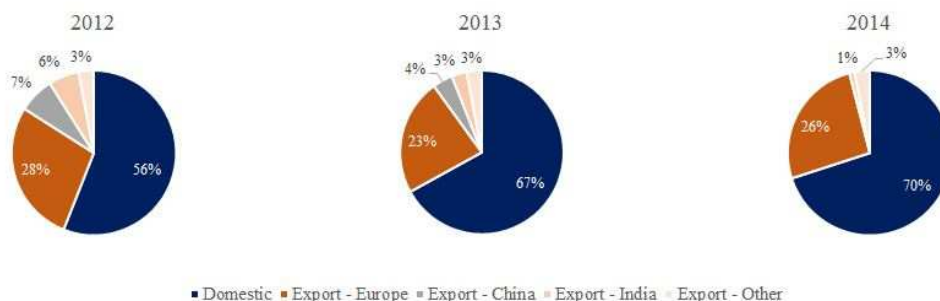
Each of our mines has a transloading and storage agreement with Sitran LLC (“Sitran”), a high-capacity coal transloading facility on the Ohio River near Evansville, Indiana. Sitran was contributed to us by Foresight Reserves and a member of management in February 2015. Refer to Item 13.– “Certain Relationships and Related-Party Transactions and Director Independence.” The facility currently has a single rail loop, a bottom discharge rail car unloader, stacking tubes to facilitate ground storage and blending, barge loading capabilities and throughput capacity of 25 million tons of coal per year. The terminal has the potential for a dual rail loop that would have capacity for two loaded and two empty unit trains.

Our mines also have contractual rights to throughput capacity at the Convent Marine Terminal (“CMT”), an export terminal near New Orleans owned by affiliates. Refer to Item 13.– “Certain Relationships and Related-Party Transactions and Director Independence.” CMT is designed to ship and receive commodities via rail, river barge and ocean vessel. Rail service to CMT is provided by the CN railroad. Water borne material is received and shipped via the Mississippi River. Based on recent performance, CMT has in excess of 10 million tons of coal throughput capacity per year and is currently increasing throughput capacity to 25 million tons of coal per year.

Coal Marketing and Sales

Our primary domestic customers are electric utility companies in the eastern half of the United States. The majority of our customers purchase coal for terms of one year or longer, but we also supply coal on a short-term spot basis. Our two largest customers in 2014 were Dayton Power & Light Co and Citigroup, representing approximately 12% and 11% of our total coal revenues respectively. We believe the growth of our business, our ability to compete through our low-cost structure and the diversification of our customer base helps to mitigate our exposure to the loss of any one customer. However, if these two customers or any of our largest customers were to significantly reduce their purchases of coal from us, or if we were unable to sell coal to our largest customers on terms as favorable to us as the terms under our current contracts, our results of operations may be materially adversely affected.

The international thermal coal market has also been a substantial part of our business with direct and indirect sales to end users in Europe, South America, Africa and Asia. During the years ended December 31, 2014, 2013 and 2012, export tons represented approximately 30%, 33% and 44% of tons sold, respectively. The charts below illustrate our sales mix, by destination, for the years ended December 31, 2012, 2013 and 2014.



Our management and sales force actively monitor trends in contract pricing and seek to enter into long-term coal sales contracts at favorable prices. Many of our contracts allow us to substitute coal from our other mining complexes. For 2015, we have 20.2 million tons of our projected production under contract with 26 separate customers.

The terms of our coal supply agreements result from competitive bidding and extensive negotiations with customers. Consequently, the terms of these contracts vary significantly by customer, including price adjustment features, price reopener terms, coal quality requirements, quantity adjustment mechanisms, permitted sources of supply, future regulatory changes, extension options, force majeure provisions, and termination and assignment provisions.

Most of our coal supply agreements contain provisions requiring us to deliver coal within certain ranges for specific quality characteristics such as heat content, sulfur, and ash. Failure to meet these conditions could result in substantial price reductions or suspension or termination of the contract, at the election of the customer. Although the volume to be delivered under a long-term contract is stipulated, the buyer or we may vary the timing of delivery based on certain contractual provisions. Contracts also typically contain force majeure provisions allowing for the suspension of performance by the customer or us for the duration of specified events beyond the control of the affected party, including labor disputes. Some contracts may terminate upon continuance of an event of force majeure for an extended period.

Some of our long-term contracts provide for a predetermined adjustment to the stipulated base price at times specified in the agreement or at other periodic intervals to account for changes in prevailing market prices.

In addition, most of our contracts contain provisions to adjust the base price due to new statutes, ordinances or regulations that affect our costs related to performance of the agreement. Also, some of our contracts contain provisions that allow for the recovery of certain costs incurred due to modifications or changes in the interpretations or application of any applicable government statutes.

Price reopener provisions are present in several of our long-term contracts. These provisions may automatically set a new price based on prevailing market price or, in some instances, require the parties to agree on a new price. In a limited number of agreements, failure of the parties to agree on a price under a price reopener provision can lead to termination of the contract. Under some of our contracts, we have the right to match lower prices offered to our customers by other suppliers.

Competition

The United States coal industry is highly competitive, both regionally and nationally. In the Illinois Basin, we compete primarily with coal producers such as Peabody Energy Corporation; Alliance Resource Partners, L.P.; Murray Energy Corporation; White Oak Resources LLC; Armstrong Energy Inc.; Sunrise Coal LLC and Westmoreland Resource Partners L.P. Outside of the Illinois Basin, we compete broadly with other United States-based producers of thermal coal and internationally with numerous global coal producers.

A number of factors beyond our control affect the markets in which we sell our coal. Continued demand for our coal and the prices obtained by us depend primarily on: the coal consumption patterns of the electricity industry in the United States and elsewhere around the world; the availability, location, cost of transportation and price of competing coal; and other electricity generation and fuel supply sources such as natural gas, oil, nuclear, hydroelectric and renewable energy. Coal consumption patterns are affected primarily by the demand for electricity, environmental and other governmental regulations and technological developments. The most important factors on which we compete are price, coal quality characteristics and reliability of supply.

Employees and Labor Relations

We do not have direct employees at Foresight Energy LP. Corporate employees are employed by Foresight Energy Services LLC. Each of our operating subsidiaries has a contract in place with an affiliated contract operator for the mining and processing of all coal produced at our mines. As of December 31, 2014, through the contracts described below, our operations had approximately 888 contractor employees. None of our operations have contractor employees represented by a union.

Each of the contract mining operators, who are under common ownership, are managed by their own senior mine managers and executives. The mining operators are managed by an executive management team who are employed by Coal Field Construction Company, LLC (“Coal Field”), a variable interest entity that we have deemed an affiliate for accounting purposes. Coal Field is the entity responsible for managing our contractors and providing maintenance and construction services for the Partnership. The executive management team has on average 21 years of experience in the industry, including an average of 8 years of experience at our mining complexes. The individual mine managers managing our mines have an average of 19 years of mining experience and virtually all have a bachelor’s degree in mining, civil engineering or business administration, while some have advanced degrees in occupational safety or certifications as professional engineers. We believe each of these senior mine managers and the executive management team have the relevant experience and qualifications necessary to ensure the efficient and safe operation of each of our mines. In turn, management of the Partnership that oversees the contract mine operators has broad and extensive industry experience. Responsibilities of management of the Partnership who oversee the contract mine operators include: i) day-to-day review of the safety and environmental laws and regulations at the federal, state and local enforcement levels; ii) establishing the contractor’s production levels; and iii) approval of mine plans, operating budgets and material capital expenditures.

Mining Agreements

Certain of our operating subsidiaries are party to a Contract Mining Agreement (“Contract Mining Agreement”) and Coal Processing Agreement (“Coal Processing Agreement”) and, together with the Contract Mining Agreement, the “Mining Agreements”) with their respective affiliated contractor, each of which we account for as a variable interest entity. Pursuant to the Mining Agreements, each contractor is required to furnish all manpower, parts, security services, machinery, tools, power, fuel, explosives, water, materials, supplies and all other items necessary to (i) construct, maintain and periodically rehabilitate a mine site on the premises specified in the contract; (ii) mine the premises specified in the contract by modern and efficient deep mining methods; (iii) load, deliver and transport the coal from the premises; (iv) operate and manage the coal processing and loading facility (each, a “Facility”); (v) operate the beltlines transporting raw coal into the prep plant, (vi) wash and process raw coal through the applicable Facility; (vii) at our request, blend coal; (viii) dispose, stockpile, handle, treat and/or store all coal refuse; and (ix) store, prepare, treat, manage and load our coal through the applicable Facility. Although each Mining Agreement permits us to require the contract miner to provide parts and equipment, we have not historically invoked this provision. A contractor is entitled to use all mine infrastructure and fixtures belonging to us in the performance of labor services under the applicable Mining Agreements as well as mobile, non-mobile and semi-mobile equipment located on the mine premises. A contractor has the right, with our approval, to construct, operate and maintain the prep plant, loading facility, mine premises or adjacent property owned by us, as well as such buildings, equipment,

improvements and roadways as may be required. Each Mining Agreement also provides the applicable contractor with a non-exclusive right to mine our coal on the premises in amounts designated by us.

Each Contract Mining Agreement has an initial term of one year, with the term thereafter automatically extended for successive one-year periods unless sooner terminated by us or the contractor. We have the right to terminate each Contract Mining Agreement at any time, with or without cause, by giving 10 days' prior written notice to the contractor. Each contractor has the right to terminate its Contract Mining Agreement at any time, with or without cause, by giving us 45 days' prior written notice.

We are required to pay each contractor its costs plus \$0.01 per ton for each ton of coal mined. We are responsible for all royalties required to be paid on the coal mined from premises, all severance taxes applicable to the coal (if any), any per-ton reclamation fee or tax, any fees or taxes required to be paid under any surface coal mining laws and black lung excise tax imposed for black lung benefits. Each contractor is responsible to pay all taxes incident to the services performed under the contract, property taxes on the premises, business and occupation taxes, payroll taxes and sales and use taxes. Each contractor is also responsible and solely liable for the payment of any assessments, penalties or other fines imposed by any federal, state or local agency and for violation of any federal, state or local law or regulation arising out of the contractor's performance of the work under the applicable Contract Mining Agreement. The employees of the contractor are not our employees and the contractor has the sole and exclusive responsibility to pay and provide benefits for such employees. Each Contract Mining Agreement also requires that the contractor maintain insurance throughout the length of the contract.

Each Coal Processing Agreement has an initial term of one year, with the term thereafter automatically extended for successive one-year periods unless sooner terminated by us or the contractor. We have the right to terminate each Coal Processing Agreement at any time, with or without cause, by giving not less than 30 days' prior written notice to the contractor. Each contractor has the right to terminate its Coal Processing Agreement at any time, with or without cause, by giving us not less than 30 days' prior written notice.

We are required to pay the contractor its costs plus \$0.01 per ton for each ton of coal processed and loaded through the applicable Facility for which we are paid by a purchaser of coal. Each contractor is responsible to pay all taxes incident to the services performed under the contract, property taxes on the premises, business and occupation taxes, payroll taxes, and sales and use taxes. Each contractor is also responsible and solely liable for the payment of any assessments, penalties or other fines imposed by any federal, state or local agency and for violation of any federal, state or local law or regulation arising out of the contractor's performance of the work under the applicable Coal Processing Agreement. The employees of the contractor are not our employees and the contractor has the sole and exclusive responsibility to pay and provide benefits for such employees. Each Coal Processing Agreement also requires that the contractor maintain insurance throughout the length of the contract.

Environmental and Other Regulatory Matters

Our operations are subject to a variety of U.S. federal, state and local laws and regulations, such as those relating to employee health and safety; water discharges; air emissions; plant and wildlife protection; the restoration of mining properties; the storage, treatment and disposal of wastes; remediation of contaminants; surface subsidence from underground mining and the effects of mining on surface water and groundwater conditions.

We believe that we are in material compliance with all applicable environmental, health, safety and related requirements, including all required permits and approvals. However, there can be no assurance that violations will not occur in the future; that we will be able to always obtain, maintain or renew required permits; or that changes in these requirements or their enforcement or the discovery of new conditions will not cause us to incur significant costs and liabilities in the future. Due to the nature of the regulatory programs that apply to our mining operations, which can impose liability even in the absence of fault and often involve subjective criteria, it is not reasonable to expect any coal mining operation to be free of citations. Certain of our current and historical mining operations use or have used or store regulated materials which, if released into the environment, may require investigation and remediation. Under certain permits, we are required to monitor groundwater quality on and adjacent to our sites and to develop and implement plans to minimize and correct land subsidence, as well as impacts on waterways and wetlands, caused by our mining operations. Major regulatory requirements are briefly discussed below.

Mine Safety and Health

In the United States, the Coal Mine Health and Safety Act of 1969, the Federal Mine Safety and Health Act of 1977 (the “1977 Act”) and the Mine Improvement and New Emergency Response Act of 2006 (“MINER Act”) impose stringent mine safety and health standards on all aspects of mining operations. In 1978, the Mine Safety and Health Administration (“MSHA”) was created to carry out the mandates of the 1977 Act and was granted enforcement authority. MSHA is authorized to inspect all underground mining operations at least four times a year and issue citations with civil penalties for the violation of a mandatory health and safety standards. MSHA review and approval is required for a number of miner safety and welfare plans including ventilation, roof control/bolting, safety training and ground control, refuse disposal and impoundments and respirable dust. Also, the State of Illinois has its own programs for mine safety and health regulation and enforcement.

Under the 1977 Act, MSHA has the authority to issue orders or citations to mine operators regardless of the degree of culpable conduct engaged in by the operator, and it must assess a penalty for each citation or order. Factors such as degree of negligence and gravity of the violation affect the amount of penalty assessed, and sometimes permit MSHA to issue orders directing withdrawal of miners from the mine or affected areas within the mine. The 1977 Act contains provisions that can impose criminal liability on the mine operator or individuals.

The MINER Act added more extensive health and safety compliance standards, and increased civil and criminal penalties. Some of the MINER Act requirements included stricter criteria for sealing off abandoned areas of mines, the addition of refuge alternatives, stricter requirements for conveyor belts, and upgrades to communication with and tracking of miners underground.

MSHA continues to promulgate rules that affect our mining operations. In March of 2013, MSHA implemented a revised Pattern of Violations (“POV”) standard. Under the revised standard, mine operators are no longer entitled to a ninety day notice of potential POV. In addition, MSHA began screening for POV by using issued citations and orders, prior to their final adjudication. If a mine is designated as having a POV, MSHA will issue an order withdrawing miners from any areas affected by violations which pose a significant and substantial (“S&S”) hazard to the health and/or safety of miners. Once a mine is in POV status, it can be removed from that status only upon (i) a complete inspection of the entire mine with no S&S enforcement actions issued by MSHA or (ii) no POV-related withdrawal orders being issued by MSHA within ninety (90) days following the mine operator being placed on POV status. However, from time to time one or more of our operations may meet the POV screening criteria, and we cannot make assurances that one or more of our operations will not be placed into POV status, which could materially and adversely affect our results of operations.

In April 2014, MSHA issued a final rule lowering certain standards for respirable dust, among other provisions. Specifically, the rule reduces the overall dust standard from 2.0 to 1.5 milligrams per cubic meter of air and cuts in half the standard from 1.0 to 0.5 for certain mine entries and miners with pneumoconiosis.

In July 2014, MSHA issued a proposed rule that would change its civil penalty criteria. The proposed rule increases the civil penalties for those violations exhibiting more than ordinary negligence. While this rule is not final, if it is implemented, it could increase the amount of civil penalties our operations pay to MSHA.

In January 2015, MSHA issued a final rule on the use of proximity detection systems on certain pieces of underground mining equipment. The rule requires, among other provisions, continuous mining machines to be equipped with electronic sensing devices

that can detect the presence of miners in proximity to the machines and then cause moving or repositioning continuous mining machines to stop before contacting a miner. The final rule has a phase in period of 8 to 36 months, depending upon the age of the continuous mining machine.

These requirements have, and will continue to have, a significant effect on our operating costs.

Black Lung

Under the United States Black Lung Benefits Revenue Act of 1977 and the Black Lung Benefits Reform Act of 1977, as amended in 1981, each coal mine operator must secure payment of federal black lung benefits to claimants who have been diagnosed with pneumoconiosis and 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 sold domestically of up to \$1.10 per ton for deep-mined coal and up to \$0.55 per ton for surface-mined coal, neither amount to exceed 4.4% of the gross sales price.

Our contract miners are required by federal and state statutes to provide benefits to their employees for claims related to black lung, and it is a cost which they are permitted to pass onto us during the terms of their contracts.

U.S. Environmental Laws

We are subject to various U.S. federal, state and local environmental laws. Some of these laws, as discussed below, impose stringent requirements on our coal mining operations. U.S. federal and state regulations require regular monitoring of our mines and other facilities to ensure compliance. U.S. federal and state inspectors are required to inspect our mining facilities on a frequent schedule. Future laws, regulations or orders, as well as future interpretations or more rigorous enforcement of existing laws, regulations or orders, may require increases in capital and operating costs the extent of which we cannot predict.

The Surface Mining Control and Reclamation Act (“SMCRA”)

SMCRA, which is administered by the Office of Surface Mining Reclamation and Enforcement (“OSM”), establishes mining, environmental protection and reclamation standards for all aspects of surface mining as well as many aspects of deep mining. Mine operators must obtain SMCRA permits and permit renewals from the OSM or the applicable state agency. Where state regulatory agencies have adopted federal mining programs under SMCRA, the state becomes the regulatory authority. Illinois has achieved primary control of enforcement through federal authorization.

SMCRA permit provisions include a complex set of requirements which include: coal prospecting; mine plan development; topsoil removal, storage and replacement; selective handling of overburden materials; mine pit backfilling and grading; protection of the hydrologic balance; subsidence control for underground mines; surface drainage control; mine drainage and mine discharge control and treatment; restoration to the approximate original contour; and re-vegetation. The disposal of coal refuse is also permitted under SMCRA. Both coarse refuse and slurry disposal areas require permits from the Illinois Department of Natural Resources (“IDNR”), including the disposal of slurry underground.

The mining permit application process is initiated by collecting baseline data to adequately characterize the pre-mine environmental condition of the permit area. This work includes surveys of cultural and historical resources, soils, vegetation, wildlife, assessment of surface and ground water hydrology, climatology and wetlands. In conducting this work, we collect geologic data to define and model the soil and rock structures and coal that we will mine. We develop mining and reclamation plans by utilizing this geologic data and incorporating elements of the environmental data. The mining and reclamation plan incorporates the provisions of SMCRA, state programs and other complementary environmental programs that affect coal mining. Also included in the permit application are documents defining ownership and agreements pertaining to coal, minerals, oil and gas, water rights, rights of way and surface land, and documents required of the 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 a completeness review and technical review. Public notice of the proposed permit is given that also provides for a comment period before a permit can be issued. Some SMCRA mine permits take over a year to prepare, depending on the size and complexity of the mine and may take months or years to be reviewed and issued. Regulatory authorities have considerable discretion in the timing of the permit issuance and the public and other agencies have rights to comment on and otherwise engage in the permitting process, including through intervention in the courts. Before an SMCRA permit is issued, a mine operator must submit a bond or otherwise secure the performance of reclamation obligations.

The Abandoned Mine Land Fund, which is part of SMCRA, requires a fee on all coal produced. The proceeds are used to reclaim mine lands closed or abandoned prior to SMCRA's adoption in 1977. The fee on surface-mined coal is currently \$0.28 per ton and the fee on deep-mined coal, which is applicable to our operations, is \$0.12 per ton.

SMCRA stipulates compliance with many other major environmental statutes, including: the Clean Air Act; the Endangered Species Act; the CWA; RCRA and Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA").

Various federal and state laws, including SMCRA, require us to obtain surety bonds or other forms of financial security to secure payment of certain long-term obligations, including mine closure or reclamation costs. As of December 31, 2014, we had outstanding surety bonds of \$54.8 million primarily related to these matters. Changes in these laws or regulations could require us to obtain additional surety bonds or other forms of financial security.

Clean Air Act

The Clean Air Act and comparable state laws that regulate air emissions affect coal mining operations both directly and indirectly. Direct impacts on coal mining operations may occur through Clean Air Act permitting requirements or emission control requirements relating to particulate matter, such as fugitive dust, including future regulation of fine particulate matter measuring 2.5 micrometers in diameter or smaller. The Clean Air Act indirectly affects coal mining operations by extensively regulating the air emissions of sulfur dioxide, nitrogen oxides, mercury and other compounds emitted by coal-fired electricity generating plants.

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

Acid Rain. Title IV of the Clean Air Act required a two-phase reduction of sulfur dioxide emissions by electric utilities and applies to all coal-fired power plants generating greater than 25 megawatts of power. The affected electricity generators have sought to meet these requirements by, among other compliance methods, switching to lower sulfur fuels, installing pollution control devices, reducing electricity generating levels or purchasing sulfur dioxide emission allowances. We cannot accurately predict the effect of these provisions of the Clean Air Act on us in future years. We believe that implementation has resulted in increasing installations of pollution control devices as a control measure and thus, created a growing market for our higher sulfur coal.

Fine Particulate Matter. The Clean Air Act requires the Environmental Protection Agency ("EPA") to set standards, referred to as National Ambient Air Quality Standards ("NAAQS"), for certain pollutants. Areas that are not in compliance (referred to as "non-attainment areas") with these standards must take steps to reduce emissions levels. The EPA promulgated NAAQS for particulate matter with an aerodynamic diameter less than or equal to 10 microns, or PM10, and for fine particulate matter with an aerodynamic diameter less than or equal to 2.5 microns, or PM2.5. Meeting current or potentially more stringent new PM2.5 standards may require reductions of nitrogen oxide and sulfur dioxide emissions. Future regulation and enforcement of the new PM2.5 standard will affect many power plants and coke plants, especially coal-fired power plants and all plants in non-attainment areas. Continuing non-compliance could prevent issuance of permits to facilities within the non-attainment areas.

Ozone. Significant additional emissions control expenditures will be required at coal-fired power plants and coke plants to meet the current NAAQS for ozone. Nitrogen oxides, which are a by-product of coal combustion, can lead to the creation of ozone. Accordingly, emissions control requirements for new and expanded coal-fired power plants and industrial boilers and coke plants will continue to become more demanding in the years ahead. More stringent NAAQS in the future for ozone could increase the costs of operating coal-fired power plants.

Cross-State Air Pollution Rule ("CSAPR"). The CSAPR, which was intended to replace the previously developed Clean Air Interstate Rule ("CAIR"), requires states to reduce power plant emissions that contribute to ozone or fine particle pollution in other states. Under the CSAPR, emissions reductions were to have started January 1, 2012, for SO2 and annual NOx reductions, and May 1, 2012, for ozone season NOx reductions. Several states and other parties filed suits in the United States Court of Appeals for the District of Columbia Circuit in 2011 challenging the CSAPR. On August 21, 2012, the D.C. Circuit vacated the CSAPR and ordered the EPA to continue administering CAIR, pending the promulgation of a replacement rule. It is unclear what effect, if any, CAIR will have on our operations or results. On April 29, 2014, the United States Supreme Court found that the EPA was complying with statutory requirements when it issued CSAPR and reversed the D.C. Circuit's vacation of CSAPR. On October 23, 2014, the D.C. Circuit granted the EPA's request to lift the stay on CSAPR. Phase 1 implementation of CSAPR is set to begin in 2015, and Phase 2 will start in 2017 provided that there are no successful challenges to the D.C. Circuit's most recent decision. Because U.S. utilities have continued to take steps to comply with CAIR, which requires similar power plant emissions reductions, and because utilities are preparing to comply with the Mercury and Air Toxics Standards regulations which require overlapping power plant emissions reductions, the practical impact of the reinstatement of CSAPR is expected to be limited.

Mercury and Air Toxic Standards ("MATS"). On December 16, 2011, the EPA issued the MATS to reduce emissions of toxic air pollutants, including mercury, other metals and acid gases, from new and existing coal and oil fired power plants. Under the final

rule, existing power plants will have up to four years to comply with the MATS by installing or upgrading pollution controls, fuel switching, or using existing emissions controls as necessary to meet the compliance deadline. These requirements could significantly increase our customers' costs and cause them to reduce their demand for coal, which may materially impact our results or operations.

Greenhouse Gases ("GHG"). Increasing concern about GHG, including carbon dioxide, emitted from burning coal at electricity generation plants has led to efforts at all levels of government to reduce their emissions, which could require utilities to burn less or eliminate coal in the production of electricity. Congress has considered federal legislation to reduce GHG emissions which, among other things, could establish a cap and trade system for GHG, including carbon dioxide emitted by coal burning power plants, and requirements for electric utilities to increase their use of renewable energy such as solar and wind power. Also, the EPA has taken several recent actions under the Clean Air Act to regulate GHG emissions. These include the EPA's finding of "endangerment" to public health and welfare from GHG, its issuance in 2009 of the Final Mandatory Reporting of Greenhouse Gases Rule, which requires large sources, including coal-fired power plants, to monitor and report GHG emissions to the EPA annually starting in 2011, and issuance of its Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule, which requires large industrial facilities, including coal-fired power plants, to obtain permits to emit, and to use best available control technology to curb GHG emissions. In response to a recent Supreme Court decision, the EPA is scaling back its GHG permitting program in part and plans to finalize a rule by the end of 2015 to rescind certain permits issued under the Clean Air Act triggered solely because of GHG emissions. On September 20, 2013, the EPA proposed new source performance standards for GHG for new coal and oil-fired power plants, which could require partial carbon capture and sequestration to comply. The EPA expects to issue the final regulation by mid-summer 2015. On June 2, 2014, the EPA further proposed new regulations limiting carbon dioxide emissions from existing power generation facilities. Under this proposal, nationwide carbon dioxide emissions would be reduced by 30% from 2005 levels by 2030 with a flexible interim goal. The EPA also expects to issue this final rule by mid-summer 2015 and the emission reductions are scheduled to commence in 2020. While the EPA's actions are subject to procedural delays and legal challenges, and efforts are underway in Congress to limit or remove the EPA's authority to regulate GHG emissions, they will remain in effect unless altered by the courts or Congress.

Regional Emissions Trading. Nine northeast and mid-Atlantic states have cooperatively developed a regional cap and trade program, the Regional Greenhouse Gas Initiative ("RGGI"), intended to reduce carbon dioxide emissions from power plants in the region. There can be no assurance at this time that this, or similar state or regional carbon dioxide cap and trade programs, in the states where our customers operate, will not adversely affect the future market for coal in the region.

Regional Haze. The EPA has initiated a regional haze program designed to protect and to improve visibility at and around national parks, national wilderness areas and international parks. This program restricts the construction of new coal-fired power plants whose operation may impair visibility at and around federally protected areas. Moreover, this program may require certain existing coal-fired 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 adversely affect the future market for coal.

Resource Conservation and Recovery Act ("RCRA")

The RCRA affects coal mining operations by establishing requirements for the treatment, storage, and disposal of hazardous wastes. Certain coal mine wastes, such as overburden and coal cleaning wastes, are exempted from hazardous waste management.

Subtitle C of the 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 2000, the EPA concluded that coal combustion wastes do not warrant regulation as hazardous under the RCRA. Following a large spill of coal ash waste at a coal burning power plant in Tennessee in June 2010, the EPA proposed two alternative sets of regulations governing the management and storage of coal ash: one would regulate coal ash and related ash impoundments at coal-fired power plants under federal regulations governing hazardous solid waste under Subtitle C of the RCRA and the other would regulate coal ash as a non-hazardous solid waste under Subtitle D. In December 2014, EPA announced that it had determined to regulate coal combustion wastes as a nonhazardous substance under Subtitle D of the RCRA. While classifying coal combustion waste as a hazardous waste under Subtitle C would have led to more stringent requirements, the new rule could still increase customers' operating costs and may make coal less attractive for electric utilities.

In addition, environmental groups filed a notice of intent to sue the EPA for failing to update effluent limitation guidelines under the Clean Water Act for coal-fired power plants to limit discharges of toxic metals from handling of coal combustion waste. In April 2013, the EPA released its proposed revised effluent limitation guidelines to address toxic pollutants discharged from power plants, including discharges from coal ash ponds. If the EPA adopts new Clean Water Act requirements, compliance obligations for handling, transporting, storing and disposing of the material would likely increase. Potential changes to all of these rules could make coal burning more expensive or less attractive for electric utilities.

Most state hazardous waste laws exempt coal combustion waste and instead treat it as either a solid waste or a special waste. These laws may also be revised. Any costs associated with handling or disposal of coal ash as hazardous wastes would increase our customers' operating costs and potentially reduce their ability to purchase coal. In addition, potential liability for contamination caused by the past or future use, storage or disposal of ash could substantially increase.

Clean Water Act of 1972 ("CWA")

The CWA established in-stream water quality standards and treatment standards for wastewater discharge through the National Pollutant Discharge Elimination System ("NPDES"). Regular monitoring, reporting requirements and performance standards are requirements of NPDES permits that govern the discharge of pollutants into water.

Total Maximum Daily Load ("TMDL") regulations establish a process by which states may designate stream segments as "impaired" (not meeting present water quality standards). Industrial dischargers, including coal mines and plants, will be required to meet new TMDL effluent standards for these stream segments. The adoption of new TMDL regulations in receiving streams could hamper or delay the issuance of discharge and Section 404 permits, and if issued, could require new effluent limitations for our coal mines and could require more costly water treatment, which could adversely affect our coal production or results of operations. States are also adopting anti-degradation regulations in which a state designates certain water bodies or streams as "high quality." These regulations would prohibit the diminution of water quality in these streams. Water discharged from coal mines to high quality streams will be required to meet or exceed new "high quality" standards. The designation of high quality streams at or in the vicinity of our coal mines could require more costly water treatment and could adversely affect our coal production or results of operations.

CERCLA and Similar State Superfund Statutes

CERCLA and similar state laws affect coal mining by creating liability for the investigation and remediation of releases of regulated materials into the environment and for damages to natural resources. Under these laws, joint and several liability may be imposed on waste generators, current and former site owners or operators and others regardless of fault, for all related site investigation and remediation costs.

Permits

Mining companies must obtain numerous permits that impose strict regulations on various environmental and safety matters. These provisions include requirements for building dams; coal prospecting; mine plan development; topsoil removal, storage and replacement; protection of the hydrologic balance; subsidence control for underground mines; subsidence and surface drainage control; mine drainage and mine discharge control and treatment; and re-vegetation.

The mining permit application process is initiated by collecting baseline data to adequately characterize the pre-mine environmental condition of the permit area. This work includes surveys of cultural resources, soils, vegetation, wildlife, assessment of surface and ground water hydrology, climatology and wetlands. In conducting this work, we collect geologic data to define and model the soil and rock structures and coal that we will mine. We develop mine and reclamation plans by utilizing this geologic data and incorporating elements of the environmental data. The mine and reclamation plan incorporates the provisions of the SMCRA, the state programs and the complementary environmental programs that affect coal mining, including the CWA.

Required permits include mining and reclamation permits under the SMCRA, issued by the IDNR, and wastewater discharge, or NPDES, permits under the CWA, issued by the Illinois Environmental Protection Agency (“IEPA”). In addition to the required permits, for surface operations, the mining companies also need to obtain air quality permits from IEPA, fill and dredge permits from the United States Army Corps of Engineers and flood plain permits from the IDNR. For refuse disposal operations, the mining companies may need to obtain impounding permits or underground slurry disposal permits from the IDNR. In addition, MSHA approval for ventilation, roof control and numerous specific surface and underground operations must be obtained and maintained. The authorization and permitting requirements imposed by these and other governmental agencies are costly and may delay development or continuation of mining operations. Due to the fact that the application review process may take years to complete and permit applications are increasingly being challenged by environmental and other advocacy groups, we may experience difficulty or delays in obtaining mining permits or other necessary approvals, or even face denials of permits altogether.

Once a permit application is prepared and submitted to the regulatory agency, it goes through a completeness review, technical review and public notice and comment period before it can be approved. Some SMCRA and CWA permits can take over a year to prepare, depending on the size and complexity of the mine and often take six months or years to receive approval. Regulatory authorities have considerable discretion in the timing of the permit issuance and the public has rights to comment on and otherwise engage in the permitting process, including through intervention in the courts.

Currently, we have the necessary permits for mining operations at each of the four complexes. Continued and expanded operations will require additional or renewed permits. These additional permits may include significant permit revisions to the SMCRA mining permit and fill and dredge permits; new NPDES, new SMCRA, new impounding, and possible CWA permits for additional refuse areas; and revisions to the SMCRA permit and a NPDES construction permit for additional bleeder shafts. Due to various and, sometimes, interrelated requirements from different agencies, it is not possible to predict an average or approximate time frame required to obtain all permits and approvals to operate new or expanded mines. In addition, expanded permitting activity in Illinois coupled with challenges from environmental groups will likely increase the various agencies’ permit and approval review time in the future. Additionally, in April 2014, the EPA proposed new rules expanding the definition of “Waters of the United States” that would expand the jurisdiction of EPA and the United States Army Corps of Engineers. This rule, if it becomes final, could impact our ability to timely obtain necessary permits.

Appeals of permits issued by the IEPA, including some CWA permits, are made to the Illinois Pollution Control Board (“IPCB”). The IPCB is an independent agency with five board members appointed by the Governor of the State of Illinois that both establishes environmental regulations under the Illinois Environmental Protection Act and decides contested environmental cases. Appeals before the IPCB are based on alleged violations of environmental laws as found in the permit and the accompanying permit record without additional testimony or evidence being taken. Appeals from the IPCB decisions are made to an Illinois appellate court.

Requests for an administrative review of permits issued by the IDNR, such as the SMCRA permits, are made to an IDNR hearing officer. Although the basis of the request for the administrative review is the alleged violations in the permit and the permit record, the administrative code rules allow for additional discovery and an evidentiary hearing. Appeals from the IDNR hearing officer’s decisions are made to an Illinois circuit court.

Item 1A. Risk Factors

An investment in our common units involves risks. Limited partner interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business. You should carefully consider the risks described below, together with the other information in this Annual Report on Form 10-K, before investing in our common units. Our business, financial condition, results of operation and cash available for distribution could be materially and adversely affected by future events. In such case, we might not be able to make distributions on our common units, the trading price of our common units could decline, and you could lose all or part of your investment in, and expected return on, the common units.

Risks Related to Our Business

A substantial or extended decline in coal prices within the coal industry or increase in the costs of mining could adversely affect our operating results and the value of our coal reserves.

Our operating results largely depend on the margins that we earn on our coal sales. Substantially all of our coal sales contracts are forward sales contracts under which customers agree to pay a specified price under their contracts for coal to be delivered in future years. The profitability of these contracts depends on our ability to adequately control the costs of the coal production underlying the contracts. Our margins reflect the price we receive for our coal over our cost of producing and transporting our coal and are impacted by many factors, including:

- The market price for coal;
- The supply of, and demand for, domestic and foreign coal;
- Competition from other coal suppliers;
- The cost of using, and the availability of, other fuels, including the effects of technological developments;
- Advances in power technologies;
- The efficiency of our mines;
- The amount of coal we are able to produce from our properties, which could be adversely affected by, among other things, operating difficulties and unfavorable geologic conditions;
- The pricing terms contained in our long-term contracts;
- Cancellation or renegotiation of contracts;
- Legislative, regulatory and judicial developments, including those related to the release of GHGs;
- The strength of the U.S. dollar;
- Air emission, wastewater discharge and other environmental standards for coal-fired power plants or coal mines;
- Delays in the receipt of, failure to receive, or revocation of necessary government permits;
- Inclement or hazardous weather conditions and natural disasters;
- Availability and cost or interruption of fuel, equipment and other supplies;
- Transportation costs;
- Availability of transportation infrastructure, including flooding and railroad derailments;
- Cost and availability of our contract miners;
- Availability of skilled employees; and
- Work stoppages or other labor difficulties.

Substantial or extended declines in the price that we receive for our coal or increases in the costs of mining our coal could have a material adverse effect on our operating results and our ability to generate the cash flows we require to invest in our operations, satisfy our obligations and pay distributions to unitholders. To the extent our costs increase but pricing under these coal sales contracts remains fixed or declines, we will be unable to pass increasing costs on to our customers. If we are unable to control our costs, our

profitability under our forward sales contracts may be impaired and our results of operations, business and financial condition, and our ability to make distributions to our unitholders could be materially and adversely affected.

A decrease in the use of coal by electric utilities could affect our ability to sell the coal we produce.

According to the World Coal Association, in 2013, coal was used to generate over 40% of the world's electricity needs. According to the Energy Information Administration ("EIA"), in the United States, the domestic electricity generation industry accounts for approximately 95% of domestic thermal coal consumption. The amount of coal consumed by the electricity generation industry is affected primarily by the overall demand for electricity, and environmental and other governmental regulations as well as the price and availability of renewable energy sources, including biomass, hydroelectric, wind and solar power and other non-renewable fuel sources, including natural gas and nuclear power. For example, the relatively recent low price of natural gas has resulted, in some instances, in domestic generators increasing natural gas consumption while decreasing coal consumption. Additionally, in June 2014, the EPA proposed new regulations limiting carbon dioxide emissions from existing power generation facilities. Under this proposal, nationwide carbon dioxide emissions would be reduced by 30% from 2005 levels by 2030 with a flexible interim goal. The final rule is expected to be issued in June 2015, and the emission reductions are scheduled to commence in 2020 although expected procedural delays and anticipated litigation create uncertainty regarding if and when these new regulations will take effect. Future environmental regulation of GHG emissions could accelerate the use by utilities of fuels other than coal. Domestically, state and federal mandates for increased use of electricity derived from renewable energy sources could affect demand for our coal. A number of states have enacted mandates that require electricity suppliers to rely on renewable energy sources to generate a certain percentage of their power. Such mandates, combined with other incentives to use renewable energy sources, such as tax credits, could make alternative fuel sources more competitive with coal. A decrease in coal consumption by the electricity generation industry could adversely affect the price of coal, which could negatively affect our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders.

Our mining operations are extensively regulated which imposes significant costs on us and changes to existing and potential future regulations or violations of regulations could increase those costs or limit our ability to produce coal.

The coal mining industry is subject to increasingly strict regulations by federal, state and local authorities on matters such as:

- Permits and other licensing requirements;
- Surface subsidence from underground mining;
- Contract miner health and safety;
- Remediation of contaminated soil, surface water and groundwater;
- Air emissions;
- Water quality standards;
- The discharge of materials into the environment, including wastewater;
- Storage, treatment and disposal of petroleum products and substances which are regarded as hazardous under applicable laws or which, if spilled, could reach waterways or wetlands;
- Storage and disposal of coal wastes including coal slurry under applicable laws;
- Protection of human health, plant life and wildlife, including endangered and threatened species;
- Reclamation and restoration of mining properties after mining is completed;
- Wetlands protection;
- Dam permitting; and
- The effects, if any, that mining has on groundwater quality and availability.

Because we engage in longwall mining, subsidence issues are particularly important to our operations. Failure to timely secure subsidence rights or any associated mitigation agreements, could materially affect our results by causing delays or changes in our mining plan through stoppages or increased costs because of the necessity of obtaining such rights.

Because of the extensive and detailed nature of these regulatory requirements, it is extremely difficult for us and other underground coal mining companies in particular, as well as the coal industry in general, to comply with all requirements at all times. We have been cited for violations of regulatory requirements in the past and we expect to be cited for violations in the future. None of our violations to date has had a material impact on our operations or financial condition, but future violations may have a material adverse impact on our business, result of operations or financial condition. While it is not possible to quantify all of the costs of

compliance with applicable federal and state laws and associated regulations, those costs have been and are expected to continue to be significant. Compliance with these laws and regulations, and delays in the receipt of, or failure to receive or revocation of necessary government permits, could substantially increase the cost of coal mining or have a material adverse effect on our results of operations, cash flows and financial condition as well as our ability to pay distributions to our unitholders.

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.

The utility industry is subject to extensive regulation regarding the environmental impact of its power generation activities, particularly with respect to air emissions, which could affect demand for our coal. For example, the federal Clean Air Act and similar state and local laws extensively regulate the amount of sulfur dioxide, particulate matter, nitrogen oxides, mercury, 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 will, or are expected to become effective in coming years. In addition, concerted conservation efforts that result in reduced electricity consumption could cause coal prices and sales of our coal to materially decline.

More stringent air emissions limitations may require significant emissions control expenditures for many coal-fired power plants and could have the effect of making coal-fired plants less profitable. As a result, some power plants may switch to other fuels that generate less of these emissions or they may close. 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.

It is possible that new environmental legislation or regulations may be adopted, or that existing laws or regulations may be differently interpreted or more stringently enforced, any of which could have a significant impact on our mining operations or our customers' ability to use coal.

Recent developments in the regulation of GHG emissions and coal ash could materially adversely affect our customers' demand for coal and our results of operations, cash flows and financial condition.

Coal-fired power plants produce carbon dioxide and other GHGs as a by-product of their operations. GHG emissions have received increased scrutiny from local, state, federal and international government bodies. Future regulation of GHGs could occur pursuant to U.S. treaty obligations or statutory or regulatory change. The EPA and other regulators are using existing laws, including the federal Clean Air Act, to limit emissions of carbon dioxide and other GHGs from major sources, including coal-fired power plants that may require the use of "best available control technology." For example, in 2011, the EPA issued regulations, including permitting requirements, restricting GHG emissions from any new U.S. power plants, and from any existing U.S. power plants that undergo major modifications that increase their GHG emissions. In response to a recent Supreme Court decision, the EPA is scaling back its GHG permitting program in part and plans to finalize a rule by the end of 2015 to rescind certain permits issued under the Clean Air Act triggered solely because of GHG emissions. In addition, the EPA, in September 2013, also proposed new source performance standards for GHG emissions for new coal and oil-fired power plants, which could require partial carbon capture and sequestration. The EPA is expected to issue a final regulation by mid-summer 2015. In addition, in June 2013, President Obama announced additional initiatives intended to reduce greenhouse gas emissions globally, including curtailing U.S. government support for public financing of new coal-fired power plants overseas and promoting fuel switching from coal to natural gas or renewable energy sources. Global treaties are also being considered that place restrictions on carbon dioxide and other GHG emissions. On June 2, 2014, the EPA further proposed new regulations limiting carbon dioxide emissions from existing power generation facilities. Under this proposal, nationwide carbon dioxide emissions would be reduced by 30% from 2005 levels by 2030 with a flexible interim goal. The final rule is expected to be issued by mid-summer 2015 and the emission reductions are scheduled to commence in 2020. In addition, state and regional climate change initiatives to regulate GHG emissions, such as the RGGI of certain northeastern and mid-Atlantic states, the Western Climate Initiative, the Midwestern Greenhouse Gas Reduction Accord and the California Global Warming Solutions Act, either have already taken effect or may take effect before federal action. Further, governmental agencies have been providing grants or other financial incentives to entities developing or selling alternative energy sources with lower levels of GHG emissions, which may lead to more competition from those entities. There have also been several public nuisance lawsuits brought against power, coal, oil and gas companies alleging that their operations are contributing to climate change. The plaintiffs are seeking various remedies, including punitive and compensatory damages and injunctive relief. While the U.S. Supreme Court recently determined that such claims cannot be pursued under federal law, plaintiffs may seek to proceed under state common law.

In December 2014, the EPA announced that it had determined to regulate coal combustion wastes, sometimes referred to as coal ash, as a nonhazardous substance under Subtitle D of the RCRA. While classifying coal combustion waste as a hazardous waste under

Subtitle C of the RCRA would have led to more stringent requirements, the new rule could still increase customers' operating costs and may make coal less attractive for electric utilities.

The enactment of these and other laws or regulations regarding emissions from the combustion of coal or other actions to limit such emissions, could result in electricity generators switching from coal to other fuel sources thereby reducing demand for our coal. Significant public opposition has also been raised with respect to the proposed construction of certain new coal-fueled electricity generating plants and certain new export transloading facilities due to the potential for increased air emissions. Such opposition, as well as any corporate or investor policies against coal-fired generation plants could also reduce the demand for our coal. Further, policies limiting available financing for the development of new coal-fueled power plants could adversely impact the global demand for coal in the future. The potential impact on us of future laws, regulations or other policies or circumstances will depend upon the degree to which any such laws, regulations or other policies or circumstances force electricity generators to diminish their reliance on coal as a fuel source. In view of the significant uncertainty surrounding each of these factors, it is not possible for us to reasonably predict the impact that any such laws, regulations or other policies may have on our results of operations, cash flows and financial condition as well as our ability to pay distributions to our unitholders. However, such impacts could have a material adverse effect on our results of operations, cash flows and financial condition as well as our ability to pay distributions to our unitholders.

Extensive governmental regulation pertaining to contractor safety and health imposes significant costs on our mining operations and could materially and adversely affect our results of operations.

Federal and state safety and health regulations in the coal mining industry are among the most comprehensive and pervasive systems for protection of employee safety and health affecting any U.S. industry. Compliance with these requirements imposes significant costs on us and can result in reduced productivity. New health and safety legislation, regulations and orders may be adopted that may materially and adversely affect our mining operations.

Federal and state health and safety authorities inspect our operations, and we anticipate a continued increase in the frequency and scope of these inspections. In recent years, federal authorities have also conducted special inspections of coal mines for, among other safety concerns, the accumulation of coal dust and the proper ventilation of gases such as methane. In addition, the federal government has announced that it is considering changes to mine safety rules and regulations, which could potentially result in or require additional safety training and planning, enhanced safety equipment, more frequent mine inspections, stricter enforcement practices and enhanced reporting requirements.

In addition, in March 2013, MSHA implemented a revised POV standard. Under the revised standard, mine operators are no longer entitled to a ninety day notice of potential POV. In addition, MSHA began screening for POV by using issued citations and orders, prior to their final adjudication. If a mine is designated as having a POV, MSHA will issue an order withdrawing miners from any areas affected by violations which pose a significant and substantial hazard to the health and/or safety of miners. Once a mine is in POV status, it can be removed from that status only upon (i) a complete inspection of the entire mine with no S&S enforcement actions issued by MSHA or (ii) no POV-related withdrawal orders being issued by MSHA within ninety (90) days following the mine operator being placed on POV status. Litigation testing the validity of the standard and its application by MSHA is ongoing. However, from time to time one or more of our operations may meet the POV screening criteria, and we cannot make assurances that one or more of our operations will not be placed into POV status, which could materially and adversely affect our results of operations. While our Sugar Camp operation met the criteria for POV status as of December 31, 2014, we have not received notification from MSHA that we have been deemed in a POV status.

Our contractors must compensate employees for work-related injuries. If adequate provisions for workers' compensation liabilities were not made, our future operating results could be harmed. Also, federal law requires we contribute to a trust fund for the payment of benefits and medical expenses to certain claimants. Currently, the trust fund is funded by an excise tax on coal production of \$1.10 per ton for underground coal sold domestically, not to exceed 4.4% of the gross sales price. If this tax increases, or if we could no longer pass it on to the purchasers of our coal under our coal sales agreements, our operating costs could be increased and our results could be materially and adversely affected. If new laws or regulations increase the number and award size of claims, it could materially and adversely harm our business. In addition, the erosion through tort liability of the protections we are currently provided by workers' compensation laws could increase our liability for work-related injuries and have a material adverse effect on our results of operations, cash flows and financial condition as well as our ability to pay distributions to our unitholders.

Extensive environmental regulations, including existing and potential future regulatory requirements, pertaining to discharge of materials into the environment, including wastewater, imposes significant costs to our mining operations and could materially and adversely affect our production, cash flow and profitability.

Our mining operations are subject to numerous complex regulatory, compliance, and enforcement programs. While we believe we are in compliance with all environmental regulatory requirements, our operations have, from time to time, been issued violation notices from various agencies, including the IEPA. In July 2014, following issuance of a violation notice, we entered into a plan which resolves all outstanding violations regarding pumped mine discharges at our Sugar Camp operation and provides long-term

water treatment and disposal capacity for that operation. We believe we are currently in compliance with the plan. However, in the event this plan is not satisfactorily implemented, these or future violations may result in the assessment of fines or penalties, or, a temporary or permanent suspension of the affected mining operations. Additionally, we cannot make assurances that one or more of our operations will not receive future violation notices that result in fines, penalties, or suspension of mining activities. Such a suspension could have a material adverse effect on our results of operations, cash flows and financial condition, as well as our ability to make distributions to our unitholders.

Additionally, regulatory agencies may, from time to time, add more stringent compliance requirements to our environmental permits either by rule, or regulation or during the permit renewal process. More stringent requirements could lead to increases in costs and could materially and adversely affect our production, cash flow and profitability. For example, on April 30, 2013, citing lack of resources and the priority of other matters, the EPA denied a petition brought by environmental groups seeking to add coal mines to the Clean Air Act section 111 list of stationary source categories, which would have had the effect of regulating methane emissions from coal mines in some manner. Following the environmental groups' challenge to EPA's denial, the United States Court of Appeals for the District of Columbia upheld the EPA's action in May 2014. However, the EPA could, in the future, determine to add coal mines to the list of regulated sources and impose emission limits on coal mines, which could have a significant impact on our mining operations.

We may be unable to obtain, maintain or renew permits necessary for our operations and to mine all of our coal reserves, which would materially and adversely affect our production, cash flow and profitability.

In order to develop our economically recoverable coal reserves, we must regularly obtain, maintain or renew a number of permits that impose strict requirements 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. Permitting rules, and the interpretations of these rules, are complex, change frequently, and are often subject to discretionary interpretations by regulators, all of which may make compliance more difficult or impractical and could result in the discontinuance of mine development 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' claims to challenge the issuance or renewal of permits, the validity of environmental impact statements or performance of mining activities. Our mining operations are currently, and may become in the future, subject to legal challenges before administrative or judicial bodies contesting the validity of our environmental permits under SMCRA and the CWA, among other statutory provisions. Accordingly, required permits may not be issued in a timely fashion or renewed at all, or permits issued or renewed may not be maintained, may be challenged or may be conditioned in a 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 as well as our ability to pay distributions to our unitholders.

We make no assurances that we will be able to obtain, maintain or renew any of the governmental permits that we need to continue developing our proven and probable coal reserves. Further, 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 and to human health and safety that would further regulate and tax the coal industry may also require us to change operations significantly or incur increased costs. For example, in March 2014, the EPA announced a proposed rule expanding the definition of "Waters of the United States" that would expand the jurisdiction of the EPA and the United States Army Corps of Engineers to regulate waters not previously regulated. This rule, if it becomes final, could impact our ability to timely obtain necessary permits. Such changes could have a material adverse effect on our financial condition and results of operations as well as our ability to pay distributions to our unitholders.

In March 2014, the Illinois State Attorney General, the Illinois Department of Natural Resources and others entered into an order which has potentially far-reaching effects on the permitting process for mines in Illinois. While the final rules have yet to be promulgated, and thus the impact on the permitting process cannot yet be determined, it could have the effect of extending the permit review and approval process. The inability to conduct mining operations or obtain, maintain or renew permits may have a material adverse effect on our results of operations, business and financial position, as well as the ability to pay distributions to our unitholders.

Substantially all of our coal is shipped through arrangements with, and are subject to minimum volume requirements that are due regardless of whether coal is actually shipped or mined.

Substantially all of the coal that our operating companies ship and will ship are through contractual arrangements that have minimum volume requirements, including certain contractual arrangements with affiliates. Failure to meet those requirements could result in liquidated damages. If our operations do not meet the minimum volume requirements then we could suffer from a shortage of cash due to the ongoing requirement to pay minimum payments despite a lack of shipping and the associated sales revenue. As a result,

our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders may be materially adversely affected.

Our revenues and operating profits could be negatively impacted if we are unable to extend existing agreements at comparable pricing or enter into new agreements due to competition, environmental regulations affecting our customers' changing coal purchasing patterns or other variables.

We compete with other coal suppliers when renewing expiring agreements or entering into new agreements. If we cannot renew these coal supply agreements at comparable pricing or find alternate customers willing to purchase our coal, our revenue and operating profits could suffer. Our customers may decide not to extend existing agreements or enter into new long-term contracts or, in the absence of long-term contracts, may decide to purchase fewer tons of coal than in the past or on different terms, including under different pricing terms or may decide not to purchase at all. Any decrease in demand may cause our customers to delay negotiations for new contracts or request lower pricing terms or seek coal from other sources. Furthermore, uncertainty caused by laws and regulations affecting electric utilities could deter our customers from entering into long-term coal supply agreements. Some long-term contracts contain provisions for termination due to environmental regulatory changes if such changes prohibit utilities from burning the contracted coal. In addition, a number of our long-term contracts are subject to price re-openers. If market prices are lower than the existing contract price, pricing for these contracts could reset to lower levels.

Competition within the coal industry may adversely affect our ability to sell coal and excess production capacity in the industry could put downward pressure on coal prices.

We compete with other producers primarily on the basis of price, coal quality, transportation cost and reliability of delivery. We cannot assure you that competition from other producers will not adversely affect us in the future. The coal industry has experienced consolidation in recent years, including consolidation among some of our major competitors. We cannot assure you that the result of current or further consolidation in the industry will not adversely affect us. In addition, potential changes to international trade agreements, trade concessions or other political and economic arrangements may benefit coal producers operating in countries other than the U.S., where our mining operations are currently located. We cannot assure you that we will be able to compete on the basis of price or other factors with companies that in the future may benefit from favorable trading or other arrangements. We compete directly for domestic and international coal sales with numerous other coal producers located in the U.S. and internationally, in countries such as Australia, China, India, South Africa, Indonesia, Russia and Colombia. The price of coal in the markets into which we sell our coal is also influenced by the price of coal in the markets in which we do not sell our coal because significant oversupply of coal from other markets could materially reduce the prices we receive for our coal. Increases in coal prices could encourage the development of expanded capacity by new or existing coal producers, which could result in lower coal prices. As a result, our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders may be materially adversely affected.

Global economic conditions, or economic conditions in any of the industries in which our customers operate, and continued uncertainty in financial markets may have material adverse impacts on our business and financial condition that we cannot predict.

If economic conditions or factors that negatively affect the economic health of the U.S., Europe or Asia worsen, our revenues could be reduced and thus adversely affect our results of operations. These markets have historically experienced disruptions, relating to volatility in security prices, diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others, failure and potential failures of major financial institutions, high unemployment rates and increasing interest rates. If these developments continue or worsen it may adversely affect the ability of our customers and suppliers to obtain financing to perform their obligations to us. If the economic impact of the current downturn continues to impact foreign markets disproportionately, global currencies will continue to weaken against the U.S. dollar. This would impact our ability to continue exporting our coal by making it more expensive for foreign buyers. We believe that deterioration or a prolonged period of economic weakness will have an adverse impact on our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders.

We are involved in legal proceedings that if determined adversely to us, could significantly impact our profitability, financial position or liquidity.

We are, and from time to time may become, involved in various legal proceedings that arise in the ordinary course of business. Some lawsuits seek fines or penalties and damages in very large amounts, or seek to restrict our business activities. In particular, we are subject to legal proceedings relating to our receipt of and compliance with permits under the SMCRA and the CWA and to other legal proceedings relating to environmental matters involving current and historical operations, ownership of land or permitting. It is currently unknown what the ultimate resolution of these proceedings will be, but these proceedings could have a material adverse effect on our results of operations, cash flows and financial condition as well as our ability to make distributions to our unitholders.

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, including MSHA, IDNR and IEPA, have the authority under certain circumstances following significant health, safety or environmental incidents or pursuant to permitting authority to temporarily or permanently close one or more of our mines. If this occurred, we may be required to incur capital expenditures and/or additional expenses to re-open the mine. In the event that these agencies cause us to close one or more of our mines, our coal sales contracts generally permit us to issue force majeure notices which suspend our obligations to deliver coal under such contracts. However, our customers may challenge our issuances of force majeure notices in connection with these closures. If these challenges are successful, we may have to purchase coal from third-party sources, if available, to fulfill these obligations, incur capital expenditures to re-open the mine or negotiate settlements with the customers, which may include price reductions, the reduction of commitments or the extension of time for delivery or termination of such customers' contracts. Any of these actions could have a material adverse effect on our results of operations, cash flows and financial condition as well as our ability to pay distributions to our unitholders.

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.

Certain of our coal mining operations use or have used hazardous and other regulated materials and have generated hazardous wastes. In addition, one of our locations was used for coal mining involving hazardous materials prior to our involvement with, or operation of, such location. We may be subject to claims under federal and state statutes or common law doctrines for penalties, toxic torts and other damages, as well as for natural resource damages and for the investigation and remediation of soil, surface water, groundwater, and other media under laws such as the CERCLA, commonly known as Superfund, or the Clean Water Act. Such claims may arise, for example, out of current, former or threatened conditions at sites that we currently own or operate as well as at sites that we and companies we acquired owned or operated in the past, or sent waste to for treatment or disposal, and at contaminated sites that have always been owned or operated by third parties.

We have used coal ash for reclamation at our Macoupin mine. On December 19, 2014, the EPA issued a final rule concerning disposal and beneficial use of coal ash. In the final rule, the EPA determined to regulate coal ash as a nonhazardous material under Subtitle D of the RCRA. The EPA also clarified the definition of beneficial use of coal ash. While these requirements are less stringent than the proposed rule treating coal ash as a hazardous material under Subtitle C of the RCRA, we can make no assurances that the new rule will not increase our costs for the use of coal ash at Macoupin.

Failure to meet certain provisions in our coal supply agreements could result in economic penalties.

Most of our coal supply agreements contain provisions requiring us to deliver coal meeting quality thresholds for certain characteristics such as heat value, sulfur content, ash content, hardness and ash fusion temperature. Failure to meet these specifications could result in economic penalties, including price adjustments, purchasing replacement coal in a higher-priced open market, rejection of deliveries or termination of the contracts. In some of the contract price adjustment provisions, failure of the parties to agree on price adjustments may allow either party to terminate the contract.

Many agreements also contain provisions that permit the parties to adjust the contract price upward or downward for specific events, including changes in the laws regulating the timing, production, sale or use of coal. Moreover, a limited number of these agreements permit the customer to terminate the agreement if transportation costs increase substantially or, in the event of changes in regulations affecting the coal industry, such changes increase the price of coal beyond specified amounts. Additionally, a number of agreements provide that customers may terminate the agreement in the event a new or amended environmental law or regulation prevents or restricts the customer from utilizing coal supplied by us and/or requires material additional capital or operating expenditures to utilize such coal.

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

For the year ended December 31, 2014, we derived approximately 11% of our total coal sales from one customer and 12% from another customer. Negotiations to extend existing agreements or enter into long-term agreements with these and other customers may not be successful, and such customers may not continue to purchase coal from us. If these two customers or any of our top customers were to significantly reduce their purchases of coal from us, or if we were unable to sell coal to our top customers on terms as favorable to us as the terms under our current contracts, our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders may be materially adversely affected.

Certain of our customers may seek to defer contracted shipments of coal which could affect our results of operations and liquidity.

From time to time, certain customers have sought and others may seek to delay shipments or request deferrals under existing agreements. There is no assurance that we will be able to resolve existing and potential deferrals on favorable terms, or at all. Any

such deferrals may have an adverse effect on our business, results of operations and financial condition, as well as our ability to pay distributions to our unitholders.

We may not be able to obtain equipment, parts and raw materials in a timely manner, in sufficient quantities or at reasonable costs to support our coal mining and transportation operations.

We use equipment in our coal mining and transportation operations such as continuous miners, conveyors, shuttle cars, rail cars, locomotives, roof bolters, shearers and shields. We procure this equipment from a concentrated group of suppliers, and obtaining this equipment often involves long lead times. Occasionally, demand for such equipment by mining companies can be high and some types of equipment may be in short supply. Delays in receiving or shortages of this equipment, as well as the raw materials used in the manufacturing of supplies and mining equipment, which, in some cases, do not have ready substitutes, or the cancellation of our supply contracts under which we obtain equipment and other consumables, could limit our ability to obtain these supplies or equipment. In addition, if any of our suppliers experiences an adverse event, or decides to no longer do business with us, we may be unable to obtain sufficient equipment and raw materials in a timely manner or at a reasonable price to allow us to meet our production goals and our revenues may be adversely impacted. We use considerable quantities of steel in the mining process. If the price of steel or other materials increases substantially or if the value of the U.S. dollar declines relative to foreign currencies with respect to certain imported supplies or other products, our operating expenses could increase. Any of the foregoing events could materially and adversely impact our results of operations, business and financial condition as well as our profitability and our ability to pay distributions to our unitholders.

The development of a longwall mining system is a challenging process that may take longer and cost more than estimated, or not be completed at all.

The full development of our reserve base may not be achieved. We may encounter adverse geological conditions or delays in obtaining, maintaining or renewing required construction, environmental or operating or mine design permits. Construction delays cause reduced production and cash flow while certain fixed costs, such as minimum royalties and debt payments, must still be paid on a predetermined schedule.

Our business requires substantial capital expenditures and we may not have access to the capital required to reach full development of our mines.

Maintaining and expanding mines and infrastructure is capital intensive. Specifically, the exploration, permitting and development of coal reserves, mining costs, the maintenance of machinery and equipment and compliance with applicable laws and regulations require substantial capital expenditures. While a significant amount of capital expenditures required to build-out our mines has been spent, we must continue to invest capital to maintain or to increase our production. Decisions to increase our production levels could also affect our capital needs. We cannot assure you that we will be able to maintain our production levels or generate sufficient cash flow, or that we will have access to sufficient financing to continue our production, exploration, permitting and development activities at or above our present levels and we may be required to defer all or a portion of our capital expenditures. Our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders may be materially adversely affected if we cannot make such capital expenditures.

Major equipment and plant failures could reduce our ability to produce and ship coal and materially and adversely affect our results of operations.

We depend on several major pieces of mining equipment and preparation plants to produce and ship our coal, including, but not limited to, longwall mining systems, preparation plants, and transloading facilities. If any of these pieces of equipment or facilities suffered major damage or were destroyed by fire, abnormal wear, flooding, incorrect operation, or otherwise, we may be unable to replace or repair them in a timely manner or at a reasonable cost which would impact our ability to produce and ship coal and materially and adversely affect our results of operations, business and financial condition and our ability to pay distributions to our unitholders.

We face numerous uncertainties in estimating our economically recoverable coal reserves.

Coal is economically recoverable when the price at which coal can be sold exceeds the costs and expenses of mining and selling the coal. Forecasts of our future performance are based on, among other things, estimates of our recoverable coal reserves. We base our reserve information on engineering, economic and geological data assembled and analyzed by third parties and our staff, which includes various engineers. The reserve estimates as to both quantity and quality are updated from time to time to reflect production of coal from the reserves and new drilling or other data received. There are numerous uncertainties inherent in estimating quantities and qualities of coal and costs to mine recoverable reserves, including many factors beyond our control. Estimates of economically

recoverable coal reserves necessarily depend upon a number of variable factors and assumptions, any one of which may, if inaccurate, result in an estimate that varies considerably from actual results. These factors and assumptions include:

- Geologic and mining conditions, which may not be fully identified by available exploration data and may differ from our experience in areas we currently mine;
- Future coal prices, operating costs and capital expenditures;
- Excise taxes, royalties and development and reclamation costs;
- Future mining technology improvements;
- The effects of regulation by governmental agencies;
- Ability to obtain, maintain and renew all required permits;
- Employee health and safety needs; and
- Historical production from the area compared with production from other producing areas.

As a result, actual coal tonnage recovered from identified reserve areas or properties and revenues and expenditures with respect to our production from reserves may vary materially from estimates. These estimates thus may not accurately reflect our actual reserves. Any material inaccuracy in our estimates related to our reserves could result in lower than expected revenues, higher than expected costs or decreased profitability which could materially adversely affect our results of operations, business and financial condition as well as our ability to pay distributions to our unitholders.

Some of our customers blend our coal with coal from other sources, making our sales dependent upon our customers locating additional sources of coal.

Our coal's characteristics, particularly the sulfur or chlorine content, are such that many of our customers blend our coal with other purchased supplies of coal before burning it in their boilers. Some of our current or future coal sales may therefore be dependent in part on those customers' ability to locate additional sources of coal with offsetting characteristics which may not be available in the future on terms that render the customers' overall cost of blended coal economic. A loss of business from such customers may materially adversely affect our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders.

Our operations are subject to risks, some of which are not insurable, and we cannot assure you that our existing insurance would be adequate in the event of a loss.

We maintain insurance to protect against risk of loss but our coverage is subject to deductibles and specific terms and conditions. We cannot assure you that we will have adequate coverage or that we will be able to obtain insurance against certain risks, including certain liabilities for environmental pollution or hazards. We cannot assure you that insurance coverage will be available in the future at commercially reasonable costs, or at all, or that the amounts for which we are insured or that we may receive, or the timing of any such receipt, will be adequate to cover all of our losses. Uninsured events may adversely affect our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders.

We have future mine closure and reclamation obligations the timing of and amount for which are uncertain. In addition, our failure to maintain required financial assurances could affect our ability to secure reclamation and coal lease obligations, which could adversely affect our ability to mine or lease the coal.

In view of the uncertainties concerning future mine closure and reclamation costs on our properties, the ultimate timing and future costs of these obligations could differ materially from our current estimates. We estimate our asset retirement obligations for final reclamation and mine closure based upon detailed engineering calculations of the amount and timing of the future cash for a third party to perform the required work. Spending estimates are escalated for inflation and market risk premium, and then discounted at the credit-adjusted, risk-free rate. Our estimates for this future liability are subject to change based on new or amendments to existing applicable laws and regulations, the nature of ongoing operations and technological innovations. Although we accrue for future costs in our consolidated balance sheets, we do not reserve cash in respect of these obligations or otherwise fund these obligations in advance. As a result, we will have significant cash outlays when we are required to close and restore mine sites that may, among other things, affect our ability to satisfy our obligations under our indebtedness and other contractual commitments and pay distributions to unitholders. We cannot assure you that we will be able to obtain financing on satisfactory terms to fund these costs, or at all.

In addition, regulatory authorities require us to provide financial assurance to secure, in whole or in part, our future reclamation projects. The amount and nature of the financial assurances are dependent upon a number of factors, including our financial condition and reclamation cost estimates. Changes to these amounts, as well as the nature of the collateral to be provided, could significantly increase our costs, making the maintenance and development of existing and new mines less economically feasible. Currently, the security we provide consists of surety bonds. The premium rates and terms of the surety bonds are subject to annual renewals. Our failure to maintain, or inability to acquire, surety bonds or other forms of financial assurance that are required by applicable law, contract or permit could adversely affect our ability to operate. That failure could result from a variety of factors including the lack of availability, higher expense or unfavorable market terms of new surety bonds or other forms of financial assurance. There can be no guarantee that we will be able to maintain or add to our current level of financial assurance. Additionally, any capital resources that we do utilize for this purpose will reduce our resources available for our operations and commitments as well as our ability to pay distributions to our unitholders.

Defects in title or loss of any leasehold interests in our properties could limit our ability to conduct mining operations on these properties or result in significant unanticipated costs.

A substantial amount of our coal reserves are leased or subleased from affiliates. A title defect or the loss of any lease upon expiration of its term, upon a default or otherwise, could adversely affect our ability to mine the associated reserves or process the coal that we mine. Title to most of our owned or leased properties and mineral rights is not usually verified until we make a commitment to mine a property, which may not occur until after we have obtained necessary permits and completed exploration of the property. In some cases, we rely on title information or representations and warranties provided by our lessors or grantors. Our right to mine certain of our reserves has in the past been, and may again in the future be, adversely affected if defects in title, boundaries or other rights necessary for mining exist or if a lease expires. Any challenge to our title or leasehold interests could delay the mining of the property and could ultimately result in the loss of some or all of our interest in the property. From time to time we also may be in default with respect to leases for properties on which we have mining operations. In such events, we may have to close down or significantly alter the sequence of such mining operations which may adversely affect our future coal production and future revenues. If we mine on property that we do not own or lease, we could incur liability for such mining and be subject to regulatory sanction and penalties.

In order to obtain, maintain or renew leases or mining contracts to conduct our mining operations on property where these defects exist, we may in the future have to incur unanticipated costs. In addition, we may not be able to successfully negotiate new leases or mining contracts for properties containing additional reserves, or maintain our leasehold interests in properties where we have not commenced mining operations during the term of the lease. Some leases have minimum production requirements. As a result, our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders may be materially adversely affected.

A substantial amount of our coal reserves are leased or subleased and are subject to minimum royalty payments that are due regardless of whether coal is actually mined.

A substantial amount of the reserves that our operating companies lease are subject to minimum royalty payments, including those leases with affiliates. Failure to meet minimum production requirements could result in losses of prepaid royalties and, in some rare cases, could result in a loss of the lease itself. If certain operations do not meet production goals then we could suffer from a shortage of cash due to the ongoing requirement to pay minimum royalty payments despite a lack of production and the associated sales revenue. As a result, our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders may be materially adversely affected.

Significant increases in, or the imposition of new, taxes we pay on the coal we produce could materially and adversely affect our results of operations.

All of our mining operations are in Illinois. If Illinois was to impose a state severance tax or any other tax applicable solely to our Illinois operations, we may be significantly impacted and our results of operations, business and financial condition, as well as the ability to pay distributions to our unitholders could be materially and adversely affected. Any imposition of Illinois state severance tax or any county tax could disproportionately impact us relative to our competitors that are more geographically diverse.

A shortage of skilled mining labor in the U.S. could decrease our labor productivity and increase our labor costs, which would adversely affect our profitability.

Efficient coal mining using complex and sophisticated techniques and equipment requires skilled laborers proficient in multiple mining tasks, including mining equipment maintenance. Any shortage of skilled mining labor reduces the productivity of experienced employees who must assist in training unskilled employees. If a shortage of experienced labor occurs, it could have an adverse impact

on our labor productivity and costs and our ability to expand production in the event there is an increase in the demand for our coal, which could adversely affect our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders.

We are dependent on our affiliated contract mining operators.

We rely exclusively on our contract mining operators to operate our mines pursuant to contract mining agreements which set forth the rights and obligations of both parties. In addition, these contract mining operators rely exclusively on our subsidiaries for their work. These contract mining operators are all owned by the same parent company. The Partnership has the ability to control certain long-term and other strategic decisions related to each of our contract mining operators. We account for each of these operators as a “variable interest entity,” meaning that, among other things, each does not have sufficient equity to finance its activities without additional financial support and its respective equity holders do not have the ability to exert control over those activities which most significantly impact its economic performance. If the Partnership were to terminate a contract mining agreement with one operator, there is no assurance that the parent of the contract mining operators would not choose to cause its other related entities to terminate their respective agreements with another or all of our mines. While the coal mining agreements do not contain any provisions which inhibit or prohibit us from directly hiring the contractor workforce, there can be no assurance that we would be able to hire the workforce previously employed by the operators, or find properly trained replacement contractors, or employees, quickly, on as favorable terms, or at all.

Although we would receive at least 30 days’ notice of termination under the contract mining and coal processing agreements, there can be no assurance that we would be able to hire the workforce previously employed by the operators, or find properly trained replacement contractors, or employees, quickly. If we were unable to hire a workforce as highly skilled, trained, or efficient, in a condensed time period, or within the geographical proximity of our mines, we could experience a material adverse effect on our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders. Moreover, the need to acquire a large workforce of trained replacements, whether by contractor or otherwise, would tend to drive up labor costs and may, even if successful, cause a material adverse effect on our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders.

There can also be no assurances that our contract operators will renew their respective contracts, or that they will renew these contracts on similar terms or terms that are favorable to us. While we currently believe that these affiliate contracts are on terms that are fair and reasonable to us, we cannot assure you that any future modification, amendment or extension of these affiliate contracts will not provide for terms that are more favorable to our affiliates. Any non-renewal or renewal on terms not as favorable to us could have a material adverse impact on our results of operations, business and financial condition, as well as our ability to pay distributions to unitholders.

Our dependence on our operators to meet day-to-day health, safety, and environmental standards to which we, and they, are bound presents a risk to our unitholders. While we monitor our operators’ compliance with health, safety, or environmental standards, through reports, and as needed inspections, a contractor’s failure to meet health, safety or environmental standards or failure to comply with all applicable laws and regulations could have a material adverse effect on our results of operations, business, and financial condition, as well as our ability to pay distributions to our unitholders.

Our dependence on our operators to meet day-to-day productive and quality standards to which we are bound through our coal sales agreements also presents a risk to our unitholders. While we monitor our operators’ performance towards meeting our production targets and quality standards, through reports, and as-needed inspections, a contractor’s failure to produce the quality or quantity of coal required by our coal supply agreements could have a material adverse effect on our results of operations, business, and financial condition, as well as our ability to pay distributions to unitholders.

Our ability to operate our mines efficiently and profitably could be impaired if we lose, or fail to continue to attract, key qualified operators.

We manage our business with a key mining operator at each location. As our business develops and expands, we believe that our future success will depend greatly on our continued ability to attract and retain highly skilled and qualified operators and contractors. We cannot be certain that we will be able to find and retain qualified operators or that they will be able to attract and retain qualified contractors in the future. Failure to retain or attract key operators could have a material adverse effect on our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders.

We operate our mines with a workforce that is employed exclusively by our affiliated operators. While none of our operators’ employees are members of unions, our workforce may not remain non-union in the future.

None of our operators’ employees are represented under collective bargaining agreements. However, that workforce may not remain non-union in the future, and proposed legislation, could, if enacted, make union organization more likely. If some or all of our

current operations were to become unionized, it could adversely affect our productivity, increase our labor costs and increase the risk of work stoppages at our mining complexes. In addition, even if we remain non-union, our operations may still be adversely affected by work stoppages at our facilities or at unionized companies, particularly if union workers were to orchestrate boycotts against our contractors.

Failures of contractor-operated sources to fulfill the delivery terms of their contracts with us could adversely affect our operations and reduce our profitability.

Within our normal mining operations, we utilize contract operators for all of our coal production. These contract operators are owned by affiliated entities that have engaged in business with us and our affiliates, including other operations for The Cline Group, Foresight Reserves' controlling member. However, there is no assurance that these relationships will continue or continue on terms that are reasonably acceptable to us. In addition, these contract operators may determine that other operations within The Cline Group are better or more profitable for them, which may lead to conflicts of interest. To the extent this was to occur, and we are unable to adequately replace their services, our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders, could be materially adversely affected.

Our contract operators pass their costs to us. Our profitability or exposure to loss on transactions or relationships such as these is dependent upon a variety of factors, including the reliability of the operator; the cost and financial viability of the contractor; our willingness to reimburse temporary cost increases experienced by the operator our ability to pass on operator cost increases to customers; our ability to substitute, when economical, third-party coal sources with internal production or coal purchased in the market; and other factors. If any of the contract operators with whom we contract go bankrupt or were otherwise unavailable to provide their services, our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders could be materially affected.

Our ability to operate our business effectively could be impaired if we fail to attract and retain key personnel.

Our ability to operate our business and implement our strategies depends, in part, on the continued contributions of our executive officers and other key employees. The loss of any of our key senior executives could have a material adverse effect on our business unless and until we find a replacement. A limited number of persons exist with the requisite experience and skills to serve in our senior management positions. We may not be able to locate or employ qualified executives on acceptable terms. In addition, we believe that our future success will depend on our continued ability to attract and retain highly skilled personnel with coal industry experience. Competition for these persons in the coal industry is intense and we may not be able to successfully recruit, train or retain qualified managerial personnel. We may not be able to continue to employ key personnel or attract and retain qualified personnel in the future. Our failure to retain or attract key personnel could have a material adverse effect on our ability to effectively operate our business.

Coal mining operations are subject to inherent risks and are dependent on many factors and conditions beyond our control, any of which may adversely affect our productivity and our financial condition.

Our mining operations, including our transportation infrastructure, are influenced by changing conditions that can affect the safety of our workforce, production levels, delivery of our coal and costs for varying lengths of time and, as a result, can diminish our revenues and profitability. In particular, underground mining and related processing activities present inherent risks of injury to persons and damage to property and equipment. A shutdown of any of our mines or prolonged disruption of production at any of our mines or transportation of our coal to customers would result in a decrease in our revenues and profitability, which could be material. Certain factors affecting the production and sale of our coal that could result in decreases in our revenues and profitability include:

- Adverse geologic conditions including floor and roof conditions, variations in seam height, washouts and faults;
- Fire or explosions from methane, coal or coal dust or explosive materials;
- Industrial accidents;
- Seismic activities, ground failures, rock bursts, or structural cave-ins or slides;
- Delays in the receipt of, or failure to receive, or revocation of necessary government permits;
- Changes in the manner of enforcement of existing laws and regulations;
- Changes in laws or regulations, including permitting requirements and the imposition of additional regulations, taxes or fees;
- Accidental or unexpected mine water inflows;
- Delays in moving our longwall equipment;

- Railroad derailments;
- Inclement or hazardous weather conditions and natural disasters, such as heavy rain, high winds and flooding;
- Environmental hazards;
- Interruption or loss of power, fuel, or parts;
- Increased or unexpected reclamation costs;
- Equipment availability, replacement or repair costs; and
- Mining and processing equipment failures and unexpected maintenance problems.

These risks, conditions and events could (1) result in: (a) damage to, or destruction of value of, our coal properties, our coal production or transportation facilities, (b) personal injury or death, (c) environmental damage to our properties or the properties of others, (d) delays or prohibitions on mining our coal or in the transportation of coal, (e) monetary losses and (f) potential legal liability; and (2) could have a material adverse effect on our operating results and our ability to generate the cash flows we require to invest in our operations and satisfy our debt obligations. Our insurance policies only provide limited coverage for some of these risks and will not fully cover these risks. A significant mine accident could potentially cause a mine shutdown, and could have a substantial adverse impact on our results of operations, financial condition or cash flows, as well as our ability to pay distributions to our unitholders.

The availability or reliability of current transportation facilities could affect the demand for our coal or temporarily impair our ability to supply coal to our customers. In addition, our inability to expand our transportation capabilities and options could further impair our ability to deliver coal efficiently to our customers.

We depend upon rail, barge, ocean-going vessels and port facilities to deliver coal to customers. Disruption of these transportation services because of weather-related problems, infrastructure damage, strikes, lock-outs, lack of fuel or maintenance items, transportation delays, lack of rail or port capacity or other events could temporarily impair our ability to supply coal to customers and thus could adversely affect our results of operations, cash flows and financial condition, as well as our ability to pay distributions to our unitholders.

Additionally, if there are disruptions of the transportation services provided by the railroad and we are unable to find alternative transportation providers to ship our coal, our business and profitability could be adversely affected. While we currently have contracts in place for transportation of coal from our facilities and have continued to develop alternative transportation options, there is no assurance that we will be able to renew these contracts or to develop these alternative transportation options on terms that remain favorable to us. Any failure to do so could have a material adverse impact on our financial position and results of operations as well as our ability to pay distributions to our unitholders.

Significant increases in transportation costs could make our coal less competitive when compared to other fuels or coal produced from other regions.

Transportation costs represent a significant portion of the total cost of coal for our customers and the cost of transportation is an important factor in a customer's purchasing decision. Increases in transportation costs, including increases resulting from emission control requirements and fluctuations in the price of diesel fuel, could make coal a less competitive source of energy when compared to other fuels such as natural gas or could make our coal less competitive than coal produced in other regions of the U.S. or abroad.

Significant decreases in transportation costs could result in increased competition from coal producers in other parts of the country and from abroad, including coal imported into the U.S. Coordination of the many eastern loading facilities, the large number of small shipments, terrain and labor issues all combine to make shipments originating in the eastern U.S. inherently more expensive on a per ton-mile basis than shipments originating in the western U.S. Historically, high coal transportation rates and transportation constraints from the western coal producing areas into eastern U.S. markets limited the use of western coal in those markets. However, a decrease in rail rates or an increase in rail capacity from the western coal producing areas to markets served by Eastern U.S. producers could create major competitive challenges for eastern producers. Increased competition due to changing transportation costs could have an adverse effect on our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders.

Our ability to mine and ship coal may be affected by adverse weather conditions, which could have an adverse effect on our revenues.

Adverse weather conditions can impact our ability to mine and ship our coal and our customers' ability to take delivery of our coal. Lower than expected shipments by us during any period could have an adverse effect on our revenues. In addition, severe

weather may affect our ability to conduct our mining operations and severe rain, ice or snowfall may affect our ability to load and transport coal. If we are unable to conduct our operations due to severe weather, it could have an adverse effect on our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders.

We sell a portion of our uncommitted tons in the spot market which is subject to volatility.

We derive a portion of our revenue from coal sales in the spot market, typically defined as contracts with terms of less than one year. The pricing in spot contracts is significantly more volatile than pricing through long-term coal supply agreements because it is subject to short-term demand swings. If spot market pricing for coal is unfavorable, this volatility could materially adversely affect our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders.

Our ability to collect payments from our customers could be impaired if their creditworthiness deteriorates.

Our ability to receive payment for coal sold and delivered depends on the continued creditworthiness of our customers. Many utilities have sold their power plants to non-regulated affiliates or third parties that may be less creditworthy, thereby increasing the risk we bear on payment default. These new power plant owners may have credit ratings that are below investment grade. In addition, some of our customers have been adversely affected by the current economic downturn, which may impact their ability to fulfill their contractual obligations. Competition with other coal suppliers could force us to extend credit to customers and on terms that could increase the risk we bear on payment default. We also have contracts to supply coal to energy trading and brokering customers under which those customers sell coal to end users. If the creditworthiness of any of our energy trading and brokering customers declines, we may not be able to collect payment for all coal sold and delivered to or on behalf of these customers. An inability to collect payment from these counterparties may materially adversely affect our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders.

All of our coal and controlled reserves are in Illinois making us vulnerable to risks associated with operating in a single geographic area.

Because we operate exclusively in Illinois, any disruptions to our operations due to adverse geographical conditions or changes to the Illinois regulatory environment could significantly impact our operations, reduce our sales of coal and adversely affect our results of operation and financial condition, as well as our ability to pay distributions to our unitholders.

Terrorist attacks and threats, escalation of military activity in response to such attacks or acts of war may negatively affect our business, financial condition and results of operations.

Terrorist attacks and threats, escalation of military activity in response to such attacks or acts of war may negatively affect our business, financial condition and results of operations. Our business is affected by general economic conditions, fluctuations in consumer confidence and spending, and market liquidity, which can decline as a result of numerous factors outside of our control, such as terrorist attacks and acts of war. Future terrorist attacks against U.S. targets, rumors or threats of war, actual conflicts involving the U.S. or its allies, or military or trade disruptions affecting our customers could cause delays or losses in transportation and deliveries of coal to our customers, decreased sales of our coal and extension of time for payment of accounts receivable from our customers. Strategic targets such as energy-related assets may be at greater risk of future terrorist attacks than other targets in the U.S. It is possible that any, or a combination, of these occurrences could have a material adverse effect on our business, financial condition and results of operations, as well as our ability to pay distributions to our unitholders.

A cyber incident could result in information theft, data corruption, operational disruption and/or financial loss.

We have become increasingly dependent upon digital technologies, including information systems, infrastructure and cloud applications and services, to operate our businesses, process and record financial and operating data, communicate with our contractors and employees, analyze mining information, and estimate quantities of coal reserves, as well as other activities related to our businesses. We have implemented cyber security protocols and systems with the intent of maintaining the security of our operations and protecting our and our counterparties' confidential information against unauthorized access. Despite such efforts, we may be subject to cyber security breaches which could result in unauthorized access to our information systems or infrastructure.

Strategic targets, such as energy-related assets, may be at greater risk of future cyber attacks than other targets in the United States. Deliberate cyber attacks on, or security breaches in, our digital systems or information technology infrastructure, or that of third parties, could lead to corruption or loss of our proprietary data and potentially sensitive data, delays in production or delivery, difficulty in completing and settling transactions, challenges in maintaining our books and records, environmental damage, communication interruptions, other operational disruptions and third party liability. Our insurance may not protect us against such

occurrences. Consequently, it is possible that any of these occurrences, or a combination of them, could have a material adverse effect on our business, financial condition and results of operations. Further, as cyber incidents continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents.

Risks Inherent in an Investment in Us

We may not have sufficient cash from operations to enable us to pay the minimum quarterly distributions on our common and subordinated units.

The amount of cash we can distribute on our common and subordinated units principally depends upon the amount of cash we generate from our operations, which fluctuates from quarter to quarter based on, among other things:

- the amount of coal we are able to produce from our properties, which could be adversely affected by, among other things, operating difficulties and unfavorable geologic conditions;
- the market price of coal;
- the level of our operating costs, including reimbursement of expenses to our general partner;
- the supply of and demand for domestic and foreign coal;
- the timing of shipment of our contractual coal sales some of which are based on annual, not quarterly, minimum purchases;
- the impact of delays in the receipt of, failure to maintain, or revocation of, necessary governmental permits;
- the price and availability of other fuels;
- the impact of existing and future environmental and climate change regulations, including those impacting coal-fired power plants;
- the loss of, or significant reduction in, purchases by our largest customers;
- the cost of compliance with new environmental laws;
- the cost of power needed to run our mines;
- worker stoppages or other labor difficulties;
- cancellation or renegotiation of contracts;
- prevailing economic and market conditions;
- difficulties in collecting our receivables because of credit or financial problems of customers;
- the effects of new or expanded health and safety regulations;
- air emission, wastewater discharge and other environmental standards for coal-fired power plants or coal mines;
- domestic and foreign governmental regulation, including changes in governmental regulation of the mining industry or the electric utility industry;
- the proximity to and capacity of transportation facilities;
- the availability of transportation infrastructure, including flooding and railroad derailments;
- competition from other coal suppliers;
- advances in power technologies;
- the efficiency of our mines;
- the pricing terms contained in our long-term contracts;
- cancellation or renegotiation of contracts;
- legislative, regulatory and judicial developments, including those related to the release of GHGs;
- delays in the receipt of, failure to receive, or revocation of necessary government permits;
- inclement or hazardous weather conditions and natural disasters, such as heavy rain, high winds and flooding;

- transportation costs;
- the cost and availability of our contract miners;
- the availability of skilled employees;
- changes in tax laws; and
- force majeure events.

In addition, the actual amount of cash we have available for distribution depends on several other factors, including:

- the level and timing of capital expenditures we make;
- our debt service requirements and other liabilities;
- fluctuations in our working capital needs;
- our ability to borrow funds and access capital markets;
- restrictions contained in debt agreements to which we are a party;
- the amount of cash reserves established by our general partner; and
- the cost of acquisitions.

We have a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business.

At December 31, 2014, our total long-term indebtedness (excluding our sale-leaseback arrangements) was approximately \$1.4 billion and we had available capacity of \$174.0 million under our Revolving Credit Facility. Our substantial indebtedness could adversely affect our results of operations, business and financial condition, as well as our ability to pay distributions to our unitholders:

- making it more difficult for us to satisfy our debt obligations;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures, future business opportunities and pay distributions;
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate, placing us at a competitive disadvantage compared to our competitors who have less leverage and who therefore may be able to take advantage of opportunities that our leverage prevents us from exploiting; and
- increasing our vulnerability to adverse economic, industry or competitive developments.

Restrictions in the agreements governing our indebtedness could limit our ability to make distributions to our unitholders.

The indenture governing our 2021 Senior Notes, our Senior Secured Credit Facilities and our longwall financing arrangements prohibit us from making distributions to unitholders if any default or event of default (as defined in each agreement) exists. In addition, the indenture governing our 2021 Senior Notes and our Senior Secured Credit Facilities contain covenants limiting our ability to pay distributions to unitholders. The covenants will apply differently depending on our fixed charge coverage ratio (as defined in the indenture for the 2021 Senior Notes and the Senior Secured Credit Facilities). If we do not exceed the fixed charge coverage ratio of 1.75 to 1.00 in respect of any quarter, we may be restricted in paying all or part of the minimum quarterly distribution to our unitholders.

An increase in interest rates may cause the market price of our common units to decline.

Like all equity investments, an investment in our common units is subject to certain risks. In exchange for accepting these risks, investors may expect to receive a higher rate of return than would otherwise be obtainable from lower-risk investments. Accordingly, as interest rates rise, the ability of investors to obtain higher risk-adjusted rates of return by purchasing government-backed debt securities may cause a corresponding decline in demand for riskier investments generally, including yield-based equity investments such as publicly traded limited partnership interests. Reduced demand for our common units resulting from investors seeking other more favorable investment opportunities may cause the trading price of our common units to decline.

Foresight Reserves and a member of management own our general partner and Foresight Reserves controls our general partner, which has sole responsibility for conducting our business and managing our operations. Our general partner and its affiliates, including Foresight Reserves, could have conflicts of interest with us and limited duties, and they may favor their own interests to our detriment and that of our unitholders.

Foresight Reserves and a member of management own our general partner and Foresight Reserves controls our general partner and appoints all of the directors of our general partner. Although our general partner has a duty to manage us in a manner that it believes is not adverse to our interest, the executive officers and directors of our general partner have a fiduciary duty to manage our general partner in a manner beneficial to Foresight Reserves and a member of management. Therefore, conflicts of interest may arise between Foresight Reserves or its affiliates, including our general partner, on the one hand, or any of us and our unitholders, on the other hand. In resolving these conflicts of interest, our general partner may favor its own interests and the interests of its affiliates over the interests of our common unitholders. These conflicts include the following situations, among others:

- our general partner is allowed to take into account the interests of parties other than us, such as Foresight Reserves and a member of management, in exercising certain rights under our partnership agreement;
- neither our partnership agreement nor any other agreement requires Foresight Reserves to pursue a business strategy that favors us;
- our partnership agreement replaces the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing its duties, limits our general partner's liabilities and restricts the remedies available to unitholders for actions that, without such limitations, might constitute breaches of fiduciary duty;
- Foresight Reserves and its affiliates are not limited in their ability to compete with us and may offer business opportunities or sell assets to third parties without first offering us the right to bid for them;
- except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval;
- our general partner determines the amount and timing of asset purchases and sales, borrowings, issuances of additional partnership securities and the level of reserves, each of which can affect the amount of cash that is distributed to our unitholders;
- our general partner determines the amount and timing of any cash expenditure and whether an expenditure is classified as a maintenance capital expenditure, which reduces operating surplus, or an expansion capital expenditure, which does not reduce operating surplus. This determination can affect the amount of cash from operating surplus that is distributed to our unitholders, which, in turn, may affect the ability of the subordinated units to convert.
- our general partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make a distribution on the subordinated units, to make incentive distributions or to accelerate the expiration of the subordination period;

- our partnership agreement permits us to distribute up to \$125 million as operating surplus, even if it is generated from asset sales, non-working capital borrowings or other sources that would otherwise constitute capital surplus. This cash may be used to fund distributions on our subordination units or the incentive distribution rights;
- our general partner determines which costs incurred by it and its affiliates are reimbursable by us;
- our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with its affiliates on our behalf;
- our general partner intends to limit its liability regarding our contractual and other obligations;
- our general partner may exercise its right to call and purchase common units if it and its affiliates own more than 80% of the common units;
- our general partner controls the enforcement of obligations that it and its affiliates owe to us;
- our general partner decides whether to retain separate counsel, accountants or others to perform services for us;
- our general partner may transfer its incentive distribution rights without unitholder approval; and
- our general partner may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to our general partner's incentive distribution rights without the approval of the conflicts committee of the board of directors of our general partner or the unitholders. This election may result in lower distributions to the common unitholders in certain situations.

In addition, Foresight Reserves and its affiliates currently hold substantial interests in other companies in the energy and natural resource sectors. We may compete directly with entities in which Foresight Reserves or its affiliates have an interest for acquisition opportunities and potentially will compete with these entities for new business or extensions of the existing services provided by us.

Our general partner intends to limit its liability regarding our obligations and under certain circumstances unitholders may have liability to repay distributions.

Our general partner intends to limit its liability under contractual arrangements between us and third parties so that the counterparties to such arrangements have recourse only against our assets, and not against our general partner or its assets. Our general partner may therefore cause us to incur indebtedness or other obligations that are nonrecourse to our general partner. Our partnership agreement provides that any action taken by our general partner to limit its liability is not a breach of our general partner's duties, even if we could have obtained more favorable terms without the limitation on liability. In addition, we are obligated to reimburse or indemnify our general partner to the extent that it incurs obligations on our behalf. Any such reimbursement or indemnification payments would reduce the amount of cash otherwise available for distribution to our unitholders.

Unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, or the Delaware Act, we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law are liable to the limited partnership for the distribution amount. Liabilities to partners on account of their partnership interests and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

The holder or holders of our incentive distribution rights may elect to cause us to issue common units to them in connection with a resetting of the target distribution levels related to the incentive distribution rights, without the approval of the conflicts committee of our general partner's board of directors or the holders of our common units. This could result in lower distributions to holders of our common units.

Our general partner, the holder of our incentive distribution rights, has the right, at any time when there are no subordinated units outstanding and we have made cash distributions in excess of the then-applicable third target distribution for each of the prior four consecutive fiscal quarters, to reset the initial target distribution levels at higher levels based on our cash distribution levels at the time of the exercise of the reset election. Following a reset election by our general partner, the minimum quarterly distribution will be calculated as an amount equal to the prior cash distribution per common unit for the fiscal quarter immediately preceding the reset election (such amount is referred to as the "reset minimum quarterly distribution") and the target distribution levels will be reset to correspondingly higher levels based on percentage increases above the reset minimum quarterly distribution. If our general partner elects to reset the target distribution levels, it will be entitled to receive a number of common units. The number of common units to be issued to our general partner will equal the number of common units that would have entitled the holder to an aggregate quarterly cash distribution for the quarter prior to the reset election equal to the distribution on the incentive distribution rights for the quarter prior to the reset election.

We anticipate that our general partner would exercise this reset right in order to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions per unit without such conversion. However, our general partner may transfer the incentive distribution rights at any time. It is possible that our general partner or a transferee could exercise this reset election at a time when we are experiencing declines in our aggregate cash distributions or at a time when the holders of the incentive distribution rights expect that we will experience declines in our aggregate cash distributions in the foreseeable future. In such situations, the holders of the incentive distribution rights may be experiencing, or may expect to experience, declines in the cash distributions it receives related to the incentive distribution rights and may therefore desire to be issued our common units rather than retain the right to receive incentive distributions based on the initial target distribution levels. As a result, a reset election may cause our common unitholders to experience a reduction in the amount of cash distributions that they would have otherwise received had we not issued new common units to the holders of the incentive distribution rights in connection with resetting the target distribution levels.

It is our policy to distribute a significant portion of our available cash to our unitholders, which could limit our ability to grow or make acquisitions.

Pursuant to our cash distribution policy, we distribute a significant portion of our available cash to our unitholders and rely primarily upon external financing sources, including commercial bank borrowings and the issuance of debt and equity securities, to fund potential acquisitions and expansion capital expenditures. As a result, to the extent we are unable to finance growth externally, our cash distribution policy may impair our ability to grow.

In addition, because we intend to distribute a significant portion of our available cash, our growth may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level. There are no limitations in our partnership agreement on our ability to issue additional units, including units ranking senior to the common units. The incurrence of additional commercial borrowings or other debt to finance our growth strategy would result in increased interest expense, which, in turn, may impact the available cash that we have to distribute to our unitholders.

We may issue additional units without unitholder approval which would dilute existing unitholder ownership interests.

In accordance with Delaware law and the provisions of our partnership agreement, we may issue additional partnership interests that are senior to the common units in right of distribution, liquidation and voting. Additionally, we are not limited in the number of additional limited partner interests that we may issue at any time without the approval of our unitholders. The issuance of additional common units would have the following effects:

- our existing unitholders' proportionate ownership interest in us would decrease;
- the amount of cash available for distribution on each unit may decrease;
- because a lower percentage of total outstanding units would be subordinated units, the risk that a shortfall in the payment of the minimum quarterly distribution would be borne by our common unitholders will increase;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the common units may decline.

In addition, to the extent that we are unable to generate a sufficiently large return from investment of the proceeds of the issuance of additional units, such issuances would be dilutive to the existing unitholders.

Our partnership agreement replaces our general partner's fiduciary duties to holders of our units.

Our partnership agreement contains provisions that eliminate and replace the fiduciary standards to which our general partner would otherwise be held by state fiduciary duty law with several different contractual standards. For example, our partnership agreement permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner, or otherwise free of fiduciary duties to us and our unitholders. This entitles our general partner to consider only the interests and factors that it desires and relieves it of any duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our limited partners. Examples of decisions that our general partner may make in its individual capacity include:

- how to allocate business opportunities among us and its affiliates;

- whether to exercise its call right;
- how to exercise its voting rights with respect to the units it owns;
- whether to exercise its registration rights;
- whether to elect to reset target distribution levels; and
- whether or not to consent to any merger or consolidation of the partnership or amendment to the partnership agreement.

By purchasing a common unit, a unitholder is treated as having consented to the provisions in the partnership agreement, including the provisions discussed above.

Our partnership agreement restricts the remedies available to holders of our units for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty.

Our partnership agreement provides that our general partner is restricted from engaging in any business activities other than acting as our general partner and those activities incidental to its ownership interest in us. Foresight Reserves, as parent of our general partner, and the other affiliates of our general partner are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with us. Our partnership agreement contains provisions that restrict the remedies available to unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty under state fiduciary duty law. For example, our partnership agreement provides that:

- whenever our general partner makes a determination or takes, or declines to take, any other action in its capacity as our general partner, our general partner is generally required to make such determination, or take or decline to take such other action, in good faith, and is not subject to any higher standard imposed by our partnership agreement, Delaware law, or any other law, rule or regulation, or at equity;
- our general partner and its officers and directors are not liable for monetary damages or otherwise to us or our limited partners resulting from any act or omission unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that such losses or liabilities were the result of conduct in which our general partner or its officers or directors engaged in bad faith, meaning that they believed that the decision was adverse to the interest of the partnership or, with respect to any criminal conduct, with knowledge that such conduct was unlawful; and
- our general partner will not be in breach of its obligations under the partnership agreement or its duties to us or our limited partners if a transaction with an affiliate or the resolution of a conflict of interest is:
 - (1) approved by the conflicts committee of the board of directors of our general partner, although our general partner is not obligated to seek such approval; or
 - (2) approved by the vote of a majority of the outstanding common units, excluding any common units owned by our general partner and its affiliates.

In connection with a situation involving a transaction with an affiliate or a conflict of interest, other than one where our general partner is permitted to act in its sole discretion, any determination by our general partner must be made in good faith. If an affiliate transaction or the resolution of a conflict of interest is not approved by our common unitholders or the conflicts committee then it will be presumed that, in making its decision, taking any action or failing to act, the board of directors acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

Our partnership agreement provides that the conflicts committee of the board of directors of our general partner may be comprised of one or more independent directors. If our general partner establishes a conflicts committee with only one independent director, your interests may not be as well served as if the conflicts committee were comprised of at least two independent directors. A single-member conflicts committee would not have the benefit of discussion with, and input from, other independent directors.

The Cline Group currently holds substantial interests in other companies in the coal mining business, including other coal reserves in Illinois. For example, The Cline Group makes investments and purchases entities that acquire, own and operate coal mining businesses and transportation. These investments and acquisitions may include entities or assets that we would have been interested in acquiring. Therefore, The Cline Group and certain other affiliates of our general partner may compete with us for investment opportunities and affiliates of our general partner may own an interest in entities that compete with us.

Pursuant to the terms of our partnership agreement, the doctrine of corporate opportunity, or any analogous doctrine, does not apply to our general partner or any of its affiliates, including its executive officers, directors and Foresight Reserves. Any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for us will not have any duty to communicate or offer such opportunity to us. Any such person or entity will not be liable to us or to any limited

partner for breach of any fiduciary duty or other duty by reason of the fact that such person or entity pursues or acquires such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to us. This may create actual and potential conflicts of interest between us and affiliates of our general partner and result in less than favorable treatment for us and our unitholders.

Holders of our common units have limited voting rights and are not entitled to elect or remove our general partner or its directors, which could reduce the price at which the common units would trade.

Compared to the holders of common stock in a corporation, unitholders have limited voting rights and, therefore, limited ability to influence management's decisions regarding our business. Unitholders have no right on an annual or ongoing basis to elect our general partner or its board of directors. The board of directors of our general partner, including the independent directors, is chosen entirely by Foresight Reserves, as a result of it owning our general partner, and not by our unitholders. Unlike publicly traded corporations, we do not conduct annual meetings of our unitholders to elect directors or conduct other matters routinely conducted at annual meetings of stockholders of corporations. As a result of these limitations, the price at which the common units trade could be diminished because of the absence or reduction of a takeover premium in the trading price.

If our unitholders are dissatisfied with the performance of our general partner, they have limited ability to remove our general partner. Unitholders are unable to remove our general partner without its consent because our general partner and its affiliates own sufficient units to be able to prevent its removal. In addition, any vote to remove our general partner during the subordination period must provide for the election of a successor general partner by the holders of a majority of the common units and a majority of the subordinated units, voting as separate classes. Foresight Reserves has the ability to prevent the removal of our general partner.

Our general partner interest or the control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party without the consent of our unitholders. Furthermore, our partnership agreement does not restrict the ability of the owners of our general partner to transfer their membership interests in our general partner to a third party. The new owners of our general partner would then be in a position to replace the board of directors and executive officers of our general partner with their own designees and thereby exert significant control over the decisions taken by the board of directors and executive officers of our general partner. This effectively permits a "change of control" without the vote or consent of the unitholders.

The incentive distribution rights may be transferred to a third party without unitholder consent.

Our general partner or our sponsor may transfer the incentive distribution rights to a third party at any time without the consent of our unitholders. If our sponsor transfers the incentive distribution rights to a third party but retains its ownership interest in our general partner, our general partner may not have the same incentive to grow our partnership and increase quarterly distributions to unitholders over time as it would if our sponsor had retained ownership of the incentive distribution rights. For example, a transfer of incentive distribution rights by our sponsor could reduce the likelihood of our sponsor accepting offers made by us relating to assets owned by it, as it would have less of an economic incentive to grow our business, which in turn would impact our ability to grow our asset base.

Our general partner has a call right that may require unitholders to sell their common units at an undesirable time or price.

If at any time our general partner and its affiliates own more than 80% of the common units, our general partner has the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price equal to the greater of (1) the average of the daily closing price of the common units over the 20 trading days preceding the date three days before notice of exercise of the call right is first mailed and (2) the highest per-unit price paid by our general partner or any of its affiliates for common units during the 90-day period preceding the date such notice is first mailed. As a result, unitholders may be required to sell their common units at an undesirable time or price and may not receive any return or a negative return on their investment. Unitholders may also incur a tax liability upon a sale of their units. Our general partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon exercise of the limited call right. There is no restriction in our partnership agreement that prevents our general partner from causing us to issue additional common units and exercising its call right. If our general partner exercised its limited call right, the effect would be to take us private and, if the units were subsequently deregistered, we would no longer be subject to the reporting requirements of the Securities Exchange Act of 1934 (the "Exchange Act"). As of February 27, 2015, Foresight Reserves, Chris Cline and a member of management own an aggregate of 73.2% and 100.0%, of our common and subordinated units, respectively. At the end of the subordination period, assuming no additional issuances of units (other than upon the conversion of the subordinated units), Foresight Reserves and a member of management would own an aggregate of 86.6% of our common units.

Our partnership agreement restricts the voting rights of unitholders owning 20% or more of our common units.

Our partnership agreement restricts unitholders' voting rights by providing that any units held by a person or group that owns 20% or more of any class of units then outstanding, other than our general partner and its affiliates, their transferees and persons who acquired such units with the prior approval of the board of directors of our general partner, cannot vote on any matter.

Cost reimbursements due to our general partner and its affiliates for services provided to us or on our behalf reduce cash available for distribution to our unitholders. Our general partner determines the amount and timing of such reimbursements.

We are obligated under our partnership agreement to reimburse our general partner and its affiliates for all expenses they incur and payments they make on our behalf. Our partnership agreement does not limit the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Our partnership agreement provides that our general partner determines the expenses that are allocable to us. The reimbursement of expenses and payment of fees, if any, to our general partner and its affiliates reduces the amount of cash available for distributions to our unitholders.

We will be required by Section 404 of the Sarbanes-Oxley Act to evaluate the effectiveness of our internal controls. If we are unable to achieve and maintain effective internal controls, our operating results and financial condition could be harmed.

We will be required to comply with Section 404 of the Sarbanes-Oxley Act beginning with the year ending December 31, 2015. Section 404 will require that we evaluate our internal control over financial reporting to enable management to report on the effectiveness of those controls. Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). We have begun the lengthy process of evaluating our internal controls. We cannot predict the outcome of our review at this time. During the course of the review, we may identify control deficiencies of varying degrees of severity.

As a publicly traded partnership, we will be required to report control deficiencies that constitute a material weakness in our internal control over financial reporting. If we fail to implement the requirements of Section 404 in a timely manner, if we are unable to conclude that our internal control over financial reporting is effective or if we fail to comply with our financial reporting requirements, investors may lose confidence in the accuracy and completeness of our financial reports. In addition, we or members of our management could be the subject of adverse publicity; investigations and sanctions by regulatory authorities, including the Securities and Exchange Commission ("SEC") and the NYSE; and unitholder lawsuits. Failure to comply would also result in higher fees for audit and remediation services, which could be significant. Any of the above consequences could impose significant unanticipated costs on us.

As a new publicly traded partnership, we are not required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 until December 31, 2015.

We are not required to have our independent registered public accounting firm attest to the effectiveness of our internal controls until December 31, 2015. Accordingly, we will not have our independent registered public accounting firm attest to the effectiveness of our internal controls until our fiscal year ending December 31, 2015. Once we are required to do so, and even if we conclude that our internal control over financial reporting is effective, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us.

The NYSE does not require a publicly traded partnership like us to comply with certain of its corporate governance requirements.

Our common units are listed on the NYSE. Because we are a publicly traded partnership, the NYSE does not require us to have a majority of independent directors on our general partner's board of directors or to establish a compensation committee or a nominating and corporate governance committee. Accordingly, unitholders do not have the same protections afforded to certain corporations that are subject to all of the NYSE corporate governance requirements.

Tax Risks to Common Unitholders

Our tax treatment depends on our status as a partnership for federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by individual states. If the Internal Revenue Service (“IRS”) were to treat us as a corporation for federal income tax purposes or we were to become subject to material additional amounts of entity-level taxation for state tax purposes, then our cash available for distribution to you could be substantially reduced.

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for federal income tax purposes. Despite the fact that we are organized as a limited partnership under Delaware law, it is possible in certain circumstances for a partnership such as ours to be treated as a corporation for federal income tax purposes. Although we do not believe, based upon our current operations, that we will be so treated, a change in our business, a change in current law or a change in the interpretation of current law could cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to taxation as an entity.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely be liable for state income tax at varying rates. Distributions to you would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to you. Because a tax would be imposed upon us as a corporation, our cash available for distribution to you would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to the unitholders, likely causing a substantial reduction in the value of our common units.

Our partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law on us. Several states have been evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. If any state were to impose a tax upon us as an entity, the cash available for distribution to you would be reduced and the value of our common units could be negatively impacted.

The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. For example, the Obama administration’s budget proposal for fiscal year 2016 recommends that certain publicly traded partnerships earning income from activities related to fossil fuels be taxed as corporations beginning in 2021. From time to time, members of Congress propose and consider substantive changes to the existing federal income tax laws that affect publicly traded partnerships. If successful, the Obama administration’s proposal or other similar proposals could eliminate the qualifying income exception to the treatment of all publicly-traded partnerships as corporations upon which we rely for our treatment as a partnership for U.S. federal income tax purposes.

Any modification to the federal income tax laws may be applied retroactively and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as partnerships for federal income tax purposes. We are unable to predict whether any of these changes or other proposals will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units.

You will be required to pay taxes on your share of our income even if you do not receive any cash distributions from us.

You will be required to pay federal income taxes and, in some cases, state and local income taxes on your share of our taxable income regardless of whether you receive cash distributions from us. You may not receive cash distributions from us equal to your share of our taxable income or even equal to the actual tax liability resulting from that income.

The sale or exchange of 50% or more of our capital and profits interests during any twelve-month period will result in the termination of our partnership for federal income tax purposes.

We will be considered to no longer be a partnership for federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. Foresight Reserves owns, directly and indirectly, more than 50% of the total interests in our capital and profits. Therefore, a transfer by Foresight Reserves of all or a portion of its interests in us could result in a termination of us as a partnership for federal income tax purposes. Our termination would, among other things, result in the closing of our taxable year for all unitholders and could result in a deferral of depreciation deductions allowable in

computing our taxable income. In the case of a unitholder reporting on a taxable year other than the calendar year, the closing of our taxable year may also result in more than twelve months of our taxable income or loss being includable in his taxable income for the year of termination. Our termination currently would not affect our classification as a partnership for federal income tax purposes, but instead, after our termination we would be treated as a new partnership for federal income tax purposes. If treated as a new partnership, we must make new tax elections and could be subject to penalties if we are unable to determine that a termination occurred.

Tax gain or loss on the disposition of our common units could be more or less than expected.

If you sell your common units, you will recognize a gain or loss equal to the difference between the amount realized and your tax basis in those common units. Because distributions in excess of your allocable share of our net taxable income result in a decrease in your tax basis in your common units, the amount, if any, of such prior excess distributions with respect to the units you sell will, in effect, become taxable income to you if you sell such units at a price greater than your tax basis in those units, even if the price you receive is less than your original cost. Furthermore, a substantial portion of the amount realized, whether or not representing gain, may be taxed as ordinary income due to potential recapture of depreciation and amortization deductions and certain other items. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if you sell your units, you may incur a tax liability in excess of the amount of cash you receive from the sale.

Tax-exempt entities and non-U.S. persons face unique tax issues from owning common units that may result in adverse tax consequences to them.

Investments in common units by tax-exempt entities, such as employee benefit plans and individual retirement accounts ("IRAs"), and non-U.S. persons raise issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Distributions to non-U.S. persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non-U.S. persons will be required to file U.S. federal income tax returns and pay tax on their shares of our taxable income. If you are a tax-exempt entity or a non-U.S. person, you should consult your tax advisor before investing in our common units.

If the IRS contests the federal income tax positions we take, the market for our common units may be adversely impacted and the cost of any IRS contest may reduce our cash available for distribution to you.

We have not requested a ruling from the IRS regarding our treatment as a partnership for federal income tax purposes. The IRS could adopt positions that differ from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest by the IRS, and the outcome of such contest, may materially and adversely impact the market for our common units and the price at which they trade. The costs of any such contest would result in a reduction in cash available for distribution to our unitholders and would indirectly be borne by our unitholders.

We treat each purchaser of our common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.

Because we cannot match transferors and transferees of common units, we adopt depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to you. It also could affect the timing of these tax benefits or the amount of gain from your sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to your tax returns.

We prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We generally prorate items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month, rather than on the basis of the date a particular common unit is transferred. Nonetheless, we will allocate certain deductions for depreciation of capital additions based upon the date the underlying property is placed in service. The use of this proration method may not be permitted under existing Treasury Regulations, and although the U.S. Treasury Department issued proposed Treasury Regulations allowing a similar monthly simplifying convention, such regulations are not final and do not specifically authorize the use of the proration method we have adopted. If the IRS was to successfully challenge our proration method, we may be required to change the allocation of items of income, gain, loss, and deduction among our unitholders.

We have adopted certain valuation methodologies in determining unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methods or the resulting allocations, and such a challenge could adversely affect the value of our common units.

In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our respective assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our respective assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction.

A successful IRS challenge to these methods or allocations could adversely affect the amount, character, and timing of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain from our unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.

A unitholder whose common units are the subject of a securities loan (e.g., a loan to a "short seller" to cover a short sale of common units) may be considered as having disposed of those common units. If so, the unitholder would no longer be treated for tax purposes as a partner with respect to those common units during the period of the loan and may recognize gain or loss from the disposition.

Because there are no specific rules governing the federal income tax consequences of loaning a partnership interest, a unitholder whose common units are the subject of a securities loan may be considered as having disposed of the loaned units. In that case, the unitholder may no longer be treated for federal income tax purposes as a partner with respect to those common units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those common units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those common units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to consult a tax advisor to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their common units.

Certain U.S. federal income tax preferences currently available with respect to coal exploration and development may be eliminated as a result of future legislation.

President Obama's Proposed Fiscal Year 2016 budget (the "Budget Proposal") recommends elimination of certain key U.S. federal income tax preferences related to coal exploration and development. The Budget Proposal would (1) repeal expensing of exploration and development costs relating to coal, (2) repeal the percentage depletion allowance with respect to coal properties, (3) repeal capital gains treatment of coal royalties, and (4) repeal the domestic manufacturing deduction for the production of coal. The passage of any legislation as a result of the Budget Proposal or any other similar changes in U.S. federal income tax laws could eliminate or defer certain tax deductions that are currently available with respect to coal exploration and development, and any such change could increase the taxable income allocable to our unitholders and negatively impact the value of an investment in our units.

You will likely be subject to state and local taxes and return filing requirements in states where you do not live as a result of investing in our common units.

In addition to federal income taxes, you will likely be subject to other taxes, including foreign, state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we conduct business or own property now or in the future, even if you do not live in any of those jurisdictions. We own assets and conduct business in several states (including Illinois and Missouri and, through our affiliates, in Indiana and Louisiana), each of which currently imposes a personal income tax and also imposes income taxes on corporations and other entities. You will likely be required to file state and local income tax returns and pay state and local income taxes in these states. Further, you may be subject to penalties for failure to comply with these requirements. As we make acquisitions or expand our business, we may own assets or conduct business in additional states or foreign jurisdictions that impose a personal income tax. It is your responsibility to file all U.S. federal, foreign, state and local tax returns.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Coal Reserves

We believe that we have sufficient reserves to replace capacity from depleting mines for the foreseeable future and that our current reserve base is one of our strengths. We estimate that we controlled over 3 billion tons, principally through lease, of proven and probable recoverable reserves at December 31, 2014. Our coal reserve estimate is based on a study prepared by a third-party mining and geological consultant using 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, 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. Further, the economics of our reserves are based on market conditions including contracted pricing, market pricing and overall demand for our coal. Thus, the actual value at which we no longer consider our reserves to be economic varies depending on the length of time in which the specific market conditions are expected to last. We consider our reserves to be economic at a price in excess of our cash costs to mine the coal and our ongoing replacement capital. See Item 1A. “Risk Factors—Risks Related to Our Business—We face numerous uncertainties in estimating our economically recoverable coal reserves.”

Certain of our mines are subject to private coal leases. Private coal leases normally have a stated term and usually give us the right to renew the lease for a stated period or to maintain the lease in force until the exhaustion of mineable and merchantable coal contained on the relevant site. These private leases provide for royalties to be paid to the lessor either as a fixed amount per ton or as a percentage of the sales price. Many leases also require payment of a minimum royalty, payable either at the time of execution of the lease or in periodic installments.

All of our recoverable coal reserves are assigned reserves as of December 31, 2014. All of our reserves are considered high sulfur coal, with average sulfur content ranging between 1.71% and 3.33% and high Btu coal, with Btu content ranging between 10,591 and 11,893 Btu per pound. The table below presents our estimated recoverable coal reserves at December 31, 2014.

Property Control	Seam	Average Seam Thickness (Feet)	Area (Acres)	In-Place Tons (1) (in 000's)	Clean Recoverable Tons (2) (in 000's)			Theoretical Coal Quality (As Received Basis)	
					Proven	Probable	Total	Sulfur %	Btu/lb
Williamson Energy, LLC (3)	6	5.81	28,810	317,736	132,326	54,537	186,863	2.20	11,893
Williamson Energy, LLC (3)	5	4.24	39,070	308,215	111,507	85,437	196,944	1.71	11,799
Sugar Camp Energy, LLC	6	6.40	103,454	1,248,270	364,916	394,231	759,147	2.46	11,820
Sugar Camp Energy, LLC	5	4.75	104,303	925,724	238,407	362,134	600,541	2.44	11,712
Hillsboro Energy LLC	6	7.33	100,182	1,409,550	278,805	591,778	870,583	3.33	10,960
Macoupin Energy LLC	6	7.19	68,838	941,141	269,674	187,462	457,136	2.62	10,591
Total Foresight Energy LP				<u>5,150,636</u>	<u>1,395,635</u>	<u>1,675,579</u>	<u>3,071,214</u>		

(1) In-Place Tons are on a dry basis.

(2) Clean Recoverable Tons are based on mining recovery, average theoretical preparation plant yield, 94% preparation plant efficiency and product moisture.

(3) With respect to Williamson, the total Clean Recoverable Tons shown include approximately 10 million tons of reserves that are subject to partial ownership and lack of exclusive control.

Each of the mining companies leases the reserves they mine pursuant to a series of leases with related entities under common ownership, Natural Resources Partners, LP (“NRP”) and its subsidiaries, and other independent third parties in the normal course of business. The mineral reserve leases can generally be renewed as long as the mineral reserves are being developed and mined until all economically recoverable reserves are depleted or until mining operations cease. The leases require a production royalty at the greater amount of a base amount per ton or a percent of the gross selling price of the coal. Generally, the leases contain provisions that require

the payment of minimum royalties regardless of the volume of coal produced or the level of mining activity. The minimum royalties are generally recoupable against production royalties over a contractually defined period of time (generally five to ten years). Some of these agreements also require overriding royalty and/or wheelage payments. Under the terms of some mineral reserve mining leases, we are to use commercially reasonable efforts to acquire additional mineral reserves in certain properties as defined in the agreements and are responsible for the acquisition costs and the assets are to be titled to the lessor.

See Item 13, “Certain Relationships and Related-Party Transactions and Director Independence” for a summary of key terms of mineral reserve leases with affiliated parties.

Item 3. Legal Proceedings

See Item 8, “Financial Statements and Supplementary Data,” Note 21, “Contingencies” in the notes to our consolidated financial statements in this Annual Report on Form 10-K for a description of certain of our pending legal proceedings, which are incorporated herein by reference. We are also party to various other litigation matters, in most cases involving ordinary and routine claims incidental to our business. We cannot reasonably estimate the ultimate legal and financial liability with respect to all pending litigation matters. However, we believe, based on our examination of such matters, that the ultimate liability will not have a material adverse effect on our financial position, results of operation or cash flows. As of December 31, 2014, we have \$1.2 million accrued, in the aggregate, for various litigation matters.

Item 4. Mine Safety Disclosures

Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95.1 to this Annual Report on Form 10-K for the year ended December 31, 2014.

PART II.

Item 5. Market for Registrant's Common Equity, Related Unitholder Matters and Issuer Purchases of Equity Securities

The common units representing limited partnership' interests are listed and began trading on the New York Stock Exchange ("NYSE") under the symbol "FELP" on June 18, 2014. On February 27, 2015, the closing market price for FELP common units was \$16.85 per unit and there were 65,059,477 common units outstanding and 64,954,691 subordinated units outstanding. There were approximately 2,294 record holders of our common units as of December 31, 2014.

The following table sets forth the range of high and low sales prices per common unit and the amount of cash distributions declared and paid with respect to each unit, from the June 18, 2014 initial listing date of our common units to December 31, 2014.

Period	High	Low	Distribution per Limited Partner Unit
2nd Quarter 2014	\$ 20.78	\$ 18.50	\$0.03 (declared August 5, 2014, paid August 29, 2014)
3rd Quarter 2014	\$ 20.75	\$ 16.67	\$0.35 (declared November 6, 2014, paid November 25, 2014)
4th Quarter 2014	\$ 19.30	\$ 14.55	\$0.36 (declared February 6, 2015, paid February 27, 2015)

All subordinated units are currently held by Foresight Reserves and a member of management. The principal difference between our common units and subordinated units is that subordinated unitholders are not entitled to receive a distribution of available cash until the holders of common units have received the minimum quarterly distribution ("MQD"). The MQD is \$0.3375 per unit for such quarter plus any cumulative arrearages of previously unpaid MQDs from previous quarters. Also, subordinated unitholders are not entitled to receive arrearages. The subordination period will end, and the subordinated units will convert to common units, on a one-for-one basis, on the first business day after the Partnership has paid the MQD for each of three consecutive, non-overlapping four-quarter periods ending on or after March 31, 2017 and there are no outstanding arrearages on the common units. Notwithstanding the foregoing, the subordination period will end on the first business day after the Partnership has paid an aggregate amount of at least \$2.025 per unit (150.0% of the MQD on an annualized basis) on the outstanding common and subordinated units and the Partnership has paid the related distribution on the incentive distribution rights, for any four-quarter period ending on or after March 31, 2015 and there are no outstanding arrearages on the common units.

Our partnership agreement provides that our general partner will make a determination as to whether a distribution will be made, but our partnership agreement does not require us to pay distributions at any time or at any amount. Our partnership agreement authorizes us to issue an unlimited number of additional partnership interests for the consideration and on the terms and conditions determined by our general partner without the approval of the unitholders.

We intend to make cash distributions to unitholders on a quarterly basis equal to at least the MQD. However, there is no assurance as to the future cash distributions since they are dependent upon future earnings, cash flows, capital requirements, financial condition and other factors. Additionally, under our Revolving Credit Facility and 2021 Senior Notes, we will not be able to pay distributions to unitholders in any such quarter in the event there exists a borrowing base deficiency or an event of default either before or after giving effect to such distribution or we are not in pro forma compliance with our Revolving Credit Facility after giving effect to such distribution.

Incentive Distribution Rights

Our general partner owns all of the incentive distribution rights ("IDRs"). IDRs represent the right to receive an increasing percentage of quarterly distributions of available cash from operating surplus after the MQD and the target distribution levels (described below) have been achieved. Our general partner may transfer these rights separately from its general partner interest, subject to restrictions in our partnership agreement. Our general partner, as the IDR holder, will have the right, subsequent to the subordination period and subject to distributions exceeding the MQD by at least 150% for four consecutive quarters, to reset the target distribution levels and receive common units.

Percentage Allocation of Available Cash from Operating Surplus

The following table illustrates the percentage allocation of available cash from operating surplus between the unitholders and our general partner (as the holder of our IDRs) based on the specified target distribution levels. The amounts set forth under the column heading "Marginal Percentage Interest in Distributions" are the percentage interests of the IDR holder and the unitholders of any available cash from operating surplus we distribute up to and including the corresponding amount in the column "Total Quarterly Distribution Per Common Unit". The percentage interests shown for our unitholders and our general partner for the MQD are also applicable to quarterly distribution amounts that are less than the MQD.

The percentage interests set forth below assumes there are no arrearages on common units.

	Total Quarterly Distribution Per Common Unit	Marginal Percentage Interest in Distributions	
		Unitholders	General Partner (IDRs)
Minimum quarterly distribution	\$0.3375	100.0%	—
First target distribution	Above \$0.3375 up to \$0.3881	100.0%	—
Second target distribution	Above \$0.3881 up to \$0.4219	85.0%	15.0%
Third target distribution	Above \$0.4219 up to \$0.5063	75.0%	25.0%
Thereafter	Above \$0.5063	50.0%	50.0%

Equity Compensation Plans

The information relating to our equity compensation plans required by Item 5 is incorporated by reference to such information as set forth in Item 12. “Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters” contained herein.

Unregistered Sales of Equity Securities

None.

Use of Proceeds from Registered Securities

On June 23, 2014, the Partnership sold 17.5 million common units in an initial public offering at a price of \$20.00 per unit pursuant to a Registration Statement on Form S-1 (Registration No. 333-179304), which was declared effective by the Securities and Exchange Commission on June 17, 2014. The Partnership received \$329.9 million of proceeds from the sale of common units, net of underwriters’ discount of \$20.1 million, which were used to repay \$210.0 million of principal on the term loan and to pay a \$115.0 million special distribution to Foresight Reserves and a member of management, on a pro rata basis. The remaining proceeds were used to pay other offering costs.

Issuer Purchases of Equity Securities

None.

Item 6. Selected Financial Data

The following tables set forth the selected historical consolidated financial data of the Partnership for each of the last five years and should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K.

	For the Year Ended December 31,				
	2014	2013	2012	2011	2010
	<i>(In Thousands, Except per Unit Data)</i>				
Coal sales	\$ 1,109,404	\$ 957,412	\$ 845,886	\$ 500,791	\$ 362,592
Costs and expenses:					
Cost of coal produced (excluding depreciation, depletion and amortization)	449,905	360,861	303,638	174,183	130,610
Cost of coal purchased	18,232	2,163	6,163	—	—
Transportation	226,029	197,839	171,679	98,394	58,482
Depreciation, depletion and amortization	167,039	161,216	124,552	70,411	55,647
Accretion on asset retirement obligations	1,621	1,527	1,368	1,705	2,011
Impairment of prepaid royalties	34,700	—	—	—	—
Selling, general and administrative	33,679	32,291	41,528	38,894	28,367
Gain on coal derivatives	(76,330)	(2,392)	(534)	(2,395)	—
Other operating income, net (1)	(2,527)	(280)	(10,759)	(791)	(2,611)
Operating income	257,056	204,187	208,251	120,390	90,086
Other expenses:					
Loss on early extinguishment of debt	4,979	77,773	—	—	—
Interest expense, net	113,030	115,897	82,580	38,193	40,431
Net income from continuing operations	139,047	10,517	125,671	82,197	49,655
Net loss from discontinued operations	—	—	—	—	(40,893)
Net income	139,047	10,517	125,671	82,197	8,762
Less: net income (loss) attributable to noncontrolling interests	3,847	2,236	(160)	104	909
Net income attributable to controlling interests	135,200	\$ 8,281	\$ 125,831	\$ 82,093	\$ 7,853
Less: predecessor net income attributable to controlling interests prior to initial public offering	65,008				
Net income subsequent to initial public offering attributable to limited partner units	\$ 70,192				
Per Unit Data					
Net income subsequent to initial public offering per limited partner unit - basic and diluted	\$ 0.54	n/a	n/a	n/a	n/a
Distributions declared per limited partner unit	\$ 0.38	n/a	n/a	n/a	n/a
Statements of Cash Flows					
Net cash provided by operating activities	\$ 236,040	\$ 179,526	\$ 209,691	\$ 103,143	\$ 61,388
Net cash used in investing activities	\$ (224,109)	\$ (209,275)	\$ (207,039)	\$ (332,821)	\$ (272,117)
Net cash (used in) provided by financing activities	\$ (9,809)	\$ 25,145	\$ (26,525)	\$ 247,988	\$ 196,091
Balance Sheet Data (at period end)					
Cash and cash equivalents	\$ 25,406	\$ 23,284	\$ 27,888	\$ 51,761	\$ 33,451
Property, plant, equipment and development, net	\$ 1,473,063	\$ 1,414,074	\$ 1,401,285	\$ 1,323,800	\$ 995,425
Total assets	\$ 1,865,222	\$ 1,710,171	\$ 1,695,288	\$ 1,546,969	\$ 1,131,880
Total long-term debt and capital lease obligations (2)	\$ 1,360,671	\$ 1,519,213	\$ 1,061,949	\$ 897,411	\$ 605,390
Total partners' capital (deficit)	\$ 135,683	\$ (148,116)	\$ 280,103	\$ 394,205	\$ 282,066
Other Data					
Adjusted EBITDA (3)	\$ 404,467	\$ 362,241	\$ 338,429	\$ 192,402	\$ 146,835
Tons produced (4)	22,547	17,991	15,080	9,028	6,813
Tons sold(4)	22,044	18,589	14,403	8,773	6,730
Coal sales realization per ton sold (5)	\$ 50.33	\$ 51.50	\$ 58.73	\$ 57.08	\$ 53.88
Cash costs per ton sold(6)	\$ 20.80	\$ 19.46	\$ 21.20	\$ 19.85	\$ 19.41

- (1) For the year ended December 31, 2012, \$10.0 million was recognized as other operating income for a legal settlement with a customer on a coal sales contract.
- (2) Includes current portion of long-term debt and capital lease obligations. Total long-term debt and capital lease obligations does not include \$143.5 million for the years ended December 31, 2011 and \$193.4 million for the year ended December 31, 2014, 2013 and 2012 of certain sale-leaseback financing obligations that are characterized as financing arrangements due to the involvement of certain of our affiliates in mining the reserves and utilizing the equipment related to the leases.
- (3) Adjusted EBITDA is defined as net income attributable to controlling interests before interest, income taxes, depreciation, depletion, amortization and accretion. Adjusted EBITDA is also adjusted for equity-based compensation, unrealized gains or losses on derivatives, early debt extinguishment costs and for material nonrecurring or other items which may not reflect the trend of future results. Adjusted EBITDA is not a measure of performance defined in accordance with U.S. GAAP. However, management believes that Adjusted EBITDA is useful to investors in evaluating our performance because it is a commonly used financial analysis tool for measuring and comparing companies in our industry in areas of operating performance. Management believes that the disclosure of Adjusted EBITDA offers an additional view of our operations that, when coupled with our U.S. GAAP results and the reconciliation to U.S. GAAP results, provides a more complete understanding of our results of operations and the factors and trends affecting our business. Adjusted EBITDA should not be considered as an alternative to net income, as an indicator of our performance or as an alternative to net cash provided by operating activities as a measure of liquidity. The primary limitation associated with the use of Adjusted EBITDA as compared to U.S. GAAP results are (i) it may not be comparable to similarly titled measures used by other companies in our industry, and (ii) it excludes financial information that some consider important in evaluating our performance. We compensate for these limitations by providing disclosure of the differences between Adjusted EBITDA and U.S. GAAP results, including providing a reconciliation of Adjusted EBITDA to U.S. GAAP results, to enable users to perform their own analysis of our operating results. Below is a reconciliation between net income from continuing operations attributable to controlling interests and Adjusted EBITDA for the years ended December 31, 2014, 2013, 2012, 2011 and 2010.

	For the Year Ended December 31,				
	2014	2013	2012	2011	2010
			(In Thousands)		
Net income from continuing operations attributable to controlling interests	\$ 135,200	\$ 8,281	\$ 125,831	\$ 82,093	\$ 48,746
Interest expense, net	113,030	115,897	82,580	38,193	40,431
Depreciation, depletion and amortization	167,039	161,216	124,552	70,411	55,647
Accretion on asset retirement obligations	1,621	1,527	1,368	1,705	2,011
Impairment of prepaid royalties	34,700	—	—	—	—
Equity-based compensation	5,024	—	4,632	—	—
Unrealized gain on coal derivatives	(57,126)	(2,453)	(534)	—	—
Loss on early extinguishment of debt	4,979	77,773	—	—	—
Adjusted EBITDA	<u>\$ 404,467</u>	<u>\$ 362,241</u>	<u>\$ 338,429</u>	<u>\$ 192,402</u>	<u>\$ 146,835</u>

- (4) Tons produced and tons sold do not include mines in development. Revenues and costs from mines in development are capitalized as mine development in our consolidated balances sheets.
- (5) Calculated as coal sales divided by tons sold.
- (6) Calculated as cost of coal sales (excluding depreciation, depletion and amortization) divided by produced tons sold.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis together with Item 6.—“Selected Financial Data” and our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements about our business, operations and industry that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations and intentions. Our future results and financial condition may differ materially from those we currently anticipate as a result of the factors we describe under “Cautionary Statement Regarding Forward-Looking Statements,” Item 1A. “Risk Factors” and elsewhere in this Annual Report on Form 10-K. All references to produced tons, sold tons, or cash cost per ton sold refer to clean tons of coal.

Overview

Foresight Energy LLC (“FELLC”), a Delaware limited liability company, was formed in September 2006 for the development, mining, transportation and sale of coal mined. Prior to June 23, 2014, Foresight Reserves, L.P. (“Foresight Reserves”) owned 99.333% of FELLC and a member of management owned 0.667%. The Cline Group, Foresight Reserves’ controlling member, has well-established experience in the development and operation of coal mining facilities. Over the last 30 years, The Cline Group has acquired, permitted, developed or operated over 25 separate coal mining operations in Appalachia and the Illinois Basin.

Foresight Energy LP (“FELP”), a Delaware limited partnership, and Foresight Energy GP LLC (“FEGP” or “general partner”), a Delaware limited liability company, were formed in January 2012. FELP was formed to own FELLC and FEGP was formed to be the general partner of FELP. Prior to June 23, 2014, FELP had no operating or cash flow activity and no recorded net assets. On June 23, 2014, in connection with the initial public offering (“IPO”) of FELP, Foresight Reserves and a member of management contributed their ownership interests in FELLC to FELP for which they were issued common units and subordinated units in FELP. FELP issued 17,500,000 common units to the public at \$20.00 per unit, representing a 13.5% limited partnership interest.

The presented financial results include the combined financial position, results of operations and cash flow information of Foresight Energy LP and Foresight Energy LLC and its subsidiaries for all periods presented. In this Item 7, all references to “FELP,” the “Partnership,” “we,” “us,” and “our” refer to the combined results of Foresight Energy LP and Foresight Energy LLC and its subsidiaries, unless the context otherwise requires or where otherwise indicated.

We control over 3 billion tons of coal reserves, almost all of which exist in three large, contiguous blocks of coal: two in central Illinois and one in southern Illinois. Since our inception, we have invested significantly in capital expenditures to develop what we believe are industry-leading, geologically similar, low -cost and highly productive mines and related infrastructure. We currently operate under one reportable segment with four underground mining complexes in the Illinois Basin: Williamson, Sugar Camp and Hillsboro, all three of which are longwall operations, and Macoupin, which is currently a continuous miner operation. The Williamson and Hillsboro complexes are each operating with one longwall system and Sugar Camp is operating with two longwall mining systems, the second of which emerged from development on June 1, 2014. The timing of additional development is dependent on several factors, including permitting, access to capital, market demand, equipment availability and the committed sales position at our existing mining operations.

Our coal is sold to a diverse customer base, including electric utility and industrial companies in the eastern United States and overseas. We generally sell a majority of our coal to customers at delivery points other than our mines, including, but not limited to, river terminals on the Ohio and Mississippi Rivers and at two ports in New Orleans. As such, we generally bear the transportation cost and risk to and through these facilities and we therefore do not report coal sales and transportation revenue separately in our consolidated statements of operations.

Factors That Affect Our Results

Coal Sales. Our sales strategy is generally to enter into long-term contracts for the majority of our production to mitigate price fluctuations. Our average coal sales realization per ton in the near-term may decrease as we replace expiring favorably priced supply contracts with new supply contracts at contractually negotiated market prices. In recent years, domestic coal prices have weakened due to reduced demand from coal-fired plants and international prices have also declined significantly as a result of excess supply in the marketplace. We expect this low-price environment to continue into 2015 but we anticipate the lower coal prices will be somewhat offset by lower transportation costs due to an increased mix of domestic sales.

Demand for coal can increase due to unusually hot or cold weather as consumers use more electricity to air condition or heat their homes. Conversely, mild weather can result in softer demand for our coal. Adverse weather conditions, such as blizzard or flood, can affect our ability to mine and ship our coal and our customers’ ability to take delivery of coal.

Cost of Coal Sales (Excluding Depreciation, Depletion and Amortization). Our cost of coal sales (excluding depreciation, depletion and amortization) includes, but is not limited to, labor and benefits, supplies, repairs, utilities, insurance, equipment rental, mine lease costs (royalties), property and subsidence costs, production taxes, belting, coal preparation and direct mine overhead. Each of these cost components has its own drivers, which can include the cost and availability of labor, changes in health care and insurance regulations and costs, the cost of consumable items or inputs in to our supplies, changes in regulations impacting our industry, and/or our staffing levels. In addition, geology can unfavorably impact our costs by requiring incremental roof control support and higher water handling and equipment maintenance expenses. Certain of our royalties are dependent directly upon the price at which we sell our coal and our cost to transport the coal to the customers, in addition to having minimum payment requirements. Also, effective July 1, 2014, we terminated our guaranteed cost workers' compensation insurance program in favor of a high deductible insurance program. Thus far we have not experienced claims unfavorable to our prior cost of insurance.

Regulatory Environment. A variety of actions taken by regulatory agencies, including, but not limited to, climate change regulation, challenges to the issuance or renewal of our permits to operate and regulations governing the operations of our mines, could substantially increase compliance costs for us and our customers, reduce general demand for coal, or interrupt operations at one or more of our mining complexes.

Transportation. We generally sell our coal to customers at three distinct delivery points; either at our mines, at river terminals on the Ohio and Mississippi Rivers, or at two export terminals in New Orleans. Except for those sales that occur at our mine, we generally bear the cost of transportation. Because we are responsible for the cost of transporting our coal to these various delivery points, we also bear the risk that our transportation expense will increase over time. Where possible, we enter into long-term transportation and throughput agreements to secure capacity and price certainty. These agreements generally require minimum annual throughput volumes. Failure to meet the minimum annual volume requirements can result in higher transportation costs to us on a per ton basis. Our transportation costs also correlate to the distance required to transport our coal to the buyers. As a result, the transport of our coal to domestic buyers has lower associated costs than the transport of our coal to international buyers. International sales incur higher transportation costs because the delivery requires us to transport coal first by rail to a seaborne export terminal and then load the coal onto the buyers' ships. In certain circumstances, the cost of transporting our coal to international buyers can be twice the cost of transporting our coal to domestic buyers.

Key Metrics

We assess the performance of our business using certain key metrics, which are described below and analyzed on a period-to -period basis. These key metrics include Adjusted EBITDA, production, tons sold, coal sales realization, and cash cost per ton sold.

Adjusted EBITDA is defined as net income attributable to controlling interests before interest, income taxes, depreciation, depletion, amortization and accretion. Adjusted EBITDA is also adjusted for equity-based compensation, unrealized gains or losses on derivatives, early debt extinguishment costs and for material nonrecurring or other items which may not reflect the trend of future results. Adjusted EBITDA is not a measure of performance defined in accordance with U.S. GAAP. However, management believes that Adjusted EBITDA is useful to investors in evaluating our performance because it is a commonly used financial analysis tool for measuring and comparing companies in our industry in areas of operating performance. Management believes that the disclosure of Adjusted EBITDA offers an additional view of our operations that, when coupled with our U.S. GAAP results and the reconciliation to U.S. GAAP results, provides a more complete understanding of our results of operations and the factors and trends affecting our business. Adjusted EBITDA should not be considered as an alternative to net income, as an indicator of our performance or as an alternative to net cash provided by operating activities as a measure of liquidity. The primary limitation associated with the use of Adjusted EBITDA as compared to U.S. GAAP results are (i) it may not be comparable to similarly titled measures used by other companies in our industry, and (ii) it excludes financial information that some consider important in evaluating our performance. We compensate for these limitations by providing a reconciliation of Adjusted EBITDA to U.S. GAAP results, to enable users to perform their own analysis of our operating results.

Results of Operations

Comparison of Year Ended December 31, 2014 to Year Ended December 31, 2013

Coal Sales. The following table summarizes coal sales information for the years ended December 31, 2014 and 2013.

	For the Year Ended December 31,				
	2014	2013	Variance		
	(In Thousands, Except Per Ton Data)				
Coal sales	\$ 1,109,404	\$ 957,412	\$ 151,992		15.9%
Tons sold ⁽¹⁾	22,044	18,589	3,455		18.6%
Coal sales realization per ton sold ⁽²⁾	\$ 50.33	\$ 51.50	\$ (1.17)		-2.3%

(1) - Excludes tons sold of 0.2 million and 0.8 million tons during the years ended December 31, 2014 and 2013, respectively, for our mine under development.

(2) - Coal sales realization per ton sold is defined as coal sales divided by tons sold.

Coal sales increased \$152.0 million from the prior year due primarily to record sales volumes, which resulted in \$178.0 million of additional coal sales. This increase was offset by a \$1.17 per ton, or 2.3%, decrease in coal sales realization per ton. The increase in sales volumes was driven by higher production due to the start-up of the second longwall at our Sugar Camp complex in June 2014. The decline in coal sales realization compared to the prior year was due to a lower mix of international shipments, as well as a small decline in realization per ton on both our domestic and international sales.

Cost of Coal Produced (Excluding Depreciation, Depletion and Amortization). The following table summarizes cost of coal produced (excluding depreciation, depletion and amortization) information for years ended December 31, 2014 and 2013.

	For the Year Ended December 31,				
	2014	2013	Variance		
	(In Thousands, Except Per Ton Data)				
Cost of coal produced (excluding depreciation, depletion and amortization)	\$ 449,905	\$ 360,861	\$ 89,044	24.7%	
Produced tons sold ⁽¹⁾	21,634	18,548	3,086	16.6%	
Cash cost per ton sold ⁽²⁾	\$ 20.80	\$ 19.46	\$ 1.34	6.9%	
Tons produced ⁽³⁾	22,547	17,991	4,556	25.3%	

(1) - Excludes tons sold of 0.2 million and 0.8 million tons during the years ended December 31, 2014 and 2013, respectively, for our mine under development.

(2) - Cash cost per ton sold is defined as cost of coal produced (excluding depreciation, depletion and amortization) divided by produced tons sold.

(3) - Excludes production of 0.2 million and 0.8 million tons during the years ended December 31, 2014 and 2013, respectively, for our mine under development.

Cost of coal produced (excluding depreciation, depletion and amortization) increased \$89.0 million, or 24.7% for the year ended December 31, 2014 primarily due to higher sales volumes, which resulted in \$60.0 million in higher costs, as well as a \$1.34 per ton increase in the cash cost per ton sold due to increased production costs at our Sugar Camp and Hillsboro operations. Our cash cost per ton sold at Sugar Camp was higher due to the introduction of additional continuous miner development units as well as higher roof control, water handling and other longwall-related costs. The increased costs at our Hillsboro mine were primarily a result of an underground fire which halted production for nearly a month and resulted in direct incremental costs of \$2.6 million. Additionally, Hillsboro incurred higher subsidence, longwall and roof control costs during the year ended December 31, 2014.

Cost of Coal Purchased. Cost of coal purchased for the year ended December 31, 2014 was \$18.2 million, compared to \$2.2 million during the year ended December 31, 2013. We purchased coal from third parties during the current year in an effort to optimize margins between our domestic and export sales. The cost per ton to purchase coal is typically higher than our cost per ton to produce coal.

Transportation. Our cost of transportation for the year ended December 31, 2014 increased \$28.2 million primarily due to higher sales volumes offset by a \$0.39 per ton decrease in the average cost of transportation. The decline in transportation cost per ton was due to a lower percentage of our sales going to international markets during the year offset by higher charges for shortfalls on

minimum contractual throughput volume requirements and an increase in the cash cost of transporting coal through Sitran and Convent Marine Terminal, both of which are affiliated entities.

Depreciation, Depletion and Amortization. Our depreciation, depletion and amortization expense for the year ended December 31, 2014 increased \$5.8 million, or 3.6%. The increase is primarily due to additional equipment added at our second longwall mining operation at our Sugar Camp complex, with the start-up of production on June 1, 2014, and \$6.5 million of incremental amortization expense to accelerate amortization on certain Hillsboro development assets due to a change in the mine plan.

Impairment of Prepaid Royalties. During the year ended December 31, 2014, we recorded a \$34.7 million impairment charge related to certain Hillsboro prepaid royalties which we determined recoupment was improbable based on the remaining period available for recoupment and current coal market conditions.

Selling, General and Administrative. Our selling, general and administrative expense of \$33.7 million for the year ended December 31, 2014 increased \$1.4 million due to \$3.2 million in equity-based compensation expense recorded during the year offset by lower travel-related expenses in 2014.

Gain on Coal Derivatives. We recorded a gain on our coal derivative contracts of \$76.3 million for the year ended December 31, 2014 compared to a \$2.4 million gain for the year ended December 31, 2013. The increase was due to the significant decline in the API 2 coal index forward curve throughout 2014. Of the \$76.3 million gain recorded, \$57.1 million represented an unrealized gain and \$19.2 million represented a realized gain.

Loss on Early Extinguishment of Debt. The \$5.0 million loss on the early extinguishment of debt recognized during the year ended December 31, 2014 was due primarily to the write-off of \$2.8 million of debt issuance costs and \$1.9 million in unamortized debt discount as a result of the early repayment of \$210.0 million of principal on our term loan. The \$77.8 million loss recognized during the year ended December 31, 2013 was associated with the early redemption of the 2017 Senior Notes and the write-off of certain unamortized debt issuance costs.

Interest Expense, Net. Interest expense, net for the year ended December 31, 2014 decreased \$2.9 million due to a lower effective interest rate on our senior notes resulting from the August 2013 debt refinancing, lower interest expense on our sale-leaseback obligations, incremental interest capitalized in 2014, and lower amortization on debt issuance costs due to the August 2013 debt refinancing transactions. Offsetting the above decreases was incremental interest costs on the term loan issued in August 2013. For the year ended December 31, 2014, we capitalized \$5.2 million in interest expense compared to \$3.6 million during the prior year. The increase in capitalized interest was due to capital spending on the development of Sugar Camp's second longwall mine along with the acquisition of an additional set of longwall shields during 2014.

Adjusted EBITDA. Adjusted EBITDA increased \$42.2 million, or 11.7%, to \$404.5 million for the year ended December 31, 2014 due primarily to higher sales volumes compared to the prior year, offset by lower coal sales realizations and higher production costs during 2014. The table below reconciles net income attributable to controlling interests to Adjusted EBITDA for the years ended December 31, 2014 and 2013.

	For the Year Ended December 31,	
	2014	2013
	<i>(In Thousands)</i>	
Net income attributable to controlling interests	\$ 135,200	\$ 8,281
Interest expense, net	113,030	115,897
Depreciation, depletion and amortization	167,039	161,216
Accretion on asset retirement obligations	1,621	1,527
Impairment of prepaid royalties	34,700	—
Equity-based compensation	5,024	—
Unrealized gain on coal derivatives	(57,126)	(2,453)
Loss on early extinguishment of debt	4,979	77,773
Adjusted EBITDA	<u>\$ 404,467</u>	<u>\$ 362,241</u>

For a discussion on Adjusted EBITDA, please read Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics."

Comparison of Year Ended December 31, 2013 to Year Ended December 31, 2012

Coal Sales. The following table summarizes coal sales information during the years ended December 31, 2013 and 2012:

		For the Year Ended December 31,						
		2013		2012		Variance		
		(In Thousands, Except Per Ton Data)						
Coal sales		\$	957,412	\$	845,886	\$	111,526	13.2%
Tons sold ⁽¹⁾			18,589		14,403		4,186	29.1%
Coal sales realization per ton sold ⁽²⁾		\$	51.50	\$	58.73	\$	(7.23)	-12.3%

(1) Excludes tons sold of 0.8 million tons and 1.4 million tons during the years ended December 31, 2013 and 2012, respectively, for mines under development.

(2) Coal sales realization is defined as coal sales divided by tons sold.

Coal sales for the year ended December 31, 2013 of \$957.4 million increased \$111.5 million, or 13.2%, compared to coal sales of \$845.9 million for the year ended December 31, 2012. The increase in coal sales was primarily due to a 4.2 million ton increase in sales volumes driven by the increased production at Sugar Camp and Hillsboro, which came out of development on March 1, 2012 and September 1, 2012, respectively. Partially offsetting the volume increase was a \$7.23 per ton decrease in coal sales realization in 2013 due to an increase in domestic shipments at lower prices relative to international sales as well as lower realization on both domestic and international shipments versus prior year due to the roll-off of some high-priced contracts. Tons sold domestically increased 4.5 million tons and tons sold internationally decreased 0.3 million tons as compared to the year ended December 31, 2012. The increased mix of domestic shipments during this period reflected the relative strength of the domestic market to that of the international market.

Cost of Coal Sales (Excluding Depreciation, Depletion and Amortization) . The following table summarizes cost of coal sales (excluding depreciation, depletion and amortization) information for the years ended December 31, 2013 and 2012.

	For the Year Ended December 31,				
	2013		2012		Variance
	(In Thousands, Except Per Ton Data)				
Cost of coal produced (excluding depreciation, depletion and amortization)	\$	360,861	\$	303,638	\$ 57,223 18.8%
Produced tons sold ⁽¹⁾		18,548		14,320	4,228 29.5%
Cash cost per ton sold ⁽²⁾	\$	19.46	\$	21.20	\$ (1.74) -8.2%
Tons produced ⁽³⁾		17,991		15,080	2,911 19.3%

(1) Excludes tons sold of 0.8 million tons and 1.4 million tons during the years ended December 31, 2013 and 2012, respectively, for mines under development.

(2) Cash cost per ton sold is defined as cost of coal sales (excluding depreciation, depletion and amortization) divided by produced tons sold.

(3) Excludes tons produced of 0.8 million tons and 1.2 million tons during the years ended December 31, 2013 and 2012, respectively, for mines under development.

Cost of coal produced (excluding depreciation, depletion and amortization) for the year ended December 31, 2013 was \$360.9 million, representing an increase of \$57.2 million from \$303.6 million for the year ended December 31, 2012. The increase in cost of coal sales (excluding depreciation, depletion and amortization) is due to a 29.5% increase in produced tons sold, offset partially by a \$1.74 per ton decrease in the cash cost per ton sold. Cash cost per ton sold was lower during the year ended December 31, 2013 due to a full year of operation of our Hillsboro mine which came out of development on September 1, 2012 and substantially improved cash costs at Sugar Camp due to lower production costs versus the prior year. During 2013, Sugar Camp's operating mine produced with only one supporting continuous miner unit versus two continuous miner units in the prior year. The remaining two continuous miner units were dedicated to the second longwall mine under development, which benefited our cash cost per ton sold for the year ended December 31, 2013.

Transportation. Our cost of transportation for the year ended December 31, 2013 was \$197.8 million, an increase of 15.2% compared to \$171.7 million for the year ended December 31, 2012. The substantial increase in sales volumes primarily drove the increase in transportation expense over the prior year. Partially offsetting the impact of the sales volume increase was a decline in our average transportation cost per ton due to incremental rail rebates earned during the year ended December 31, 2013 and a higher percentage of domestic sales in 2013 (domestic sales generally carry a significantly lower transportation cost).

Depreciation, Depletion and Amortization. Our depreciation, depletion and amortization expenses for the year ended December 31, 2013 were \$161.2 million, an increase of \$36.7 million over depreciation, depletion and amortization expenses of \$124.6 million for the year ended December 31, 2012. This increase was primarily the result of Sugar Camp and Hillsboro depreciation and amortization expenses being recorded in our consolidated statements of operations for the full year as Sugar Camp and Hillsboro began longwall production on March 1, 2012 and September 1, 2012, respectively. The year ended December 31, 2012 includes only ten months of depreciation and amortization expenses for Sugar Camp and four months of depreciation and amortization expenses for Hillsboro.

Selling, General and Administrative. Our selling, general and administrative expenses for the year ended December 31, 2013 were \$32.3 million, a decrease of \$9.2 million compared to our selling, general and administrative expenses of \$41.5 million for the year ended December 31, 2012. This decrease was due primarily to lower discretionary bonuses paid in 2013 as well as the write-off of \$4.3 million in direct costs incurred to pursue an initial public offering during the year ending December 31, 2012.

Gain on Coal Derivatives We recorded a gain on coal derivative contracts of \$2.4 million during the year ended December 31, 2013, as compared to a gain of \$0.5 million for the year ended December 31, 2012. Of the \$2.4 million net gain, \$2.5 million relates to contracts that were still outstanding as of December 31, 2013 and therefore the gain was unrealized.

Other Operating Income, Net. In April 2012, we entered into a \$10.0 million settlement agreement with a customer related to a coal supply agreement. The settlement proceeds were recorded in other operating income, net in our consolidated statement of operations during the year ended December 31, 2012.

Interest Expense, Net . Our interest expense, net for the year ended December 31, 2013 was \$115.9 million, an increase of \$33.3 million, or 40.3%, compared to interest expense, net of \$82.6 million for the year ended December 31, 2012. Interest expense increased as compared to 2012 due primarily to a decrease in the amount of interest expense capitalized, the incremental interest expense related to \$200 million of additional senior notes outstanding during 2013, a full year of interest on the \$50.0 million sale-leaseback transaction of Sugar Camp's loadout facility, and the interest on the \$450.0 million term loan issued in August 2013. Partially offsetting these increases was lower interest expense on our Revolving Credit Facility due to lower average borrowings under this arrangement as well as a lower interest rate on our Revolving Credit Facility and 2021 Senior Notes as a result of the 2013 refinancing transactions. For the year ended December 31, 2013, \$3.6 million in interest expense was capitalized compared to \$19.0 million for the year ended December 31, 2012, as several large development projects transitioned from development during 2012.

Loss on Early Extinguishment of Debt. For the year ended December 31, 2013, we recorded a \$77.8 million loss on the early extinguishment of debt to redeem our 2017 Senior Notes, to write-off certain unamortized debt issuance costs, and the unamortized net debt premium of the extinguished and modified debt.

Net Income (Loss) Attributable to Noncontrolling Interests. The increase in net income attributable to noncontrolling interests is due primarily to the throughput agreement executed with Hillsboro Transport, LLC ("Hillsboro Transport"), a consolidated variable interest entity owned by Foresight Reserves, which requires that Hillsboro pay Hillsboro Transport a fee of \$0.99 for each ton of coal passed through the loadout in exchange for Hillsboro Transport's obligation to operate and maintain the loadout. This agreement was executed in August 2013, therefore no such noncontrolling interest income existed in 2012.

Adjusted EBITDA. We realized Adjusted EBITDA of \$362.2 million for the year ended December 31, 2013, a \$23.8 million, or 7.0%, increase from our Adjusted EBITDA in 2012 of \$338.4 million. The increase is largely attributed to higher production and sales levels during 2013 offset by lower coal sales realization during 2013, in addition to the other factors discussed above. The table below reconciles net income attributable to controlling interests to Adjusted EBITDA for the years ended December 31, 2013 and 2012.

For the Year Ended December 31,

	2013		2012
	<i>(In Thousands)</i>		
Net income attributable to controlling interests	\$ 8,281	\$	125,831
Interest expense, net	115,897		82,580
Depreciation, depletion and amortization	161,216		124,552
Accretion on asset retirement obligations	1,527		1,368
Equity-based compensation	—		4,632
Unrealized gain on coal derivatives	(2,453)		(534)
Loss on early extinguishment of debt	77,773		—
Adjusted EBITDA	<u>\$ 362,241</u>	<u>\$</u>	<u>338,429</u>

For a discussion on Adjusted EBITDA, please read Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Metrics.”

Liquidity and Capital Resources

Our primary uses of cash include, but are not limited to, the cash costs of coal production, capital expenditures, coal reserve lease and royalty payments, production taxes, debt service costs (interest and principal), lease obligations, transportation costs and distributions to our unitholders. We expect that our cash flows from operations and available capacity under our Revolving Credit Facility will continue to support our existing operations for the next 12 months.

Since inception, we have made significant investments in capital expenditures to develop our four mining complexes and related transportation infrastructure which were funded with debt and cash generated from operations. Our operations are capital intensive, requiring investments to expand, maintain or enhance existing operations and to meet environmental and operational regulations. Our future capital spending will be determined by the board of directors of our general partner. Our capital requirements consist of maintenance and expansion capital expenditures. Maintenance capital expenditures are cash expenditures made to maintain our then-current operating capacity or net income as they exist at such time as the capital expenditures are made. Our maintenance capital expenditures can be irregular, causing the amount spent on actual maintenance capital expenditures to differ materially from period to period.

Expansion capital expenditures are cash expenditures made to increase, over the long-term, our operating capacity or net income as they exist at such time as the capital expenditures are made. Development of the second longwall at our Sugar Camp complex was substantially completed with the start-up of the longwall on June 1, 2014. Future longwall development and the associated expansion capital expenditures will be dependent on several factors, including permitting, demand, access to capital, equipment availability and the committed sales position at our existing mining operations. We are currently incurring limited capital costs to pursue permits that would enable us to install our third and fourth longwall mines and related infrastructure at the Sugar Camp complex. In the event that market conditions are unsatisfactory for expansion or if capital markets are unavailable, we are not obligated or committed to use cash for expansion capital expenditures and would adjust the timing and pace of our growth accordingly.

As of December 31, 2014, the total amount outstanding under our long-term debt and capital lease obligations was \$1,360.7 million, compared to \$1,519.2 million at December 31, 2013. As of December 31, 2014, we had \$199.4 million of liquidity comprised of \$25.4 million in cash and \$174.0 million of available borrowing capacity under our credit facility.

The following is a summary of cash provided by or used in each of the indicated types of activities during the years ended December 31, 2014, 2013, and 2012.

	Year Ended December 31,					
	2014		2013		2012	
	<i>(In Thousands)</i>					
Net cash provided by operating activities	\$ 236,040	\$	179,526	\$	209,691	
Net cash used in investing activities	\$ (224,109)	\$	(209,275)	\$	(207,039)	
Net cash (used in) provided by financing activities	\$ (9,809)	\$	25,145	\$	(26,525)	

Net cash provided by operating activities increased \$56.5 million from the prior year to \$236.0 million for the year ended December 31, 2014. The increase in cash provided by operations was primarily due to the usage of \$72.1 million of cash in the prior year for the early extinguishment of the 2017 Senior Notes and a \$42.2 million increase in Adjusted EBITDA during 2014, offset partially by unfavorable net changes in our working capital accounts primarily due to higher inventory and receivables at December 31, 2014 due to our growth in sales and production from the prior year.

Net cash provided by operating activities was \$179.5 million for the year ended December 31, 2013, compared to \$209.7 million for the year ended December 31, 2012. The decrease in cash provided by operating activities during 2013 was primarily a result of \$72.1 million of cash utilized for the early extinguishment of the 2017 Senior Notes and incremental cash interest expense, offset partially by an increase in Adjusted EBITDA as compared to the year ended December 31, 2012 and net changes in our working capital accounts.

Net cash used in investing activities was \$224.1 million for the year ended December 31, 2014, compared to \$209.3 million for the year ended December 31, 2013. During 2014, we invested \$229.3 million in property, plant, equipment and development. Significant capital expenditures were made in 2014 for the second longwall mine at our Sugar Camp complex, including the purchase of an additional set of longwall shields, the construction of two water treatment plants at our Sugar Camp Complex, and refuse expansion at Hillsboro. We also settled certain outstanding coal derivative contracts during the year ended December 31, 2014 prior to the economically hedged sale transaction occurring; therefore, we recorded \$7.3 million of cash proceeds as an investing activity.

For the years ended December 31, 2013 and 2012, we invested \$210.7 million and \$209.9 million, respectively, in property, plant, equipment and development. Significant capital expenditures were spent on our first Hillsboro and Sugar Camp longwall mines during the year ended December 31, 2012 and for development costs at our second Sugar Camp longwall mine during the year ended December 31, 2013.

Net cash used in financing activities was \$9.8 million for the year ended December 31, 2014. During 2014, we received proceeds from our IPO of \$322.7 million, net of \$27.1 million in underwriter fees and other costs and fees associated with the IPO. Net proceeds from the IPO were used to repay \$210.0 million of term loan principal and pay a \$115.0 million special distribution to Foresight Reserves and a member of management. We also increased our borrowings under our Revolving Credit Facility by \$60.5 million and incurred \$24.3 million of incremental indebtedness related to purchase of a new set of longwall shields. In addition, during the year ended December 31, 2014, we repaid \$35.0 million of principal under our longwall financing and capital lease arrangements, repaid an additional \$1.1 million of term loan principal and paid \$54.7 million in additional cash distributions (\$49.2 million of which were quarterly distributions to limited partner unitholders subsequent to our IPO).

Net cash provided by financing activities was \$25.1 million for the year ended December 31, 2013, compared to \$26.5 million used in financing activities for the year ended December 31, 2012. During the year ended December 31, 2013, we received proceeds, net of discounts, of \$1,041.2 million from the issuance of the 2021 Senior Notes and \$450 million term loan, we increased borrowings under our Revolving Credit Facility by \$23.0 million, and we borrowed \$31.6 million under an interim longwall financing arrangement, offset by the \$600.0 million extinguishment of our outstanding 2017 Senior Notes, the payment of \$23.7 million in issuance costs associated with the 2013 Refinancing, the payment of \$411.9 million in distributions (\$25.0 million of which was accrued for at December 31, 2012), the repayments of \$33.7 million of principal under our longwall financing and capital lease arrangements and a \$1.1 million repayment on our term loan. The net cash used in financing activities of \$26.5 million for the year ended December 31, 2012 was primarily due to \$206.0 million in proceeds received from the issuance of the 2017 Senior Notes in October 2012, \$50.0 million in proceeds received under the Sugar Camp sales-leaseback financing arrangement with HOD LLC ("HOD"), a subsidiary of NRP, and \$58.0 million in proceeds received under a financing arrangement for longwall shields, offset by \$88.0 million of net repayments on our prior credit facility, \$26.3 million of repayments on short-term debt and our longwall financing and capital lease arrangements, and \$219.4 million paid-out in member distributions.

Long-Term Debt and Sale-Leaseback Financing Arrangements

2021 Senior Notes

On August 23, 2013, we completed a \$600.0 million offering of senior notes which bear interest of 7.875%, paid semiannually each February 15 and August 15, with the entire principal balance due on August 15, 2021 ("2021 Senior Notes"). We utilized the proceeds from the issuance together with the proceeds from our senior secured credit facilities, discussed below, to make a \$375.0 million distribution to our members, to refinance the prior credit facility, to purchase, redeem or otherwise acquire all of the 2017 Senior Notes and to pay related transaction costs, fees and expenses. The 2021 Senior Notes are guaranteed on a senior unsecured basis by Foresight Energy LP and all of its operating subsidiaries, other than Foresight Energy Finance Corporation, the co-

issuer of the 2021 Senior Notes. The indenture for the 2021 Senior Notes includes limitations on restricted payments, which may impact the timing and amount of distributions that can be paid to unitholders.

Senior Secured Credit Facilities

On August 23, 2013, Foresight Energy LLC amended and restated its prior credit facility. The amended and restated credit facilities provide for the five-year revolving credit facility of \$500.0 million (the “Revolving Credit Facility”) and a seven-year term loan B facility in an aggregate principal of \$450.0 million (the “Term Loan” and, together with the Revolving Credit Facility, the “Senior Secured Credit Facilities”). The Revolving Credit Facility expires on August 15, 2018 and the Term Loan expires on August 15, 2020. The Senior Secured Credit Facilities are guaranteed by all of the domestic operating subsidiaries of Foresight Energy LP.

Borrowings under our Revolving Credit Facility bear interest at a rate equal to, at our option, (1) British Bankers’ Association (as published by Reuters) London Interbank Offered Rate (“LIBOR”) plus an applicable margin ranging from 2.50% to 3.50% or (2) a base rate plus an applicable margin ranging from 1.50% to 2.50%, in each case, determined in accordance with our consolidated net leverage ratio. Borrowings under our Term Loan bear interest of a rate equal to, at our option, (1) British Bankers’ Association (as published by Reuters) LIBOR plus 4.50% or (2) a base rate plus 3.50%, with a LIBOR floor of 1.00% for the Term Loan. We are also required to pay a commitment fee of 0.50% to the lenders under the Revolving Credit Facility in respect of unutilized commitments thereunder. In addition, we are required to pay a fronting fee equal to 0.125% per annum of the amount available to be drawn under letters of credit.

At December 31, 2014, we had borrowings of \$319.5 million and \$6.5 million in letters of credit outstanding under the Revolving Credit Facility and \$237.8 million in principal outstanding under the Term Loan. There was \$174.0 million of remaining capacity under the Revolving Credit Facility as of December 31, 2014. The weighted-average effective interest rate on borrowings under the Revolving Credit Facility and Term Loan as of December 31, 2014 was 3.5% and 5.5%, respectively.

The Senior Secured Credit Facilities are subject to customary debt covenants, including a consolidated interest coverage ratio and a consolidated net senior secured leverage ratio. As of December 31, 2014, our consolidated interest coverage ratio and consolidated net senior secured leverage ratio were 3.63x and 1.83x, respectively. Our covenants required a consolidated interest coverage ratio of greater than 2.00x and a consolidated net senior secured leverage ratio of less than 2.75x as of December 31, 2014. Additionally, the Senior Secured Credit Facilities include limitations on restricted payments which may impact the timing and amount of distributions that can be paid to unitholders.

Trade Accounts Receivable Securitization Program

On January 13, 2015, Foresight Energy LP and certain of its wholly-owned subsidiaries, entered into a three-year, \$70.0 million receivables securitization program (the “Program”). Under this Program, Foresight subsidiaries will sell their customer trade receivables (the “Receivables”), on a revolving basis, to Foresight Receivables LLC, a wholly-owned special purpose subsidiary of Foresight (the “SPV”). The SPV will then pledge its interests in the Receivables to the Program lenders, which will either make loans or issue letters of credit to, or on behalf of, the SPV. The maximum amount of advances and letters of credit outstanding under the program may not exceed \$70 million. The scheduled termination date under the Program is January 12, 2018. The borrowings under the receivables securitization program have two tranches of interest rates that approximate the one-month LIBOR rate plus 0.80% and the Program also carries a commitment fee of 0.40% for unutilized commitments.

We used the initial \$57.2 million of borrowings under the securitization program primarily to reduce amounts outstanding under our Revolving Credit Facility.

Longwall Financing Arrangements and Capital Lease Obligations

In November 2014, FELLC entered into a sale-leaseback financing arrangement with a financial institution under which we sold a set of longwall shields and related equipment for \$55.9 million and leased the shields back under three individual leases. We account for these leases as capital lease obligations since ownership of the longwall shields and related equipment transfer back to us upon the completion of the leases. These capital lease obligations bear interest at 5.762% and principal and interest payments are due monthly over the five-year terms of the leases. Aggregate termination payments of \$2.8 million are due at the end of the lease terms. As of December 31, 2014, \$55.1 million was outstanding under these capital lease obligations.

In November 2013, FELLC entered into an interim longwall financing arrangement and master lease agreement with a lender to finance the installment payments required under a contract with a vendor for the purchase of a set of longwall shields and related parts and equipment. This interim longwall financing arrangement, as amended, allowed for borrowings up to the expected purchase price

of \$63.2 million. In May 2014, the interim longwall financing arrangement and master lease agreement were terminated with the repayment of the \$61.3 million outstanding balance.

In March 2012, we entered into a finance agreement with a financial institution to fund the manufacturing of longwall equipment. Upon taking possession of the longwall equipment during the third quarter of 2012, the interim longwall finance agreement was converted into six individual leases with maturities of four and five years beginning on September 1, 2012. The capital lease obligations bear interest ranging from 5.4% to 6.3% and principal and interest payments are due monthly over the terms of the leases. As of December 31, 2014, \$30.5 million was outstanding under these capital lease obligations.

In May 2010, Hillsboro Energy LLC, as the borrower, and Foresight Energy LLC, as a guarantor, entered into a credit agreement with a financial institution to provide financing for longwall mining equipment and related parts and accessories. The longwall financing arrangement is collateralized by the longwall mine equipment. Interest accrues on the note at a fixed rate per annum of 5.555% and is due semi-annually in March and September until maturity. Principal is due in 17 equal semi-annual payments through September 30, 2020. The outstanding balance as of December 31, 2014 was \$61.9 million.

In January 2010, Sugar Camp Energy LLC, as the borrower, and Foresight Energy LLC, as a guarantor, entered into a credit agreement with a financial institution to provide financing for longwall equipment and related parts and accessories. The longwall financing arrangement is collateralized by the longwall mining equipment. Interest accrues on the note at a fixed rate per annum of 5.78% and is due semi-annually in June and December until maturity. Principal is due in 17 equal semi-annual payments through June 30, 2020. The outstanding balance as of December 31, 2014 was \$61.6 million.

The 5.78% and 5.555% longwall financing arrangements contain certain financial covenants that require, among other things, maintenance of minimum amounts and compliance with a net senior secured interest coverage and leverage ratios, consistent with those in our Revolving Credit Facility. We met the required financial covenants at December 31, 2014, and we believe we are currently in compliance.

Sale-Leaseback Financing Arrangements

In the first quarter of 2009, Macoupin sold certain of its coal reserves and rail facility assets to WPP, LLC ("WPP"), a subsidiary of NRP, and leased them back. The gross proceeds from this transaction of \$143.5 million were used for capital expenditures relating to the rehabilitation of Macoupin and for other capital items. As Macoupin has continuing involvement in the assets sold, the transaction is treated as a financing arrangement. At December 31, 2014, the outstanding balance of the sale-leaseback financing arrangement was \$143.5 million.

In the first quarter of 2012, Sugar Camp sold certain rail facility assets to HOD, LLC ("HOD"), a subsidiary of NRP, and leased them back. The gross proceeds from this transaction were \$50.0 million and were used for capital expenditures, to pay down our revolving credit balance and for general corporate purposes. As Sugar Camp has continuing involvement in the assets sold, the transaction is treated as a financing arrangement. At December 31, 2014, the outstanding balance of the sale-leaseback financing arrangement was \$50.0 million.

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to certain off-balance sheet arrangements, including operating leases, coal reserve leases, take-or-pay transportation obligations, indemnifications, and financial instruments with off-balance sheet risk, such as bank letters of credit and surety bonds. Liabilities related to these arrangements are generally not reflected in our consolidated balance sheets and, except for the coal reserve leases, take-or-pay transportation obligations and operating leases, we do not expect any material impact on our cash flows, results of operations or financial condition to result from these off-balance sheet arrangements.

From time to time we use bank letters of credit to secure our obligations for certain contracts and other obligations. At December 31, 2014, we had \$6.5 million in letters of credit outstanding to secure our workers' compensation insurance program and a royalty obligation.

We use surety bonds to secure reclamation and other miscellaneous obligations. As of December 31, 2014, we had \$54.8 million of outstanding surety bonds with third parties. These bonds were primarily in place to secure post-mining reclamation. We are not required to post collateral for these bonds.

Contractual Obligations

The following is a summary of our significant future contractual obligations as of December 31, 2014, by year:

	Total	Less than 1 year	1 - 3 years (In Millions)	3 - 5 years	More than 5 years
Long-term debt (principal and interest)(1)	\$ 1,752.0	\$ 100.6	\$ 197.6	\$ 496.8	\$ 957.0
Sale-leaseback financing arrangement(2)	310.3	21.0	42.0	42.0	205.3
Capital lease obligations (principal and interest)	96.4	27.0	42.9	26.5	—
Operating lease obligations	8.5	3.5	3.9	0.9	0.2
Take-or-pay transportation arrangements(3)	501.0	70.3	139.0	140.0	151.7
Coal reserve lease and royalty obligations(4)	624.5	59.7	119.3	119.3	326.2
Unconditional purchase obligations(5)	33.2	33.2	—	—	—
Total(6)	<u>\$ 3,325.9</u>	<u>\$ 315.3</u>	<u>\$ 544.7</u>	<u>\$ 825.5</u>	<u>\$ 1,640.4</u>

- (1) Includes our Revolving Credit Facility, 2021 Senior Notes, Term Loan and the 5.55% and 5.78% longwall financing arrangements. The calculated interest expense assumes no early principal repayments and is based on the actual interest rates as of December 31, 2014.
- (2) Represents the minimum annual payments required under our Macoupin and Sugar Camp sale-leaseback financing arrangements.
- (3) Principally includes our various take-or-pay arrangements associated with rail and terminal facility commitments for the delivery of coal.
- (4) Comprised of the future minimum cash payments due under our various coal reserve lease and royalty obligations.
- (5) We have open purchase agreements with approved vendors for most types of operating expenses. However, our specific open purchase orders (which have not been recognized as a liability) under these purchase agreements are not material and typically allow for cancellation or return without penalty. The commitments in the table above relate only to committed capital purchases as of December 31, 2014.
- (6) The contractual obligation table does not include asset retirement obligations. Asset retirement obligations result primarily from statutory, rather than contractual, obligations and the ultimate timing and amount of the obligations are an estimate. As of December 31, 2014, we have \$31.4 million recorded in our consolidated balance sheet for asset retirement obligations, of which \$4.2 million is classified as short-term.

We lease certain surface rights, mineral reserves, mining, transportation, and other equipment under various lease agreements with related entities under common ownership, NRP and its subsidiaries, and other independent third parties in the normal course of business. The mineral reserve leases can generally be renewed as long as the mineral reserves are being developed and mined until all economically recoverable reserves are depleted or until mining operations cease. The leases require a production royalty at the greater amount of a base amount per ton or a percent of the gross selling price of the coal. Generally, the leases contain provisions that require the payment of minimum royalties regardless of the volume of coal produced or the level of mining activity. The minimum royalties are generally recoupable against production royalties over a contractually defined period of time (generally five to ten years). Some of these agreements also require overriding royalty and/or wheelage payments. Under the terms of some mineral reserve mining leases, we are to use commercially reasonable efforts to acquire additional mineral reserves in certain properties as defined in the agreements and are responsible for the acquisition costs and the assets are to be titled to the lessor. Transportation throughput agreements generally require a per ton fee amount for coal transported and contain certain escalation clauses and/or renegotiation clauses. For certain transportation assets, we are responsible for operations, repairs, and maintenance and for keeping transportation facilities in good working order. Surface rights, mining, and other equipment leases require monthly payments based upon the specified agreements. Certain of these leases provide options for the purchase of the property at various times during the life of the lease, generally at its then fair market value. We also lease rail cars, certain office space and equipment under leases with varying expiration dates.

See Item 13. "Certain Relationships and Related Party Transactions and Director Independence" for a discussion of the above leases and agreement with affiliated parties.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition, results of operations, liquidity and capital resources is based on our financial statements, which have been prepared in accordance with U.S. GAAP, which requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. We base these estimates on historical experience and on various other assumptions that we consider reasonable under the circumstances. On an ongoing basis we evaluate our estimates. Actual results may differ from these estimates. Of these significant accounting policies, we believe the following may involve a higher degree of judgment or complexity.

Sale-Leaseback Financing Arrangements. In the first quarter of 2009, Macoupin sold certain of its coal reserves to WPP, and leased them back. The gross proceeds from this transaction were \$143.5 million, and were used for capital expenditures relating to the rehabilitation of the Macoupin mine and for other capital items. Similarly, in the first quarter of 2012, Sugar Camp sold certain rail facilities to HOD, and leased them back. The gross proceeds from this transaction were \$50.0 million, and were used for capital expenditures, to pay down our revolving credit facility and for general corporate purposes. In both transactions, because we had continuing involvement in the assets sold, the transactions were treated as sale-leaseback financing arrangements.

Interest is accrued on the outstanding principal amounts of the financing arrangements using an implied interest rate, which was initially determined at inception of the lease and is adjusted for changes in future expected amounts and timing of payments based on the mine plans and also, for the Macoupin sale-leaseback only, the future expected sales price of its coal. Payments are applied first against accrued interest and any excess is then applied against the outstanding principal. Revisions to the mine plans, which occur periodically as changes are made to estimates of the quantity and the timing of tons to be mined, will impact the effective interest rate. We account for such changes by adjusting in the current period, the life-to-date interest previously recorded on the sale-leaseback to reflect the new effective interest rate as if it was applied from the inception of the transaction (i.e., retroactively applied). The implied effective interest rate was approximately 13.9% and 14.2% as of December 31, 2014 and 2013, respectively, on the Macoupin sale-leaseback financing arrangement and 13.9% and 14.3% for the Sugar Camp sale-leaseback financing arrangement as of December 31, 2014 and 2013, respectively. If there is a material change to the mine plans, the impact of a change in the effective interest rate to the consolidated statements of operations could be significant.

Prepaid Royalties. Prepaid royalties consist of recoupable minimum royalty payments under various lease agreements. As of December 31, 2014 and 2013, we had recorded on the consolidated balance sheets \$68.3 million and \$79.6 million, respectively, of prepaid royalties. We continually evaluate our ability to recoup prepaid royalty balances which evaluation includes, among other things, assessing mine production plans, sales commitments, current and forecasted future coal market conditions, and remaining years available for recoupment. The contractual recoupment periods are generally five to ten years from the payment date. In the fourth quarter of 2014, we recorded a \$34.7 million impairment charge to reserve against a contractual prepaid royalty between Hillsboro and WPP. We recorded the impairment charge given that recoupment of certain prior minimum royalty payments was determined improbable given the remaining time available under the five-year recoupment periods and our expected demand for Hillsboro coal based on current and forecasted near-term market conditions, which are impacted by natural gas prices, weather, economic conditions and the regulatory environment.

Asset Retirement Obligations. Our asset retirement obligations (“ARO”) consist of estimated spending related to reclaiming surface land and support facilities at our mines in accordance with federal and state reclamation laws as required by each mining permit. Obligations are incurred at the time mine development commences or when construction begins in the case of support facilities, refuse areas and slurry ponds.

The liability is determined using discounted cash flow techniques and is reduced to its present value at the end of each period. We estimate our ARO liabilities for final reclamation and mine closure based upon detailed engineering calculations of the amount and timing of the future cash cost for a third party to perform the required work. Spending estimates are escalated for inflation, and market risk premium, and then discounted at the credit-adjusted, risk-free rate. The credit-adjusted, risk-free interest rates were 6.6%, 8.8%, and 7.6% at December 31, 2014, 2013, and 2012, respectively. We record an ARO asset associated with the discounted liability for final reclamation and mine closure. Accretion on the ARO begins at the time the liability is incurred. Upon initial recognition of a liability, a corresponding amount is capitalized as part of the carrying amount of the related long-lived asset. The ARO asset for equipment, structures, buildings, and mine development is amortized over its expected life on a units-of-production basis. The ARO liability is then accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and asset are recognized at the appropriate credit-adjusted, risk-free rate.

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 of reclamation activities and revisions to cost estimates, the occurrence of new

liabilities from additional disturbances and productivity assumptions. 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. At December 31, 2014, our balance sheet reflected asset retirement obligations of \$35.6 million, including amounts classified as a current liability. We estimate the aggregate undiscounted cost of final mine closures, at 2014 costs, to be approximately \$67.4 million as of December 31, 2014.

Variable Interest Entities (VIEs). We employ contractors to provide labor for our mines and coal processing facilities. In accordance with US GAAP, our consolidated financial statements include entities considered variable interest entities (“VIEs”) for which we are the primary beneficiary. These entities are deemed to be our affiliates and generally own no equipment, real property or other intangible assets and each holds a contract, and in some instances an operator assignment, to provide contract labor services solely to Foresight Energy LP subsidiaries.

VIEs are primarily entities that lack sufficient equity to finance their activities without additional financial support from other parties or whose equity holders, as a group, lack one or more of the following characteristics: (a) direct or indirect ability to make decisions, (b) obligation to absorb expected losses, or (c) right to receive expected residual returns. VIEs must be evaluated quantitatively and qualitatively to determine the primary beneficiary, which is the reporting entity that has (a) the power to direct activities of a VIE that most significantly impact the VIEs economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The primary beneficiary is required to consolidate the VIE for financial reporting purposes.

To determine a VIE’s primary beneficiary, we perform a qualitative assessment to determine which party, if any, has the power to direct activities of the VIE and the obligation to absorb losses and/or receive its benefits. This assessment involves identifying the activities that most significantly impact the VIE’s economic performance and determine whether it, or another party, has the power to direct those activities. When evaluating whether we are the primary beneficiary of a VIE, and must therefore consolidate the entity, we perform a qualitative analysis that considers the design of the VIE, the nature of our involvement and the variable interests held by us and other parties. If that evaluation is inconclusive as to which party absorbs a majority of the entity’s expected losses or residual returns, a quantitative analysis would be performed to determine the primary beneficiary.

New Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. ASU 2014-08 changes the requirements for reporting discontinued operations by updating the criteria for determining discontinued operations and modifies the disclosure requirements. ASU 2014-08 is effective for annual and interim periods beginning after December 15, 2014 and we do not expect the adoption will have a material impact on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, to clarify the principles used to recognize revenue for all entities. The guidance is effective for annual and interim periods beginning after December 15, 2016. Early adoption is not permitted. We are in the process of evaluating the effects, if any, adoption of this guidance will have on our consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern*, which requires management of a company to evaluate whether there is substantial doubt about the company’s ability to continue as a going concern. This ASU is effective for the annual reporting period ending after December 15, 2016, with early adoption permitted. This standard is not currently expected to have a material effect on the Partnership’s financial statement disclosures, though the ultimate impact will be dependent on the Partnership’s financial condition and expected operating outlook.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We define market risk as the risk of economic loss as a consequence of the adverse movement of market rates and prices. We believe our principal market risks include commodity price risk, interest rate risk and credit risk, which are disclosed below.

Commodity Price Risk

We have commodity price risk as a result of changes in the market value of our coal. We try to minimize this risk by entering into fixed price coal supply agreements and, from time to time, commodity hedge agreements. As of December 31, 2014, we had the following contracted sales commitments for the years ending December 31, 2015 and 2016:

	<u>Priced</u>	<u>Unpriced (or Index Based)</u>	<u>Total</u>
		<i>(Tons, in Millions)</i>	
Year ending December 31, 2015	18.2	2.0	20.2
Year ending December 31, 2016	10.9	3.5	14.4

As of December 31, 2014, we have 3.4 million tons economically hedged with forward coal derivative contracts tied to the API 2 coal price index to partially mitigate coal price risk through 2017. The impact of our economic hedges to fix the selling price on unpriced (or index-based) coal sales contracts and forecasted sales is not reflected in the table above. A 10% change in the API 2 index would result in a \$34.4 million change in the fair value of these derivative contracts.

Interest Rate Risk

We are exposed to market risk associated with interest rates due to our existing level of indebtedness. At December 31, 2014, of our \$1,360.7 million in long-term debt and capital lease obligations outstanding, \$557.3 million of outstanding borrowings have interest rates that fluctuate based on changes in the market interest rates. A one percentage point increase in the interest rates related to variable interest borrowings would result in an annualized increase in interest expense of approximately \$3.3 million.

Credit Risk

We have credit risk associated with our customers and counterparties in our coal sales agreements and commodity hedge contracts. We have procedures in place to assist in determining the creditworthiness and credit limits for such customers and counterparties. Generally, credit is extended based on an evaluation of the customer's financial condition. Collateral is not generally required, unless credit cannot be established. At December 31, 2014, no allowance was recorded for uncollectible accounts receivable as all amounts were deemed collectible.

Item 8. Financial Statements and Supplementary Data

EY Audit Opinion

Report of Independent Registered Public Accounting Firm

The Board of Directors of Foresight Energy GP LLC and
Unitholders of Foresight Energy LP

We have audited the accompanying consolidated balance sheets of Foresight Energy LP (the “Partnership”) as of December 31, 2014 and 2013, and the related consolidated statements of operations, partners’ capital (deficit), and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15 (a). These financial statements are the responsibility of the Partnership’s management. Our responsibility is to express an opinion on these financial statements 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. We were not engaged to perform an audit of the Partnership’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 Foresight Energy LP at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, 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.

/s/ Ernst & Young LLP

St. Louis, Missouri
March 10, 2015

Foresight Energy LP
Consolidated Balance Sheets

	December 31, 2014	December 31, 2013
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 25,406	\$ 23,284
Accounts receivable	80,763	58,987
Due from affiliates	574	368
Inventories	92,402	71,290
Prepaid expenses	2,134	3,028
Prepaid royalties	8,380	6,330
Deferred longwall costs	23,224	14,265
Coal derivative assets	36,080	1,976
Other current assets	6,302	6,568
Total current assets	275,265	186,096
Property, plant, equipment and development, net	1,473,063	1,414,074
Prepaid royalties	59,967	73,242
Coal derivative assets	24,957	912
Other assets	31,970	35,847
Total assets	<u>\$ 1,865,222</u>	<u>\$ 1,710,171</u>
Liabilities and partners' capital (deficit)		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	\$ 44,143	\$ 70,034
Accrued interest	25,136	27,645
Accounts payable	59,937	50,155
Accrued expenses and other current liabilities	37,602	37,515
Due to affiliates	15,878	9,572
Total current liabilities	182,696	194,921
Long-term debt and capital lease obligations	1,316,528	1,449,179
Sale-leaseback financing arrangements	193,434	193,434
Asset retirement obligations	31,373	20,416
Other long-term liabilities	5,508	337
Total liabilities	1,729,539	1,858,287
Limited partners' capital (deficit):		
Common unitholders (64,831 units outstanding as of December 31, 2014)	238,925	—
Subordinated unitholders (64,739 units outstanding as of December 31, 2014)	(111,169)	—
Total limited partners' capital	127,756	—
Predecessor members' deficit	—	(157,356)
Noncontrolling interests	7,927	9,240
Total partners' capital (deficit)	135,683	(148,116)
Total liabilities and partners' capital (deficit)	<u>\$ 1,865,222</u>	<u>\$ 1,710,171</u>

See accompanying notes.

Foresight Energy LP
Consolidated Statements of Operations

	For the Year Ended December 31,		
	2014	2013	2012
	<i>(In Thousands, Except per Unit Data)</i>		
Coal sales	\$ 1,109,404	\$ 957,412	\$ 845,886
Costs and expenses:			
Cost of coal produced (excluding depreciation, depletion and amortization)	449,905	360,861	303,638
Cost of coal purchased	18,232	2,163	6,163
Transportation	226,029	197,839	171,679
Depreciation, depletion and amortization	167,039	161,216	124,552
Accretion on asset retirement obligations	1,621	1,527	1,368
Impairment of prepaid royalties	34,700	—	—
Selling, general and administrative	33,679	32,291	41,528
Gain on coal derivatives	(76,330)	(2,392)	(534)
Other operating income, net	(2,527)	(280)	(10,759)
Operating income	257,056	204,187	208,251
Other expenses:			
Loss on early extinguishment of debt	4,979	77,773	—
Interest expense, net	113,030	115,897	82,580
Net income	139,047	10,517	125,671
Less: net income (loss) attributable to noncontrolling interests	3,847	2,236	(160)
Net income attributable to controlling interests	135,200	\$ 8,281	\$ 125,831
Less: predecessor net income attributable to controlling interests prior to initial public offering	65,008		
Net income subsequent to initial public offering attributable to limited partner units (June 23, 2014 through December 31, 2014)	\$ 70,192		
Net income subsequent to initial public offering available to limited partner units - basic and diluted:			
Common unitholders	\$ 35,154		
Subordinated unitholders	\$ 35,038		
Net income subsequent to initial public offering per limited partner unit - basic and diluted:			
Common unitholders	\$ 0.54		
Subordinated unitholders	\$ 0.54		
Weighted average limited partner units outstanding - basic and diluted:			
Common units	64,790		
Subordinated units	64,739		
Distribution declared per limited partner unit	\$ 0.38		

See accompanying notes.

Foresight Energy LP
Consolidated Statements of Partners' Capital (Deficit)

	Limited Partners				Predecessor Members'	Noncontrolling	Total Partners'
	Common Unitholders' Capital	Number of Common Units	Subordinated Unitholders' Capital	Number of Subordinated Units	Equity (Deficit)	Interests	Capital (Deficit)
	<i>(In Thousands, Except Unit Data)</i>						
Balance at January 1, 2012	\$ —	—	\$ —	—	\$ 395,124	\$ (919)	\$ 394,205
Net income (loss)	—	—	—	—	125,831	(160)	125,671
Non-cash member contribution	—	—	—	—	4,632	—	4,632
Cash distributions	—	—	—	—	(244,234)	(171)	(244,405)
Balance at December 31, 2012	\$ —	—	\$ —	—	\$ 281,353	\$ (1,250)	\$ 280,103
Net income	—	—	—	—	8,281	2,236	10,517
Consolidation of variable interest entities	—	—	—	—	—	10,120	10,120
Non-cash distributions	—	—	—	—	(61,990)	—	(61,990)
Cash distributions	—	—	—	—	(385,000)	(1,866)	(386,866)
Balance at December 31, 2013	\$ —	—	\$ —	—	\$ (157,356)	\$ 9,240	\$ (148,116)
Net income prior to initial public offering	—	—	—	—	65,008	1,781	66,789
Non-cash distributions	—	—	—	—	(12,187)	—	(12,187)
Contribution of net assets to Foresight Energy LP	(51,354)	—	(53,524)	—	104,878	—	—
Issuance of common units, net of offering costs	322,813	64,738,895	—	64,738,895	—	—	322,813
Cash distributions	(71,537)	—	(92,683)	—	(343)	(5,160)	(169,723)
Net income subsequent to initial public offering	35,154	—	35,038	—	—	2,066	72,258
Equity-based compensation	5,024	—	—	—	—	—	5,024
Issuance of equity-based awards	—	92,417	—	—	—	—	—
Distribution equivalent rights on LTIP awards	(231)	—	—	—	—	—	(231)
Net settlement of withholding taxes on issued LTIP awards	(944)	—	—	—	—	—	(944)
Balance at December 31, 2014	\$ 238,925	64,831,312	\$ (111,169)	64,738,895	\$ —	\$ 7,927	\$ 135,683

See accompanying notes.

Foresight Energy LP
Consolidated Statements of Cash Flows

	For the Year Ended December 31,		
	2014	2013	2012
	(In Thousands)		
Cash flows from operating activities			
Net income	\$ 139,047	\$ 10,517	\$ 125,671
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	167,039	161,216	124,552
Amortization of debt issuance costs and debt premium/discount	7,022	7,574	8,235
Equity-based compensation	4,749	—	4,632
Unrealized gain on coal derivatives	(57,126)	(2,453)	(534)
Impairment of prepaid royalties	34,700	—	—
Non-cash loss on early extinguishment of debt	4,681	5,625	—
Other	(5,248)	(490)	5,934
Changes in operating assets and liabilities:			
Accounts receivable	(21,776)	9,533	(36,463)
Due from/to affiliates, net	6,117	(1,190)	(7,593)
Inventories	(13,893)	12,095	(19,397)
Prepaid expenses and other current assets	(7,799)	(6,323)	3,808
Prepaid royalties	(23,475)	(17,064)	(29,646)
Coal derivative assets and liabilities	(1,891)	(499)	—
Accounts payable	9,628	1,449	2,057
Accrued interest	(2,509)	(2,695)	12,149
Accrued expenses and other current liabilities	1,166	4,847	17,233
Other	(4,392)	(2,616)	(947)
Net cash provided by operating activities	236,040	179,526	209,691
Cash flows from investing activities			
Investment in property, plant, equipment and development	(229,251)	(210,726)	(209,937)
Acquisition of an affiliate	(3,822)	—	—
Proceeds from sale of equipment	1,619	465	2,898
Settlement of certain coal derivatives	7,345	986	—
Net cash used in investing activities	(224,109)	(209,275)	(207,039)
Cash flows from financing activities			
Net increase (decrease) in borrowings under revolving credit facility	60,500	23,000	(88,000)
Proceeds from other long-term debt and capital lease obligations	85,620	1,072,772	264,007
Payments on other long-term debt and capital lease obligations	(307,607)	(634,863)	(19,663)
Payments on short-term debt	—	—	(6,627)
Proceeds from sale-leaseback financing arrangement	—	—	49,950
Distributions paid	(169,723)	(411,891)	(219,405)
Proceeds from issuance of common units (net of underwriters' discount)	329,875	—	—
Initial public offering costs paid (other than underwriters' discount)	(7,206)	(144)	(3,079)
Debt issuance costs paid	(297)	(23,729)	(3,708)
Other	(971)	—	—
Net cash (used in) provided by financing activities	(9,809)	25,145	(26,525)
Net increase (decrease) in cash and cash equivalents	2,122	(4,604)	(23,873)
Cash and cash equivalents, beginning of period	23,284	27,888	51,761
Cash and cash equivalents, end of period	<u>\$ 25,406</u>	<u>\$ 23,284</u>	<u>\$ 27,888</u>

See accompanying notes.

Notes to Consolidated Financial Statements

1. Organization and Basis of Presentation

As used in this report, the terms “Foresight Energy LP,” “FELP,” the “Partnership,” “we,” “us” or like terms, refer to the combined results (as described below) of Foresight Energy LP and Foresight Energy LLC and its consolidated subsidiaries and affiliates, unless the context otherwise requires or where otherwise indicated. The information presented in this Annual Report on Form 10-K contains, for all periods presented, the audited combined financial results of Foresight Energy LP and Foresight Energy LLC (“FELLC”), our predecessor for accounting purposes (the “Predecessor”), and variable interest entities (“VIEs”) for which FELLC or its subsidiaries are the primary beneficiary. Prior to June 23, 2014, FELP had no operating or cash flow activity and no recorded net assets.

FELLC, a limited liability company, was formed in September 2006 for the development, mining, transportation and sale of coal. Prior to June 23, 2014, Foresight Reserves, L.P. (“Foresight Reserves”) owned 99.333% of FELLC and a member of management owned 0.667%. In January 2012, Foresight Energy LP (formerly named Foresight Energy Partners LP), a Delaware limited partnership, and Foresight Energy GP LLC (“general partner” or “FEGP”), a Delaware limited liability company, were formed. FELP was formed to own FELLC and FEGP was formed to be the general partner of FELP.

On June 23, 2014, in connection with the initial public offering of FELP, Foresight Reserves and a member of management contributed their ownership interests in FELLC to FELP for which they were issued common and subordinated units in FELP. Because this transaction was between entities under common control, the contributed assets and liabilities of FELLC were recorded in the consolidated financial statements at FELLC’s historical cost. See Note 3 for information regarding our initial public offering. Subsequent to the initial public offering, FELP is managed by FEGP.

The Partnership operates in a single reportable segment and currently operates four underground mining complexes in the Illinois Basin: Williamson Energy, LLC (“Williamson”); Sugar Camp Energy, LLC (“Sugar Camp”); Hillsboro Energy, LLC (“Hillsboro”); and Macoupin Energy, LLC (“Macoupin”). Our coal is sold to a diverse customer base, including electric utility and industrial companies primarily in the eastern United States, as well as overseas markets.

Intercompany transactions, including those between consolidated VIEs, FELP and its consolidated subsidiaries, are eliminated in consolidation.

2. Summary of Significant Accounting Policies*Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and loss during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Once mines are in production, coal sales include sales to customers of coal produced and, from time to time, the re-sale of coal purchased from third parties. The Partnership recognizes sales at the time legal title and risk of loss pass to the customer at contracted amounts that are fixed or determinable. For domestic coal sales, this generally occurs when coal is loaded onto railcars at the mine or onto barges at terminals. For coal sales to international markets, this generally occurs when coal is loaded onto an ocean vessel. Quality and weight adjustments are recorded as necessary based on contract specifications as a reduction or increase to coal sales and accounts receivable.

Transportation Expenses

Costs related to the handling and transporting of coal to the point of sale are included in coal inventory in the consolidated balance sheets. Upon the recognition of the sale, these costs are included in transportation expenses in the consolidated statements of operations.

Cash and Cash Equivalents

The Partnership considers cash deposits with original maturities of less than three months to be cash and cash equivalents. Cash and cash equivalents are stated at cost, which approximates fair value.

Allowance for Doubtful Accounts

The Partnership evaluates the need for an allowance for uncollectible receivables based on a review of account balances that are likely to be uncollectible, as determined by such variables as customer creditworthiness, the age of the receivables and disputed amounts. Historically, credit losses have been insignificant. At December 31, 2014 and 2013, no allowance was recorded for uncollectible accounts receivable as all amounts were deemed collectible.

Inventories

Inventories are valued at the lower of average cost or market. Parts and supplies inventory consists of spare parts for equipment and supplies used in the mining process. Raw coal represents coal stockpiles that require processing through a preparation plant prior to shipment to a customer. Clean coal represents coal stockpiles that will be sold in their current condition. Coal inventory costs include labor, equipment costs, supplies, transportation costs incurred prior to the transfer of title to customers, depreciation, depletion, amortization and direct mine operating overhead.

Deferred Longwall Costs

The Partnership defers the direct costs associated with longwall moves, including longwall set-up costs, supplies and refurbishment costs of longwall equipment. These deferred costs are expensed on a units-of-production basis into cost of coal produced (excluding depreciation, amortization and depreciation) over the panel benefited by these costs, which has historically approximated one year.

Prepaid Royalties

Prepaid royalties consist of recoupable minimum royalty payments due under various lease agreements entered into by the Partnership. Prepaid royalties expected to be recouped within one year are classified as current assets in the Partnership's consolidated balance sheets. The Partnership continually evaluates its ability to recoup prepaid royalty balances, which includes, among other factors, assessing mine production plans, sales commitments, future coal market conditions and remaining years available for recoupment. The contractual recoupment periods on the prepaid royalty balances generally range from five to ten years from the date the minimum royalty was paid.

Property, Plant, Equipment and Development, Net

Property, plant and equipment are recorded at cost. Costs that extend the useful lives or increase the productivity of the assets are capitalized, while normal repairs and maintenance that do not extend the useful life or increase the productivity of the asset are expensed as incurred. Asset retirement obligations for the various assets have been recorded as components of the specific assets to which they relate. Interest costs applicable to major additions are capitalized during the construction period. Interest costs capitalized into property, plant, equipment and development, net for the years ended December 31, 2014, 2013, and 2012, were \$5.2 million, \$3.6 million, and \$19.0 million, respectively. Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Machinery and equipment under capital lease agreements are amortized using the straight-line method over the useful lives of the assets given that, in each case, ownership transfers at the end of the lease terms. The cost of acquiring land (subsidence) rights and mineral rights is amortized using the units-of-production method over the mineral reserves benefited by the costs. The estimated useful lives of machinery and equipment, buildings and structures and other categories are as follows:

Machinery and equipment	3–20 years
Buildings and structures	3–40 years
Other	3–20 years

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 mineral reserves benefited by the development. Costs related to locating coal deposits and evaluating the economic viability of such deposits are expensed as incurred. During the development phase, the Partnership establishes access to the mineral reserves and makes other preparations for commercial production. Development costs principally include clearing land, building roads, sinking shafts, driving slopes and developing refuse areas, ventilation and transportation passageways at the mines. Development costs also include the build-out of the Partnership's transportation infrastructure. Costs incurred during the development phase are capitalized and proceeds from the incidental sale of coal during development are recorded as a reduction of the related mine development costs. For reporting in the statements of cash flows, cash expended in the investment in mining rights, equipment and

development during the development phase is reported net of capitalized coal sales. Mines in development included the first and second longwalls at Sugar Camp through March 1, 2012 and June 1, 2014, respectively, and the first longwall at Hillsboro through September 1, 2012.

Impairment of Depreciable Assets

The Partnership records impairment losses on depreciable assets used in operations when events and circumstances indicate that assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts. Impairment losses are measured by comparing the estimated fair value of the impaired asset to its carrying amount. There were no impairment losses recorded during the years ended December 31, 2014, 2013 or 2012.

Debt Issuance Costs

The Partnership capitalizes costs incurred in connection with the issuance of debt and the establishment of credit facilities and capital leasing arrangements. These costs are amortized as an adjustment to interest expense over the life of the borrowing or term of the credit facility using the effective interest method. Amortization expense of \$6.1 million, \$7.7 million and \$8.1 million is included in interest expense for the years ended December 31, 2014, 2013, and 2012, respectively. As of December 31, 2014 and 2013, unamortized debt issuance costs of \$24.6 million and \$33.6 million, respectively, are included in other assets in the consolidated balance sheets.

Sale-Leaseback Financing Arrangements

The Partnership is party to two arrangements in which it sold assets to an affiliate and immediately leased those assets back from the affiliates. Because the Partnership had continued involvement in the assets sold, the proceeds received on the sale of the assets were recorded as long-term financing liabilities in our consolidated balance sheets. Under both of these arrangements, the Partnership pays a fixed minimum payment, as well as contingent payments for volumes in excess of the contractual minimum payments. Interest is accrued on the outstanding principal amounts of the financing arrangements using an implied interest rate, which was initially determined at inception of the lease and is adjusted for changes in expected amounts and timing of future payments based on the mine plans. Payments are first applied against accrued interest and any excess is applied against the outstanding principal. The Partnership accounts for such changes by adjusting in the current period, the life-to-date interest previously recorded on the sale-leaseback to reflect the new effective interest rate as if it was applied from the inception of the transaction (i.e., retroactively applied). If there is a material change to the mine plans, the impact of a change in the effective interest rate to the consolidated statements of operations could be significant.

Asset Retirement Obligations

The Partnership's asset retirement obligations ("ARO") consist primarily of spending estimates related to reclaiming surface land, refuse areas, slurry ponds and support facilities at the Partnership's underground mines in accordance with federal and state reclamation laws as required by each mining permit. These obligations are typically incurred at the time development of a mine commences for underground mines or when construction begins for support facilities, refuse areas and slurry ponds. The Partnership estimates its ARO for final reclamation and mine closure based upon detailed engineering calculations of the amount and timing of the future cash spending for a third party to perform the required work. Spending estimates are escalated for inflation and a market risk premium and then discounted at a credit-adjusted, risk-free rate. Upon initial recognition of a liability, a corresponding amount is capitalized as part of the carrying value of the related long-lived asset. Over time, the liability is accreted to its present value and the capitalized cost is amortized over the useful life of the related asset on a units-of-production basis. As changes in estimates occur (such as mine plan revisions, changes in estimated costs or changes in timing of the performance of reclamation activities), the revisions to the obligation and asset are recognized at the appropriate credit-adjusted, risk-free interest rate.

Derivative Financial Instruments

The Partnership utilizes derivative financial instruments principally to manage exposures to coal prices. The Partnership records the fair value of each instrument as either an asset or liability in the consolidated balance sheets and the change in fair value of each instrument is recorded in the consolidated statements of operations.

Coal contracts provide for the physical purchase or sale of coal in quantities expected to be used or sold by the Partnership over a reasonable period in the normal course of business, and are not recognized on the consolidated balance sheets.

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 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. A fair value hierarchy has been established that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy, as defined below, gives 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 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.

Level 3 is defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions.

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to the short-term nature of these instruments.

Variable Interest Entities (VIEs)

VIEs are primarily entities that lack sufficient equity to finance their activities without additional financial support from other parties or whose equity holders, as a group, lack one or more of the following characteristics: (a) direct or indirect ability to make decisions, (b) obligation to absorb expected losses or (c) right to receive expected residual returns. VIEs must be evaluated quantitatively and qualitatively to determine the primary beneficiary, which is the reporting entity that has (a) the power to direct activities of a VIE that most significantly impact the VIEs economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The primary beneficiary is required to consolidate the VIE for financial reporting purposes.

To determine a VIE's primary beneficiary, the Partnership performs a qualitative assessment to determine which party, if any, has the power to direct activities of the VIE and the obligation to absorb losses and/or receive its benefits. This assessment involves identifying the activities that most significantly impact the VIE's economic performance and determine whether it, or another party, has the power to direct those activities. When evaluating whether the Partnership is the primary beneficiary of a VIE, the Partnership performs a qualitative analysis that considers the design of the VIE, the nature of the Partnership's involvement and the variable interests held by other parties. If that evaluation is inconclusive as to which party absorbs a majority of the entity's expected losses or residual returns, a quantitative analysis would be performed to determine the primary beneficiary. The income attributable to consolidated variable interest entities is recorded as net income attributable to noncontrolling interests in the consolidated statements of operations.

Income Taxes

We are not a taxable entity for federal or state income tax purposes; the tax effect of our activities accrues to the unitholders. While Section 7704(a) of the tax code generally provides that publicly traded partnerships will be treated as corporations for federal income tax purposes, if 90% or more of a partnership's gross income for every taxable year it is publicly traded consists of "qualifying income," the partnership may continue to be treated as a partnership for federal income tax purposes (the "Qualifying Income Exception"). Qualifying income includes income and gains derived from the mining, transportation and marketing of minerals and natural resources, such as coal. Other types of qualifying income include interest (other than from a financial business), dividends, gains from the sale of real property and gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income.

We currently meet the Qualifying Income Exception and expect to continue to qualify prospectively for this exception. As such, each of our unitholders will take into account their respective share of our items of income, gain, loss and deduction in computing their federal income tax liability as if the unitholder had earned such income directly, even if we make no cash distributions to the unitholder. Distributions we make to a unitholder generally will not give rise to income or gain taxable to such unitholder, unless the amount of cash distributed exceeds the unitholder's adjusted tax basis. Net income for financial statement purposes may differ significantly from taxable income reportable to unitholders as a result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under our partnership agreement. Individual unitholders have different investment basis depending upon the timing and price of acquisition of their partnership units. Furthermore, each unitholder's tax accounting methods, which is partially dependent upon the unitholder's tax position, differs from the accounting methods followed in our consolidated financial statements. Accordingly, the aggregate difference in the basis of our net assets for financial and tax reporting purposes cannot be readily determined because information regarding each unitholder's tax attributes in our partnership is not available to us.

Our tax counsel has provided an opinion that FELP will be treated as a partnership. However, as is customary, no ruling has been or will be requested from the Internal Revenue Service ("IRS") regarding our classification as a partnership for federal income tax purposes.

FELLC, its subsidiaries and controlled entities were established as limited liability companies, and thus for federal and, if applicable, state and local income tax purposes, are treated as pass-through entities. Therefore, no provision for income taxes was included in the consolidated financial statements.

Supplemental Cash Flow Information

The following is supplemental information to the statements of cash flows:

	For the Year Ended December 31,		
	2014	2013	2012
	(In Thousands)		
Supplemental disclosure of cash flow information:			
Cash interest paid, net of amount capitalized	\$ 108,517	\$ 111,043	\$ 65,127
Supplemental disclosure of noncash investing and financing activities:			
Noncash member distributions	\$ 12,187	\$ 61,990	\$ —
Accrued member distributions	\$ —	\$ —	\$ 25,000
Financing of interest, debt issuance costs and equipment	\$ —	\$ —	\$ 14,829

New Adopted Accounting Standards

There were no new authoritative accounting pronouncements that had a significant impact on the Partnership's consolidated financial statements or impacted comparability with prior periods presented.

New Accounting Standards Issued and Not Yet Adopted

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. ASU 2014-08 changes the requirements for reporting discontinued operations by updating the criteria for determining discontinued operations and modifies the disclosure requirements of both discontinued operations and certain other disposals not defined as discontinued operations. ASU 2014-08 is effective for annual and interim periods beginning after December 15, 2014 and we do not expect it will have a material effect on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, to clarify the principles used to recognize revenue. The guidance is effective for annual and interim periods beginning after December 15, 2016. Early adoption is not permitted. We are in the process of evaluating the effects, if any, the adoption of this guidance will have on our consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires management of the entity to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern. This ASU is effective for the annual reporting period ending after December 15, 2016, with early adoption permitted. This standard is not currently expected to have a material effect on the Partnership's financial statement disclosures, though the ultimate impact will be dependent on the Partnership's financial condition and expected operating outlook.

3. Initial Public Offering

On June 18, 2014, the Partnership's common units began trading on the New York Stock Exchange ("NYSE") under the symbol "FELP." Upon the closing of the initial public offering ("IPO") on June 23, 2014, the following transactions occurred:

- Foresight Reserves and a member of management each contributed their membership interests in FELLC to the Partnership;
- The Partnership issued to Foresight Reserves and a member of management, on a pro rata basis, an aggregate of 44,613,895 common units and 64,738,895 subordinated units;
- The Partnership issued to our general partner, which was owned 99.333% by Foresight Reserves and 0.667% by a member of management, incentive distribution rights. The incentive distribution rights entitle the holder to an increasing percentage, up to a maximum of 50%, of the cash the Partnership distributes in excess of \$0.3881 per unit per quarter (see Note 17);
- The Partnership issued 17,500,000 units to the public at \$20.00 per unit; and
- The \$329.9 million of proceeds received from the sale of common units to the public, net of underwriters' discount of \$20.1 million, were used to repay \$210.0 million of principal on the term loan and to pay a \$115.0 million distribution to Foresight Reserves and a member of management, on a pro rata basis. Additionally, we incurred an additional \$7.1 million in other offering costs during the year ended December 31, 2014 which were recorded against partners' capital.

In July 2014, the underwriters' overallotment option expired, resulting in an additional 2,625,000 units being issued, on a pro rata basis, to Foresight Reserves and a member of management for no additional consideration. The initial common units held by the public, after the issuance of these overallotment units in July 2014, represented 13.5% of the outstanding limited partnership interest.

4. Coal Derivative Contracts

The Partnership has commodity price risk for its coal sales as a result of changes in the market value of its coal. To minimize this risk, we enter into long-term, fixed price coal supply sales agreements and coal derivative swap contracts.

As of December 31, 2014 and 2013, we had outstanding coal derivative swap contracts to fix the selling price on 3.4 million tons and 2.0 million tons, respectively. Swaps are designed so that the Partnership receives or makes payments based on a differential between fixed and variable prices for coal. The coal derivative contracts are economic hedges to certain future unpriced (indexed) sales commitments and expected sales through 2017. The coal derivative contracts are indexed to the Argus API 2 price index, the benchmark price for coal imported into northwest Europe. The coal derivative contracts are accounted for as freestanding derivatives and any gains or losses resulting from adjusting these contracts to fair value are recorded into earnings. We record the fair value of all positions with a given counterparty on a gross basis in the consolidated balance sheets (see Note 16).

We have master netting agreements with all of our counterparties that allow for the settlement of contracts in an asset position with contracts in a liability position in the event of default. We manage counterparty risk through the utilization of investment grade commercial banks, diversification of counterparties and our counterparty netting arrangements.

The following is a summary of the unrealized and realized gains recorded on coal derivatives for the years ended December 31, 2014, 2013 and 2012:

	For the Year Ended December 31,		
	2014	2013	2012
	<i>(In Thousands)</i>		
Unrealized gain on coal derivatives	\$ 57,126	\$ 2,453	\$ 534
Realized gain (loss) on coal derivatives	19,204	(61)	—
Gain on coal derivatives	<u>\$ 76,330</u>	<u>\$ 2,392</u>	<u>\$ 534</u>

We received \$7.3 million and \$1.0 million in proceeds during the years ended December 31, 2014 and 2013, respectively, from derivatives that settled prior to an economically hedged sales contract. These settlements were recorded as an investing activity in the consolidated statements of cash flows.

5. Accounts Receivable

Accounts receivable consists of the following:

	December 31, 2014	December 31, 2013
	(In Thousands)	
Trade accounts receivable	\$ 72,687	\$ 54,084
Other receivables	8,076	4,903
Total accounts receivable	<u>\$ 80,763</u>	<u>\$ 58,987</u>

6. Inventories

Inventories consist of the following:

	December 31, 2014	December 31, 2013
	(In Thousands)	
Parts and supplies	\$ 32,137	\$ 30,155
Raw coal	6,200	4,250
Clean coal	54,065	36,885
Total inventories	<u>\$ 92,402</u>	<u>\$ 71,290</u>

7. Property, Plant, Equipment and Development, Net

Property, plant, equipment and development, net consist of the following:

	December 31, 2014	December 31, 2013
	(In Thousands)	
Land, land rights and mineral rights	\$ 107,348	\$ 114,058
Machinery and equipment	1,074,272	984,920
Machinery and equipment under capital leases	126,401	70,500
Buildings and structures	230,070	218,037
Development costs	695,386	619,117
Other	9,212	8,564
Property, plant, equipment and development	2,242,689	2,015,196
Less: accumulated depreciation, depletion and amortization	(769,626)	(601,122)
Property, plant, equipment and development, net	<u>\$ 1,473,063</u>	<u>\$ 1,414,074</u>

8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	December 31, 2014	December 31, 2013
	(In Thousands)	
Employee compensation, benefits and payroll taxes	\$ 13,119	\$ 17,137
Taxes other than income	5,494	4,270
Asset retirement obligations	4,207	809
Royalties (non-affiliate)	2,975	2,999
Liquidated damages (non-affiliate)	7,315	7,448
Other	4,492	4,852
Total accrued expenses and other current liabilities	<u>\$ 37,602</u>	<u>\$ 37,515</u>

9. Long-Term Debt and Capital Lease Obligations

Long-term debt and capital lease obligations consist of the following:

	December 31, 2014	December 31, 2013
	<i>(In Thousands)</i>	
2021 Senior Notes	\$ 596,213	\$ 595,795
Revolving Credit Facility	319,500	259,000
Term Loan	235,822	444,602
5.78% longwall financing arrangement	61,628	72,833
5.555% longwall financing arrangement	61,875	72,187
Capital lease obligations	85,633	43,180
Interim longwall financing arrangement	—	31,616
Total long-term debt and capital lease obligations	1,360,671	1,519,213
Less: current portion	(44,143)	(70,034)
Long-term debt and capital lease obligations	\$ 1,316,528	\$ 1,449,179

2021 Senior Notes

In August 2013, FELLC issued \$600.0 million of 7.875% senior notes due August 15, 2021 (the “2021 Senior Notes”). The proceeds from the issuance were used to redeem \$600.0 million of outstanding 9.625% senior notes due in 2017 (the “2017 Senior Notes”) through a tender offer. We recorded a \$77.3 million loss on the early extinguishment of debt during the year ended December 31, 2013 for the \$72.1 million in tender costs to redeem the 2017 Senior Notes and to write-off \$5.2 million in unamortized debt issuance costs. The tender costs were recorded as an operating activity in the consolidated statement of cash flows. The 2021 Senior Notes are guaranteed on a senior unsecured basis by all of the domestic operating subsidiaries of Foresight Energy LP, other than Foresight Energy Finance Corporation, co-issuer of the notes. The interest on the 2021 Senior Notes is due semiannually on February 15 and August 15 of each year. The 2021 Senior Notes were issued at an initial discount of \$4.3 million, which is being amortized using the effective interest method over the term of the notes.

Prior to August 15, 2016, we may redeem some or all of the 2021 Senior Notes at a redemption price equal to the sum of the principal amount of the 2021 Senior Notes to be redeemed, plus accrued and unpaid interest, plus the applicable make-whole premium. After August 15, 2016, we may redeem all or a part of the 2021 Senior Notes at the redemption prices (expressed as a percentage of principal) set forth below plus accrued and unpaid interest, if redeemed during the 12-month period commencing on August 15 of the years indicated below:

Year	Percentage
2016	105.91%
2017	103.94%
2018	101.97%
2019 and thereafter	100.00%

Revolving Credit Facility

In August 2013, FELLC executed the second amendment to its credit agreement (the “Credit Agreement”) to increase the borrowing capacity under its senior secured revolving credit facility (the “Revolving Credit Facility”) from \$400.0 million to \$500.0 million and extend the maturity date to August 23, 2018. The amendment resulted in the write-off of \$0.4 million in unamortized debt issuance costs due to certain lenders changing their commitment level under the credit agreement. Borrowings under the Revolving Credit Facility bear interest at a rate equal to, at the Partnership’s option, (1) British Bankers’ Association (as published by Reuters) LIBOR plus an applicable margin ranging from 2.50% to 3.50% or (2) a base rate plus an applicable margin ranging from 1.50% to 2.50%, in each case, determined in accordance with the Partnership’s consolidated net leverage ratio. The Partnership is also required to pay a 0.5% commitment fee to the lenders under the Revolving Credit Facility for unutilized commitments. The weighted-average interest rate on borrowings under the Revolving Credit Facility as of December 31, 2014 and 2013 was 3.5%. At December 31, 2014, we had \$6.5 million outstanding in letters of credit and \$174.0 million of remaining capacity under the Revolving Credit Facility.

Under the Credit Agreement, we are subject to customary debt covenants, including a consolidated interest coverage ratio and a consolidated senior secured leverage ratio. We were in compliance with our financial debt covenants as of December 31, 2014.

Term Loan

In August 2013, the Credit Agreement was also amended for the issuance of a \$450.0 million senior secured term B loan (the “Term Loan”). The Term Loan was issued at an original issuance discount of \$4.5 million which will be amortized over the term of the loan. In June 2014, we used proceeds from the IPO to repay \$210.0 million in principal outstanding under the Term Loan. This prepayment resulted in the write-off of \$2.8 million in unamortized debt issuance costs and \$1.9 million of unamortized debt discount. The prepayment of principal was applied to prospective scheduled quarterly principal payments as set forth in the Credit Agreement such that no further scheduled payments are due until the Term Loan matures on August 23, 2020. The Term Loan bears interest at LIBOR plus 4.5%, subject to a 1.0% LIBOR floor. As of December 31, 2014 and 2013, the interest rate on the Term Loan was 5.5%.

Longwall Financing Arrangements and Capital Lease Obligations

In January 2010, FELLC entered into a credit agreement with a financial institution to provide financing for longwall equipment and related parts and accessories. The financing arrangement is collateralized by the longwall mine equipment. Interest accrues on the note at a fixed rate per annum of 5.78% and is due semiannually in June and December until maturity. Principal is due in 17 equal semiannual payments through June 30, 2020. The outstanding balance as of December 31, 2014 was \$61.6 million. The guaranty agreement between FELLC and the lender under this financing arrangement has financial covenants that are identical to those of the Credit Agreement.

In May 2010, FELLC entered into a credit agreement with a financial institution to provide financing for longwall equipment and related parts and accessories. The financing arrangement is collateralized by the longwall mine equipment. Interest accrues on the note at a fixed rate per annum of 5.555% and is due semiannually in March and September until maturity. Principal is due in 17 equal semiannual payments through September 30, 2020. The outstanding balance as of December 31, 2014 was \$61.9 million. The guaranty agreement between FELLC and the lender under this financing arrangement has financial covenants that are identical to those of the Credit Agreement.

In March 2012, FELLC entered into a finance agreement with a financial institution to fund the manufacturing of longwall equipment. Upon taking possession of the longwall equipment during the third quarter of 2012, this interim longwall finance agreement was converted into six individual leases with maturities of four and five years beginning on September 1, 2012. These leases contain a bargain purchase option at the end of the lease term and are accounted for as capital lease obligations. These capital lease obligations bear interest ranging from 5.4% to 6.3%, and principal and interest payments are due monthly over the terms of the leases. As of December 31, 2014, \$30.5 million was outstanding under these capital lease obligations. In November 2014, the Partnership entered into a sale-leaseback financing arrangement with a financial institution under which it sold a set of longwall shields and related equipment to a financial institution for \$55.9 million and leased the shields back under three individual leases. We account for these leases as capital lease obligations since ownership of the longwall shields and related equipment transfer back to us upon the completion of the leases. These capital lease obligations bear interest at 5.762% and principal and interest payments are due monthly over the five-year terms of the leases. Aggregate termination payments of \$2.8 million are due at the end of the lease terms. As of December 31, 2014, \$55.1 million was outstanding under these capital lease obligations. In November 2013, FELLC entered into an interim longwall financing arrangement and master lease agreement with a lender to finance the installment payments required under a contract with a vendor for the purchase of a set of longwall shields and related parts and equipment. This interim longwall financing arrangement, as amended, allowed for borrowings up to the expected purchase price of \$63.2 million. In May 2014, the interim longwall financing arrangement and master lease agreement were terminated with the repayment of the \$61.3 million outstanding balance. Lender fees of \$0.3 million were recorded to loss on early extinguishment of debt during for the early termination of the master lease agreement.

Trade Accounts Receivable Securitization Program

On January 13, 2015, Foresight Energy LP and certain of its wholly-owned subsidiaries, entered into a \$70.0 million receivables securitization program (the “Program”). Under this Program, our subsidiaries will sell their customer trade receivables (the “Receivables”), on a revolving basis, to Foresight Receivables LLC, a wholly-owned special purpose subsidiary of Foresight Energy LP (the “SPV”). The SPV will then pledge its interests in the Receivables to the securitization program lenders, which will either make loans or issue letters of credit to, or on behalf of, the SPV. The maximum amount of advances and letters of credit outstanding under the program may not exceed \$70 million. The amount eligible for borrowing will be determined by the qualified receivable balances outstanding. The Program has a three-year maturity and will expire on January 12, 2018. The borrowings under the Program have two tranches of interest rates that approximate the one-month LIBOR rate plus 0.80%, and the Program also carries a commitment fee of 0.40% for unutilized commitments.

We used the initial \$57.2 million of proceeds under the Program primarily to reduce amounts outstanding under our Revolving Credit Facility.

Maturity Tables

The following summarizes the contractual principal maturities of long-term debt (excluding unamortized aggregate discounts of \$5.7 million) and capital lease obligations as of December 31, 2014:

	<u>Long-Term Debt</u>		<u>Capital Lease Obligations</u>
		<i>(In Thousands)</i>	
2015	\$	21,518	\$ 22,625
2016		21,518	21,936
2017		21,518	16,098
2018		341,018	11,267
2019		21,518	13,707
Thereafter		853,663	—
Total	\$	<u>1,280,753</u>	\$ <u>85,633</u>

The above table represents defined contractual repayments and does not assume any early voluntary prepayment of principal.

The aggregate amount of minimum lease payments (which includes principal and interest) for capital lease obligations is \$96.4 million as of December 31, 2014. Minimum lease payments from 2015 through 2019 are as follows:

<u>(In Thousands)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Minimum lease payments	\$ 26,957	\$ 24,922	\$ 17,950	\$ 12,411	\$ 14,172

10. Sale-Leaseback Financing Arrangements

Macoupin Energy Sale-Leaseback Financing Arrangement

In January 2009, Macoupin entered into a sales agreement with WPP, LLC (“WPP”) and HOD, LLC (“HOD”) (subsidiaries of Natural Resource Partners LP (“NRP”)) to sell certain mineral reserves and rail facility assets (the “Macoupin Sales Arrangement”). NRP is an affiliate of the Partnership (see Note 14). Macoupin received \$143.5 million in cash in exchange for certain mineral reserve and transportation assets. Simultaneous with the closing, Macoupin entered into a lease with WPP for mining the mineral reserves (the “Mineral Reserves Lease”) and with HOD for the use of the rail loadout and rail loop (the “Macoupin Rail Loadout Lease” and the “Rail Loop Lease,” respectively). The Mineral Reserves Lease is a 20-year noncancelable lease that contains renewal elections for six additional five-year terms. The Macoupin Rail Loadout Lease and the Rail Loop Lease are 99 year noncancelable leases. Under the Mineral Reserves Lease, Macoupin makes monthly payments equal to the greater of \$5.40 per ton or 8.00% of the sales price, plus \$0.60 per ton for each ton of coal sold from the leased mineral reserves, subject to a minimum royalty of \$4.0 million per quarter through December 31, 2028. After the initial 20-year term, the annual minimum royalty is \$10,000 per year. The minimum royalty is recoupable on future tons mined. If during any quarter the tonnage royalty under the Mineral Reserves Lease and tonnage fees paid under the Macoupin Rail Loadout and Rail Loop Leases discussed below exceed \$4.0 million, Macoupin may generally recoup any unrecouped quarterly payments made during the preceding 20 quarters on a first paid, first recouped basis. The Macoupin Rail Loadout Lease and Rail Loop Lease require an aggregate payment of \$3.00 (\$1.50 for the rail loop facility and \$1.50 for the rail load-out facility) for each ton of coal loaded through the facility for the first 30 years, up to 3.4 million tons per year. After the initial 30-year term, Macoupin would pay an annual rental payment of \$20,000 per year for usage of the rail loadout and rail loop. The Macoupin Sales Arrangement, Mineral Reserves Lease, Macoupin Rail Loadout Lease and Rail Loop Lease are collectively accounted for as a financing arrangement (the “Macoupin Sale-Leaseback”). This financing arrangement is recourse to Macoupin and not recourse to Foresight Energy LP or any of its other subsidiaries.

At December 31, 2014 and 2013, the amount outstanding under the Macoupin Sale-Leaseback was \$143.5 million. The effective interest rate on the financing obligation was 13.9% and 14.2% as of December 31, 2014 and 2013, respectively. Interest expense was \$16.3 million, \$19.6 million and \$20.6 million for the years ended December 31, 2014, 2013 and 2012, respectively. As of December 31, 2014 and 2013, interest of \$3.0 million and \$6.8 million, respectively, was accrued in the consolidated balance sheets for the Macoupin Sale-Leaseback.

Sugar Camp Energy Sale-Leaseback Financing Arrangement

In March 2012, Sugar Camp entered into a sales agreement with HOD for which it received a total of \$50.0 million in cash in exchange for certain rail loadout assets ("Sugar Camp Sales Agreement"). Simultaneous with the closing, Sugar Camp entered into a lease transaction with HOD for the use of the rail loadout (the "Sugar Camp Rail Loadout Lease"). The Sugar Camp Rail Loadout Lease is a 20-year noncancelable lease that contains renewal elections for 16 additional five-year terms. Under the Sugar Camp Rail Loadout Lease, Sugar Camp will pay a monthly royalty of \$1.10 per ton for every ton of coal mined from specified reserves and loaded through the rail loadout. The royalty is subject to adjustment based on the time it takes for Sugar Camp to complete each longwall move. The royalty payments are subject to a minimum payment amount of \$1.3 million per quarter for the first twenty years the lease is in effect. After the initial 20-year term, Sugar Camp would pay an annual rental payment of \$10,000 per year. To the extent the minimum payment exceeds amounts owed based on actual coal loaded, the excess is recoupable within two years of payment. The Sugar Camp Sales Agreement and Sugar Camp Rail Loadout Lease are collectively accounted for as a financing arrangement (the "Sugar Camp Sale-Leaseback"). This financing arrangement is recourse to Sugar Camp and Foresight Energy LP has a limited declining commercial guaranty which began at \$15 million and decreases with each minimum payment made by Sugar Camp. At December 31, 2014 and 2013, the amount outstanding under the Sugar Camp Sale-Leaseback was \$50.0 million. The effective interest rate on the financing, which is derived from the timing and tons of coal to be mined as set forth in the current mine plan and the related cash payments, was 13.9% and 14.3% at December 31, 2014 and 2013, respectively. Interest expense recorded on the Sugar Camp Sale-Leaseback was \$6.4 million, \$7.2 million and \$5.4 million for the years ended December 31, 2014, 2013 and 2012, respectively. As of December 31, 2014 and 2013, interest of \$2.5 million and \$2.3 million, respectively, was accrued in the consolidated balance sheets for the Sugar Camp Sale-Leaseback. In August 2013, an agreement was reached between the Partnership, Foresight Reserves and HOD that allows for the existing Sugar Camp Rail Loadout Lease to be amended in the future to include coal produced from the second longwall at Sugar Camp on what is expected to be materially consistent terms as the original agreement discussed. Pursuant to such an amendment occurring, the consideration paid by HOD for including coal produced by the second longwall at Sugar Camp will be paid directly to Foresight Reserves.

Maturity Tables

The following summarizes the maturities of expected principal payments, based on current mine plans, on the Partnership's sale-leaseback financing arrangements, and accrued interest at December 31, 2014:

	Sale-Leaseback Financing Arrangements	Accrued Interest
	(In Thousands)	
2015	\$ —	\$ 5,582
2016	600	—
2017	1,603	—
2018	2,761	—
2019	3,144	—
Thereafter	185,326	—
Total	\$ 193,434	\$ 5,582

The aggregate amounts of remaining minimum lease payments on the Partnership's sale-leaseback financing arrangements are \$310.3 million. Minimum payments from 2015 through 2019 are as follows:

In Thousands	2015	2016	2017	2018	2019
Minimum lease payments	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000

11. Contractual Arrangements and Operating Leases

The Partnership leases certain surface rights, mineral reserves, mining, transportation and other equipment under various lease agreements with related entities under common control, other affiliated entities and independent third parties in the normal course of business.

The mineral reserve leases can generally be renewed as long as the mineral reserves are being developed and mined until all economically recoverable reserves are depleted or until mining operations cease. The lease agreements typically require a production royalty at the greater amount of a base amount per ton or a percent of the gross selling price of the coal. Generally, the leases contain provisions that require the payment of minimum royalties regardless of the volume of coal produced or the level of mining activity. The minimum royalties are generally recoupable against production royalties over a contractually defined period of time (typically five to ten years). Some of these agreements also require overriding royalty and/or wheelage payments. Under the terms of certain mineral reserve leases, the Partnership is to use commercially reasonable efforts to acquire additional mineral reserves in certain properties as defined in the agreements and is responsible for the acquisition costs and the assets are to be titled to the lessor. Transportation throughput agreements generally require a per ton fee amount for coal transported and contain certain escalation clauses and/or renegotiation clauses. For certain transportation assets, the Partnership is responsible for operations, repairs, and maintenance and for keeping the transportation facilities in good working order. Surface rights, mining, and other equipment leases require monthly payments based upon the specified agreements. Certain of these leases provide options for the purchase of the property at various times during the life of the lease, generally at its then-fair market value. The Partnership also leases certain office space, rail cars and equipment under leases with varying expiration dates.

The following presents future minimum payments, by year, required under contractual royalty and throughput arrangements with related entities and third parties as of December 31, 2014:

	Royalties – Third Party	Royalties – Related Party	Transportation Minimums – Third Party	Transportation Minimums – Related Party
			<i>(In Thousands)</i>	
2015	\$ 2,004	\$ 57,667	\$ 28,025	\$ 42,320
2016	2,004	57,667	28,025	44,160
2017	2,004	57,667	20,780	46,080
2018	2,004	57,667	20,780	48,160
2019	2,004	57,667	20,780	50,320
Thereafter	11,189	315,001	44,280	107,440
Total	<u>\$ 21,209</u>	<u>\$ 603,336</u>	<u>\$ 162,670</u>	<u>\$ 338,480</u>

The following presents future minimum lease payments, by year, required under noncancelable operating leases with initial terms greater than one year, as of December 31, 2014:

	Operating Leases – Third Party	Operating Leases – Related Party
		<i>(In Thousands)</i>
2015	\$ 3,352	\$ 105
2016	2,227	105
2017	1,428	105
2018	680	105
2019	—	100
Thereafter	—	200
Total	<u>\$ 7,687</u>	<u>\$ 720</u>

Total rental expense from operating leases for the years ended December 31, 2014, 2013, and 2012 was \$16.1 million, \$17.0 million, and \$17.2 million, respectively. Included in rental expense is \$9.9 million, \$9.9 million, and \$11.5 million for the years ended December 31, 2014, 2013 and 2012, respectively, of contingent rental payments to Williamson Transport, a subsidiary of NRP, for the rail loadout facility at Williamson Energy. We pay contingent rental fees, net of a fixed per ton amount received for maintaining the facility, on each ton of coal passed through the rail loadout facility.

12. Asset Retirement Obligations

The change in the carrying amount of asset retirement obligations was as follows:

	For the Year Ended December 31,		
	2014	2013	2012
		(In Thousands)	
Balance at beginning of period (including current portion)	\$ 21,225	\$ 19,449	\$ 19,967
Accretion expense	1,621	1,527	1,552
Adjustments for liabilities incurred or changes in estimates	13,747	625	(1,496)
Expenditures for reclamation activities	(1,013)	(376)	(574)
Balance at end of period (including current portion)	35,580	21,225	19,449
Less: current portion of asset retirement obligations	(4,207)	(809)	(99)
Noncurrent portion of asset retirement obligations	<u>\$ 31,373</u>	<u>\$ 20,416</u>	<u>\$ 19,350</u>

The credit-adjusted, risk-free interest rates used in determining the asset retirement obligations were 6.6%, 8.8% and 7.6% at December 31, 2014, 2013, and 2012, respectively.

13. Coal Workers' Pneumoconiosis and Workers' Compensation

Certain of our consolidated affiliates are responsible under Illinois statutes and the Federal Coal Mine Health and Safety Act of 1969, as amended, for medical and disability benefits to employees and their dependents resulting from occurrences of coal workers' pneumoconiosis disease ("CWP"). In addition, state statutes dictate that we provide income replacement and medical treatment for work-related traumatic injury claims, including survivor benefits for employment related deaths. Effective July 1, 2014, we terminated our guaranteed cost program in favor of a high deductible insurance program.

Our liability for CWP benefits was estimated by an independent actuary based on assumptions regarding medical costs, allocated loss adjustment expense, claim development patterns and interest rates. For the year ended December 31, 2014, we recorded CWP expense of \$1.5 million and have a CWP liability of \$1.5 million recorded in other long-term liabilities in the consolidated balance sheet as of December 31, 2014.

Our liability for workers compensation benefits was determined by a third-party administrator based on actual claims incurred and the expected development of those claims. For the year ended December 31, 2014, we recorded workers' compensation expense of \$1.4 million and have a workers' compensation liability of \$1.1 million recorded in accrued expenses and other current liabilities in the consolidated balance sheet.

14. Related-Party Transactions

The chairman of our general partner's board of directors and the controlling member of Foresight Reserves, Chris Cline, directly and indirectly beneficially owns a 31% and 4% interest in the general and limited partner interests of NRP, respectively. We routinely engage in transactions in the normal course of business with NRP and its subsidiaries and Foresight Reserves and its affiliates. These transactions include production royalties, transportation services, administrative arrangements, coal handling and storage services, supply agreements, service agreements, land leases and sale-leaseback financing arrangements (see Note 10, sale-leaseback financing arrangements are excluded from the discussion and tables below). We also acquire, from time to time, mining equipment from Foresight Reserves and affiliated entities.

If a conflict or potential conflict of interest arises between our general partner or its affiliates, on the one hand, and us or our unitholders, on the other hand, the resolution of any such conflict or potential conflict should be addressed by the conflicts committee. The independent members of the board of directors of our general partner serve on our conflicts committee to review specific matters that the board believes may involve conflicts of interest and determines to submit to the conflicts committee for review. The conflicts committee determines if the resolution of the conflict of interest is adverse to the interest of the partnership. Any matters approved by the conflicts committee are conclusively deemed to be approved by us and all of our partners and not a breach by our general partner of any duties it may owe us or our unitholders.

Limited Partnership Agreement

The Partnership's general partner manages the Partnership's operations and activities as specified in the partnership agreement. The general partner of the Partnership is managed by its board of directors. Foresight Reserves has the right to select the directors of the general partner. The members of the board of directors of the general partner are not elected by the unitholders and are not subject to reelection by the unitholders. The officers of the general partner manage the day-to-day affairs of the Partnership's business. The partnership agreement provides that the Partnership will reimburse its general partner for all direct and indirect expenses incurred or payments made by the general partner on behalf of the Partnership. No amounts were incurred by the general partner or reimbursed under the partnership agreement from the IPO date to December 31, 2014.

Mineral Reserve Leases

Our mines have a series of mineral reserve leases with Colt, LLC ("Colt") and Ruger, LLC ("Ruger"), subsidiaries of Foresight Reserves. Each of these leases have initial terms of 10 years with six renewal periods of five years each, at the election of the lessees, and generally require the lessees to pay the greater of \$3.40 per ton or 8.5% of the gross sales price, as defined in the respective agreements, of such coal. We also have overriding royalty agreements with Ruger pursuant to which we pay royalties equal to 8.0% of the gross selling prices, as defined in the agreements. Each of these mineral reserve leases generally require a minimum annual royalty payment, which is recoupable only against actual production royalties from future tons mined during the period of 10 years following the date on which any such royalty is paid.

We also lease mineral reserves under lease agreements with subsidiaries of NRP, including WPP, HOD, and Independence Energy, LLC ("Independence"). The initial terms of these agreements vary, however, each carries an option by the lessee to extend the leases until all merchantable and mineable coal has been mined and removed. Royalty payments under these arrangements are generally determined based on the greater of a minimum per ton amount (ranging from \$2.50 per ton to \$5.40 per ton) or a percentage of the gross sales price (generally 8.0% - 9.0%), as defined in the respective agreements. We are also subject under certain of these mineral reserve agreements to overriding royalties and/or wheelage fees. Our mineral reserve leases with NRP subsidiaries also require minimum quarterly or annual royalties which are generally recoupable on future tons mined and sold during the preceding five-year period from the excess tonnage royalty payments on a first paid, first recouped basis.

As of December 31, 2014, we have established a \$34.7 million reserve against a contractual prepaid royalty between Hillsboro and WPP given that the recoupment of certain prior minimum royalty payments was improbable given the remaining recoupment period available and forecasted demand for Hillsboro coal based on current and forecasted near-term market conditions. We continually evaluate our ability to recoup prepaid royalty balances which includes, among other things, assessing mine production plans, sales commitments, current and forecasted future coal market conditions, and remaining years available for recoupment.

Transloading Agreements

In connection with the 2013 Reorganization (see Note 17), each of our mines entered into a transloading and storage agreement with Sitran, a barge transloading facility on the Ohio River owned by Foresight Reserves. These agreements provide for the unloading of coal from railcars into stockpiles at Sitran and for the loading of coal from stockpiles into barges. Under these agreements each mine pays Sitran a fee for each ton of coal offloaded, stored or transloaded at Sitran's facility. The agreements carry no minimum volume requirements. Each agreement has an initial term of three years and automatically renew for successive one-year periods unless terminated by either party. On February 25, 2015, Foresight Reserves and a member of management contributed Sitran to the Partnership (see Note 17).

In August 2011, an affiliated company owned by Foresight Reserves acquired the IC RailMarine Terminal in Convent, Louisiana. This terminal, commonly referred to as the Convent Marine Terminal ("CMT"), is owned by Raven Energy LLC, an entity controlled and beneficially owned by Christopher Cline. The terminal is designed to ship and receive commodities via rail, river barge and ocean vessel. We have a contract for throughput at the terminal that continues through December 31, 2021 under which we pay fees based on the tonnages of coal we move through the terminal, subject to minimum annual take-or-pay volume commitments.

Other

In August 2013, FELLC entered into an equipment repair and rebuild agreement with Seneca Rebuild LLC ("Seneca Rebuild"), an affiliated entity owned indirectly by Chris Cline. The agreement called for Seneca Rebuild to be the primary provider of repair and rebuild services for mining machinery and equipment for our mines. Effective April 1, 2014, FELLC reached an agreement to acquire Seneca Rebuild for \$3.8 million, net of cash acquired. Because FELLC and Seneca Rebuild were under common control, the assets and liabilities of Seneca Rebuild were recorded by FELLC at carrying value on the acquisition date. Seneca Rebuild's net assets on the acquisition date consisted principally of property, plant and equipment. The \$0.3 million paid over the excess of the carrying value of

the net assets of Seneca Rebuild on the acquisition date was recorded as a deemed distribution. Given the immateriality of this acquisition, the financial results of Seneca Rebuild are reflected prospectively in the consolidated financial statements of the Partnership.

Williamson leases property from Williamson Transport, an affiliate of NRP, under two surface leases with initial terms through October 15, 2031 and an option to extend the leases in five-year increments until all the coal leased from an NRP affiliate is mined on Williamson's premises. Williamson Transport has the option to put the land to Williamson for its fair market value as determined by an independent appraiser at any time during the lease term. Additionally, under a separate lease with an initial term through March 12, 2018, Williamson pays \$5,000 per year for use of the premises and a fee, currently at \$1.80 per ton, for each ton of coal produced at Williamson that is loaded through the Williamson rail loadout facility. Williamson Transport may elect to renew or extend the sublease for successive five-year periods. If Williamson Transport elects not to renew the sublease, Williamson has the option to buy the Williamson rail loadout facility for its fair market value as determined by an independent appraiser. Williamson receives a fee of \$0.25 per ton from Williamson Transport for each ton of coal that is loaded through the Williamson rail loadout facility in exchange for operating the load out.

We are party to two surface leases in relation to the coal preparation plant and rail loadout facility at Williamson with New River Royalty, a subsidiary of Foresight Reserves. The primary terms of the leases expire on October 15, 2021, but may be extended by New River Royalty for additional five-year terms under the same terms and conditions until all of the merchantable and mineable coal has been mined and removed from Williamson. Williamson is required to pay aggregate rent of \$100,000 per year to New River Royalty under the leases. Additionally, New River Royalty may require Williamson to purchase any portion of either of the leased properties at any time while the leases are in effect for \$3,000 an acre. Williamson Transport has the option to purchase any property optioned under the leases if Williamson does not perform its purchase obligation within fifteen days of receiving notice of its purchase obligation.

We may arrange air travel on an individual flight basis with affiliated entities controlled by Chris Cline. These expenses are incurred hourly (at estimated cost), by flight, and are initially paid by the affiliated entities and then reimbursed by us. We also from time to time utilize other assets controlled by Chris Cline and reimburse the affiliated entities on a time-incurred basis.

In January 2007, Chris Cline, Foresight Reserves, Adena Minerals LLC and their respective affiliates (collectively, "Adena Entities") and NRP executed a restricted business contribution agreement. The restricted business contribution agreement obligates the Adena Entities and their affiliates to offer NRP any business owned, operated or invested in by the Adena Entities, subject to certain exceptions, that either (a) owns, leases or invests in hard minerals or (b) owns, operates, leases or invests in identified transportation infrastructure relating to certain future mine developments by the Adena Entities in Illinois. NRP's acquisition of certain coal reserves and infrastructure assets related to our Macoupin, Hillsboro and Sugar Camp mining complexes, discussed above and in Note 10, were deals consummated under the restricted business contribution agreement with the Adena Entities. The Adena Entities are required to offer and could consummate additional deals under the restricted business contribution agreement in the future.

During the years ended December 31, 2014 and 2013, we purchased \$18.1 million and \$14.7 million in mining supplies from an affiliated joint venture under a supply agreement entered into in May 2013 (see Note 15).

We receive monthly fees from Foresight Reserves in exchange for performing bookkeeping and other administrative functions for certain of its subsidiaries.

The following table presents the affiliate amounts included in our consolidated balance sheets:

Affiliated Company	Balance Sheet Location	December 31, 2014	December 31, 2013
		<i>(In Thousands)</i>	
Foresight Reserves and affiliated entities	Due from affiliates	\$ 387	\$ 368
NRP and affiliated entities	Due from affiliates	187	—
Total		<u>\$ 574</u>	<u>\$ 368</u>
Foresight Reserves and affiliated entities	Due to affiliates	\$ 8,730	\$ 4,521
NRP and affiliated entities	Due to affiliates	7,148	5,051
Total		<u>\$ 15,878</u>	<u>\$ 9,572</u>
Foresight Reserves and affiliated entities	Prepaid royalties	\$ 53,671	\$ 37,644
NRP and affiliated entities ⁽¹⁾	Prepaid royalties	11,071	39,801
Total		<u>\$ 64,742</u>	<u>\$ 77,445</u>

(1) – Prepaid royalties with NRP and affiliated entities is presented net of a \$34,700 reserve.

A summary of expenses (income) incurred with affiliated entities is as follows for the years ended December 31, 2014, 2013 and 2012:

	For the Year Ended December 31,			
	2014	2013	2012	
		<i>(In Thousands)</i>		
Royalty expense – NRP and affiliated entities ⁽¹⁾	\$ 48,652	\$ 51,345	\$ 42,051	
Royalty expense – Foresight Reserves and affiliated entities ⁽¹⁾	\$ 11,282	\$ 8,294	\$ 8,790	
Loadout services – NRP and affiliated entities ⁽¹⁾	\$ 9,878	\$ 10,000	\$ 11,608	
Terminal fees – Foresight Reserves and affiliated entities ⁽²⁾	\$ 52,781	\$ 30,217	\$ 26,275	
Management and transportation usage fees – Foresight Reserves and affiliated entities ⁽³⁾	\$ —	\$ 1,488	\$ 3,127	
Administrative fee income – Foresight Reserves and affiliated entities ⁽⁴⁾	\$ (256)	\$ (120)	\$ (30)	

Principal location in the consolidated statements of operations:

- (1) – Cost of coal produced (excluding depreciation, depletion and amortization)
- (2) – Transportation
- (3) – Selling, general and administrative
- (4) – Other operating income, net

The contractual commitment tables for operating leases, transportation throughput agreements, and royalty agreements with affiliated parties are disclosed in Note 11.

15. Variable Interest Entities (VIEs)

The consolidated financial statements include VIEs for which the Partnership or its subsidiary is the primary beneficiary. Among those VIEs consolidated by the Partnership and its subsidiaries are Mach Mining, LLC; M-Class Mining, LLC; MaRyan Mining LLC; Patton Mining LLC; Viking Mining LLC; Coal Field Construction Company LLC; Coal Field Repair Services LLC and LD Labor Company LLC (prior to the 2013 Reorganization date discussed below) (collectively, the “Contractor VIEs”). Each of the Contractor VIEs holds a contract to provide one or more of the following services to a Partnership subsidiary: contract mining, processing and loading services, or construction and maintenance services. Each of the Contractor VIEs generally receives a nominal per ton fee (\$0.01 to \$0.02 per ton) above its cost of operations as compensation for services performed. All of these entities were determined not to have sufficient equity at risk and are therefore VIEs. The Partnership was determined to be the primary beneficiary of each of these entities given it controls these entities under a contractual cost-plus arrangement. During the years ended December 31, 2014, 2013 and 2012, in aggregate, the Contractor VIEs earned income of \$0.4 million, \$0.3 million and \$0.2 million, respectively, under the

contractual arrangements with the Partnership which was recorded as net income attributable to noncontrolling interests in the consolidated statements of operations.

On August 23, 2013, FELLC effected a reorganization pursuant to which certain transportation assets were distributed to its members (see Note 17). Among the assets distributed were Adena Resources LLC (“Adena”), a subsidiary that provides water and other miscellaneous rights to the mines and Hillsboro’s coal loadout facility, including the land on which the facility is situated (collectively, the “Loadout”).

Adena has various water rights contracts that are used to provide water to the Partnership’s mines. Concurrent with the distribution of Adena to FELLC members, we entered into a water resources agreement between the Partnership’s mines and Adena providing for water resources to be available at each of the mines. As compensation for furnishing water to the mines, we pay Adena the actual cost (including capital expenditures) incurred by Adena plus an annual fee of \$10,000. Adena is determined not to have sufficient equity at risk and is therefore a VIE. The Partnership is determined to be the primary beneficiary of Adena given it controls this entity under a contractual cost-plus arrangement. During the years ended December 31, 2014 and 2013, Adena incurred a loss of \$0.4 million and \$0.2 million, respectively, which was recorded as net income attributable to noncontrolling interests in the consolidated statements of operations. On February 25, 2015, Foresight Reserves and a member of management contributed Adena to the Partnership (see Note 17).

Subsequent to the 2013 Reorganization, Foresight Reserves placed the Loadout into a newly created subsidiary, Hillsboro Transport, LLC (“Hillsboro Transport”). A throughput agreement was entered into between Hillsboro and Hillsboro Transport for Hillsboro Transport to operate the Loadout. As compensation for operating and maintaining the Loadout, Hillsboro pays \$0.99 per ton for every ton of coal loaded through the Loadout, subject to a minimum quarterly payment of \$1.3 million, which began in the first quarter of 2014. Hillsboro Transport was determined not to have sufficient equity at risk as a result of the throughput agreement’s guaranteed minimum quarterly payment and is therefore a VIE. Hillsboro was determined to be the primary beneficiary of this entity as it implicitly controls Hillsboro Transport given the related-party relationship between Hillsboro and Hillsboro Transport and the fact that the sole assets held by Hillsboro Transport are unique to Hillsboro’s operations. During the years ended December 31, 2014 and 2013, Hillsboro Transport earned \$3.8 million and \$2.0 million, respectively, in net income under this arrangement, which is presented in net income attributable to noncontrolling interests in the consolidated statements of operations. On February 25, 2015, Foresight Reserves and a member of management contributed Hillsboro Transport to the Partnership (see Note 17).

The liabilities recognized as a result of consolidating the VIEs do not necessarily represent additional claims on the general assets of the Partnership outside of the VIEs; rather, they represent claims against the specific assets of the consolidated VIEs. Conversely, assets recognized as a result of consolidating these VIEs do not necessarily represent additional assets that could be used to satisfy claims against the Partnership’s general assets. There are no restrictions on the VIE assets that are reported in the Partnership’s general assets. The total consolidated VIE assets and liabilities reflected in the Partnership’s consolidated balance sheets are as follows:

	December 31, 2014	December 31, 2013
	<i>(In Thousands)</i>	
Assets:		
Current assets	\$ 4,939	\$ 4,386
Long-term assets	<u>1,554</u>	<u>2,141</u>
Total assets	<u>\$ 6,493</u>	<u>\$ 6,527</u>
Liabilities:		
Current liabilities	\$ 10,145	\$ 5,310
Long-term liabilities	<u>1,131</u>	<u>157</u>
Total liabilities	<u>\$ 11,276</u>	<u>\$ 5,467</u>

In May 2013, an affiliate owned by Chris Cline and a third-party supplier of mining supplies formed a joint venture whose purpose is the manufacture and sale of supplies primarily for use by the Partnership in the conduct of its mining operations. The agreement obligates the Partnership’s coal mines to purchase at least 90% of their aggregate annual requirements for certain mining supplies from the supplier parties, subject to exceptions as set forth in the agreement. The initial term of the amended agreement is five years and expires in April 2018. The supplies sold under this arrangement result in an agreed-upon fixed profit percentage for the joint venture. This joint venture was determined to be a VIE given that the equity holders do not have the obligation to absorb the expected losses or the right to receive the expected residual returns of the joint venture as a result of the Partnership effectively guaranteeing a fixed-profit percentage on the supplies it purchases from the joint venture. We are not the primary beneficiary of this joint venture

and, therefore, do not consolidate the joint venture, given that the power over the joint venture is conveyed through the board of directors of the joint venture and no party controls the board of directors.

16. Fair Value of Financial Instruments

The tables below set forth, by level, the Partnership's net financial assets and liabilities for which fair value is measured on a recurring basis:

Fair Value at December 31, 2014				
	Total	Level 1	Level 2	Level 3
	(In Thousands)			
Coal derivative contracts	\$ 61,037	\$ —	\$ 61,037	\$ —
Total	\$ 61,037	\$ —	\$ 61,037	\$ —

Fair Value at December 31, 2013				
	Total	Level 1	Level 2	Level 3
	(In Thousands)			
Coal derivative contracts	\$ 2,020	\$ —	\$ 2,020	\$ —
Liability Award	(11,700)	—	—	(11,700)
Total	\$ (9,680)	\$ —	\$ 2,020	\$ (11,700)

The Partnership's coal derivative contracts are valued based on direct broker quotes and corroborated with API 2 market pricing data. The liability award represents a phantom equity award ("Liability Award") to a retired executive for which the value was determined based on the fair value, as defined in the agreement, of Foresight Reserves as of the employee's retirement date and was adjusted for distributions made to Foresight Reserves' members. This Liability Award fully vested in 2010 and was granted principally for services performed to develop the Partnership's longwall mines. Prior to March 31, 2014, the Liability Award was Level 3 in the fair value hierarchy given Foresight Reserves was a private company; therefore, there was no liquid market to determine the fair value of Foresight Reserves' equity. The fair value of the Liability Award was determined using a discounted cash flow model and corroborated with recent equity transactions at Foresight Reserves. Effective March 31, 2014, the Liability Award amount was negotiated between the Partnership and the employee to be \$12.4 million; therefore, the value of this liability was contracted and therefore no longer a Level 3 liability. As of December 31, 2014, \$0.4 million of the unpaid balance is recorded in accrued expenses and other current liabilities for required payments over the next year, and the remaining \$3.8 million is recorded in other long-term liabilities, which will be paid out ratably through 2024. The note payable to the retired executive currently bears interest at 3.45%.

The classification and amount of the Partnership's financial instruments measured at fair value on a recurring basis, which are presented on a gross basis in the consolidated balance sheets as of December 31, 2014 and 2013, are as follows:

Fair Value at December 31, 2014				
	Current – Coal Derivative Assets	Long-Term – Coal Derivative Assets	Accrued Expenses	Other Long-Term Liabilities
	(In Thousands)			
Coal derivative contracts	\$ 36,080	\$ 24,957	\$ —	\$ —
Total	\$ 36,080	\$ 24,957	\$ —	\$ —

Fair Value at December 31, 2013				
	Current – Coal Derivative Assets	Long-Term – Coal Derivative Assets	Accrued Expenses	Other Long-Term Liabilities
	(In Thousands)			
Coal derivative contracts	\$ 1,976	\$ 912	\$ (531)	\$ (337)
Liability Award	—	—	(11,700)	—
Total	\$ 1,976	\$ 912	\$ (12,231)	\$ (337)

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended December 31, 2014 and 2013:

		Liability Award
		<i>(In Thousands)</i>
Balance at January 1, 2014	\$	11,700
Recorded fair value losses (gains):		
Included in earnings		690
Purchases, issuances and settlements		(12,390)
Balance at December 31, 2014	\$	<u>—</u>
Balance at January 1, 2013	\$	—
Recorded fair value losses (gains):		
Included in earnings		677
Capitalized into development costs		(217)
Purchases, issuances and settlements		11,240
Balance at December 31, 2013	\$	<u>11,700</u>

During the years ended December 31, 2014, 2013 and 2012, there were no assets or liabilities that were transferred between Level 1 and Level 2.

Long-Term Debt

The fair value of long-term debt as of December 31, 2014 and 2013 was \$1,279.7 million and \$1,509.2 million, respectively. The fair value of long-term debt was calculated based on the amount of future cash flows associated with each debt instrument discounted at the Partnership's current estimated credit-adjusted borrowing rate for similar debt instruments with comparable terms. This is considered a Level 3 fair value measurement.

17. Partners' Capital

Common and Subordinated Units

All subordinated units are currently held by Foresight Reserves and a member of management. The principal difference between our common units and subordinated units is that subordinated unitholders are not entitled to receive a distribution of available cash until the holders of common units have received the minimum quarterly distribution ("MQD"). The MQD is \$0.3375 per unit for such quarter plus any cumulative arrearages of previously unpaid MQDs from previous quarters. Also, subordinated unitholders are not entitled to receive arrearages. The subordination period will end, and the subordinated units will convert to common units, on a one-for-one basis, on the first business day after the Partnership has paid the MQD for each of three consecutive, non-overlapping four-quarter periods ending on or after March 31, 2017 and there are no outstanding arrearages on the common units. Notwithstanding the foregoing, the subordination period will end on the first business day after the Partnership has paid an aggregate amount of at least \$2.025 per unit (150.0% of the MQD on an annualized basis) on the outstanding common and subordinated units and the Partnership has paid the related distribution on the incentive distribution rights, for any four-quarter period ending on or after March 31, 2015 and there are no outstanding arrearages on the common units. Our partnership agreement provides that our general partner will make a determination as to whether a distribution will be made, but our partnership agreement does not require us to pay distributions at any time or at any amount. Our partnership agreement authorizes us to issue an unlimited number of additional partnership interests for the consideration and on the terms and conditions determined by our general partner without the approval of the unitholders.

Incentive Distribution Rights

Our general partner owns all of the incentive distribution rights ("IDRs"). IDRs represent the right to receive an increasing percentage of quarterly distributions of available cash from operating surplus after the MQD and the target distribution levels (described below) have been achieved. Our general partner may transfer these rights separately from its general partner interest, subject to restrictions in our partnership agreement. Our general partner, as the IDR holder, will have the right, subsequent to the subordination period and subject to distributions exceeding the MQD by at least 150% for four consecutive quarters, to reset the target distribution levels and receive common units.

Allocation of Net Income (Loss)

Our partnership agreement contains provisions for the allocation of net income and loss to the unitholders and the general partner. For purposes of maintaining partner capital accounts, the partnership agreement generally specifies that items of income and loss shall be allocated among the partners in accordance with their respective percentage interest.

Percentage Allocation of Available Cash from Operating Surplus

The following table illustrates the percentage allocation of available cash from operating surplus between the unitholders and our general partner (as the holder of our IDRs) based on the specified target distribution levels. The amounts set forth under the column heading “Marginal Percentage Interest in Distributions” are the percentage interests of the IDR holder and the unitholders of any available cash from operating surplus we distribute up to and including the corresponding amount in the column “Total Quarterly Distribution Per Common Unit”. The percentage interests shown for our unitholders and our general partner for the MQD are also applicable to quarterly distribution amounts that are less than the MQD.

The percentage interests set forth below assumes there are no arrearages on common units.

	Total Quarterly Distribution Per Common Unit	Marginal Percentage Interest in Distributions	
		Unitholders	General Partner (IDRs)
Minimum quarterly distribution	\$0.3375	100.0%	—
First target distribution	Above \$0.3375 up to \$0.3881	100.0%	—
Second target distribution	Above \$0.3881 up to \$0.4219	85.0%	15.0%
Third target distribution	Above \$0.4219 up to \$0.5063	75.0%	25.0%
Thereafter	Above \$0.5063	50.0%	50.0%

Our partnership agreement sets forth the calculation to be used to determine the amount and priority of cash distributions that the common and subordinated unitholders and general partner will receive.

In August and November of 2014, we declared and paid quarterly cash distributions of \$0.03 per unit (equal to the MQD, rounded-up, and prorated for the period from the closing date of the IPO to the end of the second quarter) and \$0.35 per unit, respectively, to all unitholders on the respective record dates.

On February 6, 2015, we declared a quarterly cash distribution of \$0.36 per unit to all unitholders, which was paid on February 27, 2015, to all unitholders of record on February 16, 2015.

Predecessor Members’ Deficit

Simultaneously with the closing of the debt refinancing on August 23, 2013 (see Note 9), FELLC underwent a reorganization (the “2013 Reorganization”) pursuant to which it distributed to its members 100% of its ownership interest in Sitran, Adena and Hillsboro Transport. FELLC recorded a non-cash distribution totaling \$62.0 million in August 2013 to reflect these distributions to its members. In May 2014, based upon the terms of the 2013 Reorganization, FELLC distributed to its members approximately 1,900 acres of surface land not needed for current or currently projected future operations and \$0.1 million in cash. The carrying value of the distributed land was \$12.2 million. Additionally, in connection with the acquisition of Seneca Rebuild on April 1, 2014, a deemed distribution in the amount of \$0.3 million was recorded to reflect the excess of the purchase price paid by FELLC over the carrying value of the net assets acquired (see Note 14).

On June 23, 2014, in connection with the IPO, Foresight Reserves and a member of management each contributed their membership interests in FELLC to the Partnership in exchange for common and subordinated units of FELP (see Note 3). As a result, the members’ deficit balance of \$104.9 million at the time of the transfer was allocated, pro rata based on units outstanding, to common and subordinated unitholder capital accounts.

Noncontrolling Interests

Noncontrolling interests’ equity and net income attributable to noncontrolling interests result from the consolidation of variable interest entities for which the Partnership has no equity interests (see Note 15).

Contribution of Assets

On February 25, 2015, Foresight Reserves and a member of management contributed 100% of the equity of Sitran, Adena and Hillsboro Transport to the Partnership. The entities were contributed by Foresight Reserves and a member of management for no

consideration. Sitran, Adena and Hillsboro Transport had an aggregate net book value of approximately \$60 million at January 31, 2015.

18. Equity-Based Compensation

Long-Term Incentive Plan

Upon the closing of our IPO, the Partnership adopted a Long-Term Incentive Plan ("LTIP") for employees, directors, officers and certain key third-parties (collectively, the "Participants"). The Plan allows for the issuance of equity-based compensation in the form of phantom units, unit awards, unit options, unit appreciation rights, restricted units, other unit-based awards, distribution equivalent rights, performance awards, and substitute awards to Participants. The LTIP awards granted thus far are phantom units, which upon satisfaction of vesting requirements, entitle the LTIP participant to receive FELP common units. The Board of Directors of the Partnership authorized 7.0 million common units to be granted under the LTIP, with 6.2 million units available for grant as of December 31, 2014. Annual grant levels and vesting requirements are recommended by the Partnership's chief executive officer, subject to the review and approval by the board of directors.

Long-Term Incentive Compensation Awards

In June 2014, upon the closing of the IPO, pre-existing cash-based compensation liability awards were converted to equity awards which are to be settled in FELP common units after meeting certain vesting requirements. As a result, on June 23, 2014, \$0.6 million was reclassified from accrued expenses and other current liabilities to partners' capital for the conversion of the pre-existing cash-based awards to 154,027 phantom units to be issued under the LTIP. No additional compensation expense was recorded as a result of the modification of these awards. These modified awards are time-based unit awards and generally vest, subject to continued employment, ratably over three-year periods from the award date (with accelerated vesting in certain instances). Compensation expense for these awards is recognized on a straight-line basis over the requisite service period, net of estimated forfeitures. Upon vesting, the Partnership issues authorized and unissued shares of the Partnership's common units to the recipient. In December 2014, vesting requirements had been satisfied on certain of the awards resulting in 45,736 unrestricted common units being issued (the remaining 27,926 units were settled in cash to satisfy the individual minimum tax obligations of the Participants). As of December 31, 2014, none of the awards had been forfeited.

LTIP Awards

In June 2014, the Partnership also granted 595,075 phantom units to employees under the LTIP, of which 72,500 units vested immediately. As a result of the immediate vesting, 46,681 unrestricted common units were issued (the remaining 25,819 units were settled in cash to satisfy the individual statutory minimum tax obligations of the Participants). The remaining awards are considered time-based unit awards and generally cliff-vest, subject to continued employment, at the end of three years of service (with accelerated vesting under certain instances). Compensation expense for these awards is recognized on a straight-line basis over the requisite service period, net of estimated forfeitures. Upon vesting, the Partnership will issue authorized and unissued shares of the Partnership's common units to the recipient. As of December 31, 2014, 9,750 units had been forfeited.

On February 5, 2015, the board of directors approved equity grants to the Partnership's chief executive officer consisting of 215,954 common units and 215,796 subordinated units under the LTIP. The awards are fully-vested as of the grant date, but are subject to certain sale and transfer restrictions through December 31, 2019.

Director Awards

Also in 2014, the Partnership granted 7,919 phantom units to non-employee directors under the LTIP. These awards are considered time-based unit awards and vest ratably over a three-year period (with accelerated vesting in certain instances). Compensation expense for these awards is recognized on a straight-line basis over the requisite service period. As of December 31, 2014, none of the director awards had vested or been forfeited.

Summary

For the year ended December 31, 2014, our equity-based compensation expense was \$5.0 million, net of estimated forfeitures, of which \$0.3 million was capitalized. Approximately 63% of the Partnership's equity-based compensation is reported through selling, general and administrative expenses in the consolidated statement of operations with the remaining 37% recorded through cost of coal sales. As of December 31, 2014, the total unrecognized compensation expense for phantom unit awards that are expected to vest was \$9.0 million. This expense is expected to be recognized over a weighted-average period of 2.3 years. The intrinsic value of the non-vested LTIP awards was \$10.1 million as of December 31, 2014. All non-vested phantom units include tandem distribution incentive rights, which provide for the right to accrue quarterly cash distributions in an amount equal to the cash distributions the Partnership makes to unitholders during the vesting period and will be settled in cash upon vesting. The Partnership has approximately \$0.2 million accrued for this liability as of December 31, 2014. Any distributions accrued to a Participants' account will be forfeited if the related phantom award fails to vest according to the relevant vesting conditions.

A summary of LTIP award activity for the year ended December 31, 2014 is as follows:

	Number of Units	Weighted Average Grant Date Fair Value per Unit
Non-vested grants at January 1, 2014	-	\$ -
Granted	757,021	\$ 19.99
Vested	(146,162)	\$ 20.00
Forfeited	(9,750)	\$ 20.00
Non-vested grants at December 31, 2014	601,109	\$ 19.99

19. Earnings per Limited Partner Unit

Limited partners' interest in net income attributable to the Partnership and basic and diluted earnings per unit reflect net income attributable to the Partnership from the June 23, 2014 closing date of the IPO through December 31, 2014. We compute earnings per unit ("EPU") using the two-class method for master limited partnerships as prescribed in Accounting Standards Codification ("ASC") 260, *Earnings Per Share*. The two-class method requires that securities that meet the definition of a participating security be considered for inclusion in the computation of basic EPU. In addition to the common and subordinated units, we have also identified the general partner interest and IDRs as participating securities. Under the two-class method, EPU is calculated as if all of the earnings for the period were distributed under the terms of the partnership agreement, regardless of whether the general partner has discretion over the amount of distributions to be made in any particular period, whether those earnings would actually be distributed during a particular period from an economic or practical perspective, or whether the general partner has other legal or contractual limitations on its ability to pay distributions that would prevent it from distributing all of the earnings for a particular period.

The Partnership's net income is allocated to the limited partners, including the holders of the subordinated units, in accordance with their respective ownership percentages, after giving effect to any special income or expense allocations and incentive distributions paid to the general partner, if any. The partnership agreement contractually limits distributions to available cash as determined by our general partner; therefore, undistributed earnings of the Partnership are not allocated to the IDR holder. There were no allocations of earnings to participating securities during the periods presented below. Basic EPU is computed by dividing net earnings attributable to unitholders by the weighted-average number of units outstanding during each period. However, because our IPO was completed on June 23, 2014, the units outstanding from the IPO date are utilized for the period presented. Basic common units outstanding includes the 2,625,000 overallotment units offered to the underwriters, which were issued to Foresight Reserves and a member of management in July 2014, as of the IPO date. Diluted EPU reflects the potential dilution of common equivalent units that could occur if equity participation units are converted into common units.

The following table illustrates the Partnership's calculation of net income per common and subordinated unit for the period indicated:

Year Ended December 31, 2014	Common Unitholders	Subordinated Unitholders	Total
	<i>(In Thousands, Except Per Unit Data)</i>		
<u>Numerator:</u>			
Net income subsequent to IPO available to limited partner units	\$ 35,154	\$ 35,038	\$ 70,192
<u>Denominator:</u>			
Weighted-average units to calculate basic EPU	64,790	64,739	129,529
Less: effect of dilutive securities ⁽¹⁾	—	—	—
Weighted-average units to calculate diluted EPU	64,790	64,739	129,529
Basic net income per unit	\$ 0.54	\$ 0.54	\$ 0.54
Diluted net income per unit	\$ 0.54	\$ 0.54	\$ 0.54

(1) - Diluted EPU gives effect to all dilutive potential common units outstanding during the period using the treasury stock method. Diluted EPU excludes all dilutive potential units calculated under the treasury stock method if their effect is anti-dilutive. For the year ended December 31, 2014, approximately 0.6 million phantom units were anti-dilutive, and therefore excluded from the diluted EPU calculation.

20. Risk Concentrations

Sales and Credit Risk

The Partnership determines creditworthiness for trade customers based on an evaluation of the customer's financial condition. Credit losses have historically been minimal. The aggregate outstanding trade receivable balance as of December 31, 2014 from customers representing greater than 10% of our total sales was \$20.4 million.

For the years ended December 31, 2014, 2013 and 2012, the following customers exceeded 10% of total coal sales:

	2014	For the Year Ended December 31, 2013	2012
		<i>(Percentage of Total Coal Sales)</i>	
Customer A	11%	(A)	14%
Customer B	12%	(A)	(A)
Customer C	(A)	(A)	10%

(A) – Less than 10% of total coal sales for this period.

During the years ended December 31, 2014, 2013 and 2012, export tons (inclusive of tons sold from mines under development) represented 30%, 33% and 44% of tons sold, respectively. Tons exported into Europe during the years ended December 31, 2014, 2013 and 2012 represented approximately 26%, 23% and 28%, respectively, of total tons sold during those years (inclusive of tons sold from mines under development). No other international geographic regions exceeded 10% of tons sold during the years ended December 31, 2014, 2013 and 2012. Our domestic coal sales are principally to electric utility companies in the eastern United States with installed pollution control devices.

Transportation

The Partnership depends on rail, barge, and export terminal systems to deliver coal to its customers. Disruption of these services due to weather-related problems, mechanical difficulties, strikes, lockouts, bottlenecks, and other events could temporarily impair the Partnership's ability to supply coal to its customers, resulting in decreased shipments. As such, the Partnership has sought to diversify transportation options and has entered into long-term contracts with transportation providers to ensure transportation is available to transport its coal.

21. Contingencies

In January 2014, the Illinois Environmental Protection Agency (the “IEPA”) issued Sugar Camp a violation notice regarding construction of an underground injection well without issuance of an appropriate permit (“January Notice”). Sugar Camp is working with the IEPA to finalize its permit application, which has been in process since May 2013. The IEPA has determined not to enter into a compliance commitment agreement with respect to the January Notice and has provided notice to Sugar Camp that the January Notice will be referred to the Illinois Attorney General for enforcement. While Sugar Camp believes this referral may result in the assessment of a penalty of an amount yet to be determined, there can be no assurances that an acceptable agreement will be reached. Failure to reach a satisfactory agreement with the Illinois Attorney General with respect to the January Notice could result in the assessment of fines or penalties or a suspension of injecting underground at the affected operations until a final resolution is obtained.

Sugar Camp is working to implement a sustainable solution for the future disposal of water at the mine in compliance with its permits. Sugar Camp expects to incur capital expenditures of approximately \$33.0 million, \$32.7 million of which has been expended through December 31, 2014.

In November 2012, six citizens filed requests for administrative review of Revision No. 1 to Permit No. 399 for the Hillsboro mine. Revision No. 1 allowed for conversion of the currently permitted coal refuse disposal facility from a non-impounding to an impounding structure. Shortly after the filing of Revision No. 1, one citizen withdrew his request. Following a hearing on both the Illinois Department of Natural Resources’ (IDNR) and Hillsboro’s motions to dismiss, the hearing officer dismissed the claims of two of the remaining five petitioners and also limited some of the issues remaining for administrative review. In June 2014, two of the remaining three petitioners voluntarily dismissed their requests. A hearing is scheduled for spring 2015 to address all legal issues raised by the remaining petitioner.

FELLC acquired the Shay No. 1 Mine at Macoupin (“Shay Mine”) in 2009. Prior to this acquisition, in 2003, ExxonMobil Coal USA, Inc. (“Exxon”), the prior owner of the Shay Mine, enrolled the mine in the IEPA’s Site Remediation Program (“SRP”) to address some concerns regarding groundwater contamination from the refuse areas. In 2011, Macoupin proposed, and the IEPA accepted, a compliance commitment agreement (“CCA”) with remediation steps designed to respond to the groundwater contamination concerns. Further, in May 2013, Macoupin submitted a corrective action plan (“CAP”) with groundwater modeling to the IEPA to address the long-term compliance and corrective measures planned for the cleanup of groundwater contamination issues. In June 2013, the IEPA referred the CCA to the Illinois Attorney General’s Office for enforcement on the basis that the compliance period for the CCA extended for too long of a period for the IEPA to monitor. The CAP has been approved by the IEPA and Macoupin reached an agreement in principle with the Illinois Attorney General which, upon finalization of a consent decree, will result in the CAP being implemented. As of December 31, 2014, the Partnership had accrued \$6.9 million for this matter as an asset retirement obligation, as it relates to ongoing mining operations at Macoupin. However, there can be no assurance that the ultimate costs will not exceed this amount.

In addition, in 2013, the IDNR renewed a permit for the Macoupin refuse disposal area. An environmental group has submitted a Request for Administrative Review of this permit renewal and the legal proceeding is ongoing. While the Partnership believes the IDNR decisions on the issuance of the permit for slurry disposal and renewal for existing refuse disposal area were proper, there can be no guarantee that the permit and the revisions to permits will not be vacated or substantially modified, which could result in additional costs or cessation of some or all operations at the mine.

We are also party to various other litigation matters, in most cases involving ordinary and routine claims incidental to our business. We cannot reasonably estimate the ultimate legal and financial liability with respect to all pending litigation matters. However, we believe, based on our examination of such matters, that the ultimate liability will not have a material adverse effect on our financial position, results of operations or cash flows. As of December 31, 2014, we have \$1.2 million accrued, in aggregate, for various litigation matters.

Performance Bonds

We had outstanding surety bonds with third parties of approximately \$54.8 million as of December 31, 2014 to secure reclamation and other performance commitments. The Partnership is not required to post collateral for these bonds.

22. Employee Benefit Plans

The Partnership offers safe harbor 401(k) plans (the “Plans”) for all employees who are eligible to participate. Employees are immediately eligible to participate upon becoming a full-time employee with the Partnership and its subsidiaries and affiliates. The Plans allow for the deferral of all or part of a participant’s compensation, as defined by the Plans, up to the current limits provided by

the Internal Revenue Service. The safe harbor matching feature calls for the Partnership to contribute 100% of the first 3% of compensation a participant contributes, and 50% of the next 2% of compensation contributed by the participant. Partnership contributions under the Plans for the years ended December 31, 2014, 2013, and 2012 were \$3.1 million, \$2.5 million, and \$2.4 million, respectively.

23. Selected Quarterly Financial Information

A summary of the unaudited quarterly results for the years ended December 31, 2014 and 2013 is presented below:

	For the Year Ended December 31, 2014							
	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	(In Thousands, Except per Unit Data)							
Coal sales	\$	242,723	\$	266,677	\$	299,964	\$	300,040
Operating income	\$	61,520	\$	66,174	\$	74,357	\$	55,005
Net income	\$	31,916	\$	30,845	\$	46,155	\$	30,131
Net (loss) income attributable to limited partner units ⁽¹⁾		N/A		(4,231)		45,366		29,057
Basic and diluted (loss) income per limited partner unit ⁽¹⁾		N/A		(0.03)		0.35		0.22

	For the Year Ended December 31, 2013							
	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	(In Thousands, Except per Unit Data)							
Coal sales	\$	232,593	\$	215,930	\$	240,868	\$	268,021
Operating income	\$	57,420	\$	41,927	\$	49,488	\$	55,352
Net income (loss)	\$	29,220	\$	14,167	\$	(57,833)	\$	24,963
Net income attributable to limited partner units ⁽¹⁾		N/A		N/A		N/A		N/A
Basic and diluted earnings per limited partner unit ⁽¹⁾		N/A		N/A		N/A		N/A

(1) Calculated based on net (loss) income attributable to limited partners and limited partner units outstanding, as applicable, subsequent to the IPO on June 23, 2014.

In the second quarter of 2014, we recorded an early extinguishment of debt loss of \$5.0 million due to the early repayment of \$210.0 million of principal under our Term Loan (see Note 9).

In the fourth quarter of 2014, we recorded a charge of \$34.7 million to impair certain prepaid royalties with an affiliate (see Note 14).

In the third quarter of 2013, we recorded a loss of \$77.8 million for the early extinguishment of debt which includes \$72.1 million in tender costs and fees to redeem the 2017 Senior Notes and the write-off of \$5.7 million in unamortized deferred debt issuance costs and the net unamortized debt premium of the extinguished debt (see Note 9).

In the fourth quarter of 2013, we reversed \$4.3 million in discretionary bonuses, which had been accrued ratably during the first three quarters of 2013.

24. Subsequent Events

Subsequent events described in Notes 9, 17 and 18.

Foresight Energy LP
Schedule II — Valuation and Qualifying Accounts

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Other	Balance at End of Period
<i>(In Thousands)</i>						
2014						
Reserves deducted from asset accounts:						
Prepaid royalty recoupment reserve	\$ —	\$ 34,700	\$ —	\$ —	\$ —	\$ 34,700
Allowance for doubtful accounts	—	—	—	—	—	—
2013						
Reserves deducted from asset accounts:						
Prepaid royalty recoupment reserve	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Allowance for doubtful accounts	—	—	—	—	—	—
2012						
Reserves deducted from asset accounts:						
Prepaid royalty recoupment reserve	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Allowance for doubtful accounts	—	—	—	—	—	—

Item 9. Changes in and Disagreements With Accountant on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

We evaluated, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2014. Based on that evaluation, our management, including our chief executive officer and chief financial officer, concluded that the disclosure controls and procedures were effective in design and operation 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.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2014 that have materially affected, or are reasonable likely to materially affect, our internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

This Annual Report on Form 10-K does not include an attestation report of the company's registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

Management's Assessment of Internal Control Over Financial Reporting

This Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

Item 9B. Other Information

None.

PART III.**Item 10. Directors, Executive Officers and Corporate Governance of the Managing General Partner****Management of Foresight Energy LP**

We are managed and operated by the board of directors and executive officers of our general partner, Foresight Energy GP LLC, a subsidiary of Foresight Reserves. As a result of owning our general partner, Foresight Reserves has the right to appoint all members of the board of directors of our general partner, including those directors meeting the independence standards established by the NYSE. Our unitholders will not be entitled to elect our general partner or its directors or otherwise directly participate in our management or operations. Our general partner owes certain contractual duties to our unitholders as well as a fiduciary duty to its owners.

As of February 27, 2015, the board of directors of our general partner has five directors, two of whom are independent as defined under the standards established by the NYSE and the Exchange Act. The NYSE does not require a listed publicly traded limited partnership, like us, to have a majority of independent directors on the board of directors of our general partner or to establish a compensation committee or a nominating committee. However, our general partner is required to have an audit committee of at least three members, and all its members are required to meet the independence and experience standards established by the NYSE and the Exchange Act, subject to certain transitional relief during the one-year period following consummation of the Partnership's IPO. We will add another independent director to the board of directors of our general partner and audit committee of our board of directors within one year from the listing of our common units on the NYSE such that there will be three independent directors on the board of directors and the audit committee of our board of directors will be wholly comprised of three independent members.

In evaluating an additional director, Foresight Reserves will assess whether a candidate possesses the integrity, judgment, knowledge, experience, skill and expertise that are likely to enhance the board's ability to manage and direct our affairs and business, and to enhance the ability of committees of the board to fulfill their duties.

All of the executive officers of our general partner listed below will allocate their time between managing our business and affairs and the business and affairs of Foresight Reserves. The amount of time that our executive officers devote to our business and the business of Foresight Reserves varies in any given period based on a variety of factors. We expect that our executive officers will continue to devote as much time to the management of our business and affairs as is necessary for the proper conduct of our business and affairs. However, our executive officers' fiduciary duties to Foresight Reserves and other obligations may prevent them from devoting sufficient time to our business and affairs.

Neither our general partner nor Foresight Reserves receives any management fee or other compensation in connection with our general partner's management of our business, but we will reimburse our general partner for all expenses it incurs and payments it makes on our behalf. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates.

The following table shows information for the executive officers and directors of our general partner as of February 27, 2015. Directors hold office until their successors have been elected or qualified or until the earlier of their death, resignation, removal or disqualification. Executive officers serve at the discretion of the board of directors. There are no family relationships among any of our directors or executive officers. Some of our directors and some of our executive officers also serve as executive officers of Foresight Reserves.

Name	Age	Position
Christopher Cline	56	Chairman of the Board of Directors and Principal Strategy Advisor
Michael J. Beyer	56	Director and President & Chief Executive Officer
John F. Dickinson	65	Director
E. Hunter Harrison	70	Director
Daniel S. Hermann	57	Director
Oscar A. Martinez	45	Senior Vice President—Chief Financial Officer
Christopher N. Moravec	59	Executive Vice President — Chief Commercial Officer
Rashda M. Buttar	46	Senior Vice President—General Counsel & Corporate Secretary

Christopher Cline is the Chairman of our general partner's board of directors and Principal Strategy Advisor. Mr. Cline has more than 30 years of experience in the coal industry. After attending Marshall University, he developed and operated over 25 coal mining, processing and transportation facilities in the Appalachian region and the Illinois Basin, including some of the most productive longwall mining operations in the country. During the past five years, Mr. Cline has focused his efforts primarily on developing Foresight. The experience and qualifications that led to the conclusion that Mr. Cline should serve as a Director include his formation and leadership of the Partnership since its inception, significant and broad experience in the coal industry, and his proven business acumen.

Michael J. Beyer is a member of the Board of Directors and President and Chief Executive Officer of our general partner. Mr. Beyer has more than 30 years of experience in management, operations, finance and acquisitions related to coal and other energy-related businesses. Before joining Foresight, Mr. Beyer served as President of AEP Coal, Inc. from 2002 to 2006, Vice President of Business Development at Enron Corp. from 1997 to 2002 and, prior thereto, Senior Vice President and Manager of the Natural Resource Department at PNC Bank. Mr. Beyer received his Masters in Business Administration from Duquesne University and his undergraduate degree in Mining Engineering from Pennsylvania State University. The experience and qualifications that led to the conclusion that Mr. Beyer should serve as a Director include his effective leadership of the Partnership's operations, extensive experience in the energy and financial services industries and his strong operating and technical knowledge of all aspects of the Partnership's business.

John F. Dickinson is a member of the Board of Directors of our general partner. Since 1995, Mr. Dickinson has been the President of The Cline Group, the coal exploration and development group founded by Christopher Cline. Since 2007, Mr. Dickinson has been a member of the Board of Managers of Foresight Reserves. Prior to joining The Cline Group in September 1995, Mr. Dickinson worked for U.S. Steel Mining Company Inc. from 1969 to 1995, serving as President from 1988 to 1995. Mr. Dickinson has more than 45 years of experience in the coal industry. Mr. Dickinson received his undergraduate degree in Mining Engineering from Virginia Polytechnic Institute. The experience and qualifications that led to the conclusion that Mr. Dickinson should serve as a Director include his involvement with the Partnership since its inception, extensive experience in the coal industry and his strong operating and technical knowledge of exploration and mining.

E. Hunter Harrison is an independent member of the Board of Directors of our general partner and the Audit Committee. Mr. Harrison has been the Chief Executive Officer of Canadian Pacific Railway Limited (NYSE: CP) since 2012. Previously, Mr. Harrison served as President and Chief Executive Officer of Canadian National from 2003 to 2009 and as the Executive Vice President and Chief Operating Officer from 1998-2002. He served on CN's Board of Directors for 10 years. Mr. Harrison has almost 50 years of experience in the railroad industry. Mr. Harrison has served as a director on several railway companies and industry associations, including The Belt Railway of Chicago, Wabash National Corporation, The American Association of Railroads, Terminal Railway, TTX Company, CN, IC, and ICRR. The experience and qualifications that led to the conclusion that Mr. Harrison should serve as a Director include his deep and extensive experience in the railroad industry, his executive leadership of significant organizations and his management experience with public companies.

Daniel S. Hermann is an independent member of the Board of Directors of our general partner and also serves as Chairman of the Audit Committee. He was appointed to the Board of Directors in September 2014. Mr. Hermann is currently Chief Executive Officer of AmeriQual Group, LLC, a food packaging company and leading supplier of field rations to the United States Department of Defense. Prior to joining AmeriQual, he spent 23 years with Black Beauty Coal Company, where he held various titles, including President and Chief Executive Officer and Chief Financial Officer. During his tenure at Black Beauty, Mr. Hermann was part of a successful team that grew the company into the largest coal producer in the Illinois Basin. In 2003, Black Beauty was acquired by Peabody Energy and Mr. Hermann spent the next two years as Group Executive for Peabody's Midwest Division. Mr. Hermann is currently on the Board of Directors of Deaconess Health Systems and serves as a member of the Audit and Compensation Committees. He also serves as a Director of Fifth Third Bank Southern Indiana. Mr. Hermann holds a Bachelor of Science degree from Indiana State University in Evansville and is a certified public accountant. The experience and qualifications that led to the conclusion that Mr. Hermann should serve as a member of the Board of Directors of our general partner and as Chairman of the Audit Committee include his extensive knowledge of the coal industry and his financial expertise.

Oscar A. Martinez is the Senior Vice President—Chief Financial Officer of our general partner. Before joining the Partnership in August 2011, Mr. Martinez served as Vice President and Treasurer at Cloud Peak Energy, Inc. from 2009 to July 2011. Prior to joining Cloud Peak Energy, Inc., Mr. Martinez worked for Qwest Communications International, Inc. from 2002 to 2009 where he served most recently as the Vice President and Assistant Treasurer. Mr. Martinez also held positions in Corporate Strategy and Capital Markets with Qwest Communications International. Prior to joining Qwest, Mr. Martinez worked as an investment banker with JP Morgan Chase. Mr. Martinez received his Masters in Business Administration from Harvard Business School and his undergraduate degree in Business Administration from Trinity University.

Christopher Moravec is the Executive Vice President—Chief Commercial Officer of our general partner. Before joining the Partnership in June 2012, Mr. Moravec was the Executive Vice President of Rhino Resource Partners LP from 2007 to 2012. During this period, Mr. Moravec also served on the board of directors for Rhino Eastern, a West Virginia-based metallurgical coal operation structured as a joint-venture with Patriot Coal Corporation. Prior to joining Rhino Resource Partners LP, Mr. Moravec worked for PNC Bank providing both direct and investment banking services exclusively to the coal industry. Mr. Moravec received his undergraduate degree in Mining Engineering from West Virginia University and a Masters in Business Administration from the University of Pittsburgh.

Rashda M. Buttar is the Senior Vice President—General Counsel & Corporate Secretary of our general partner. Before joining the Partnership in September 2011, Ms. Buttar served as Vice President, Associate General Counsel and Corporate Secretary of Patriot Coal Corporation from 2007 to August 2011. Prior to joining Patriot Coal Corporation, Ms. Buttar served as the Assistant General Counsel and Assistant Corporate Secretary of TALX Corporation from 2003 to 2007. Ms. Buttar received her Juris Doctor from Saint Louis University School of Law and her undergraduate degree in Russian and Eastern European Studies and Political Science from Saint Louis University.

Director Independence

Our board has determined that Mr. Harrison and Mr. Hermann are independent as defined by the rules of the NYSE and under Rule 10A-3 promulgated under the Exchange Act. In accordance with the rules of the NYSE, we must appoint one additional independent member within one year of the listing of our common units on the NYSE, or by June 17, 2015.

Communications with the Board of Directors

Interested parties may contact the chairpersons of any of our board committees, our board’s independent directors as a group or our full board in writing by mail to Foresight Energy LP, One Metropolitan Square, 211 North Broadway, Suite 2600, St. Louis, MO 63102, Attention: Corporate Secretary. All such communications will be delivered to the director or directors to whom they are addressed.

Committees of the Board of Directors

The board of directors of our general partner has an audit committee and a conflicts committee. We do not currently have a compensation committee, but rather the board of directors of our general partner approves equity grants to directors and employees.

Audit Committee

We are required to have an audit committee of at least three members, and all its members are required to meet the independence and experience standards established by the NYSE and the Exchange Act, subject to certain transitional relief during the one-year period following consummation of our IPO. As of February 27, 2015, the audit committee includes two independent members; Messrs. Harrison and Hermann. The board of directors of our general partner has determined that Mr. Hermann qualifies as an “audit committee financial expert,” as such term is defined under SEC rules. A third independent member will be added to the audit committee within one year from the listing date of our common units on the NYSE.

The audit committee assists the board of directors in its oversight of the integrity of our financial statements and our compliance with legal and regulatory requirements and partnership policies and controls. The audit committee has the sole authority to (1) retain and terminate our independent registered public accounting firm, (2) approve all auditing services and related fees and the terms thereof performed by our independent registered public accounting firm, and (3) pre-approve any non-audit services and tax services to be rendered by our independent registered public accounting firm. The audit committee is also responsible for confirming the independence and objectivity of our independent registered public accounting firm. Our independent registered public accounting firm has been given unrestricted access to the audit committee and our management.

Conflicts Committee

The members of the conflicts committee may not be officers or employees of our general partner or directors, officers or employees of its affiliates, including Foresight Reserves, and must meet the independence standards established by the NYSE and the Exchange Act to serve on an audit committee of a board of directors, along with other requirements in our partnership agreement. The independent members of the board of directors of our general partner serve on a conflicts committee to review specific matters that the board believes may involve conflicts of interest and determines to submit to the conflicts committee for review. The conflicts committee determines if the resolution of the conflict of interest is adverse to the interest of the partnership. Any matters approved by the conflicts committee are conclusively deemed to be approved by us and all of our partners and not a breach by our general partner of any duties it may owe us or our unitholders.

Corporate Governance

The board of directors of our general partner has adopted Corporate Governance Guidelines that outline important policies and practices regarding our governance. The board of directors of our general partner has also adopted a Code of Business Conduct and Ethics (the “Code”) that applies to all employees and officers of Foresight Energy LP and Foresight Energy GP, including its principal executive officer, principal financial and accounting officer, and members of the board.

Available Information

We file annual, quarterly and current reports, and amendments to those reports, and other information with the Securities and Exchange Commission (“SEC”). You may access and read our filings without charge through the SEC’s website, at www.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, and 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, including our Corporate Governance Guidelines and Code , available without charge under the Investors Relations tab of website, www.foresight.com. Our annual, quarterly and current reports, and amendments to those reports, and other information filed with the SEC, are posted to the website as soon as practicable after we file or furnish them with the SEC. The information on our website is not part of this Annual Report on Form 10-K.

Compensation Discussion and Analysis**Overview of Compensation Program**

The board of directors of our general partner (the “Board”) is responsible for establishing and implementing our compensation programs. The Board seeks to ensure that the total compensation paid to our executive officers is fair, reasonable, and competitive. This compensation discussion and analysis (“CD&A”) provides information about our compensation objectives and policies for 2014 for our principal executive officer, our principal financial officer and our other most highly compensated executive officers and is intended to place in perspective the information contained in the executive compensation tables that follow this discussion. This CD&A provides a general description of our compensation programs and specific information about its various components.

Throughout this discussion, the following individuals are referred to collectively as the “Named Executive Officers” and are included in the Summary Compensation Table:

- Michael J. Beyer, President—Chief Executive Officer;
- Oscar A. Martinez, Senior Vice President—Chief Financial Officer;
- Christopher N. Moravec, Executive Vice President—Chief Commercial Officer;
- Rashda M. Buttar, Senior Vice President —General Counsel & Corporate Secretary;
- H. Drexel Short, Senior Vice President (through March 31, 2014).

Compensation Philosophy and Objectives

We believe our success depends on the continued contributions of our Named Executive Officers. While we do not maintain a formal compensation philosophy, our executive compensation programs are designed for the purpose of attracting, motivating and retaining experienced and qualified executive officers with compensation that recognizes individual merit and overall business results. Our compensation programs are also intended to support the attainment of our strategic objectives by tying the interests of our Named Executive Officers to those of our unitholders through operational and financial performance goals and equity based compensation.

The principal elements of our executive compensation programs are base salary, annual cash incentives, incentives in the form of phantom units and unit awards, and the employee benefit arrangements made available to our full-time employees generally. The employee benefit arrangements provided to our Named Executive Officers consist of life, disability and health insurance benefits, a qualified safe harbor 401(k) savings plan and paid vacation and holidays.

Compensation Practices and Procedures***Role of the Board of Directors***

We did not have a compensation committee during 2014 and do not anticipate having a compensation committee in the immediate future. All compensation decisions with respect to our Named Executive Officers are made by the Board. In establishing and implementing our compensation programs, the responsibility of the Board included:

- Reviewing base salary and incentive compensation levels as recommended by our President & Chief Executive Officer; and
- Administering our equity based compensation plans, including selecting to whom grants under any such plans are made and determining the terms and type of any such grant.

Role of Principal Strategy Advisor in Compensation Decisions

As a Director, our Principal Strategy Advisor and a substantial equity holder in the Partnership, Mr. Cline is closely involved in designing and monitoring our overall executive compensation programs. Mr. Cline's specific role in determining compensation is to make recommendations to the other members of the Board on specific compensation decisions with respect to our President and Chief Executive Officer and general compensation design matters with respect to our other Named Executive Officers. In making such recommendations, Mr. Cline takes into account his general business knowledge and experience and his specific knowledge of the market in which we compete for talent.

Role of President and Chief Executive Officer in Compensation Decisions

Mr. Beyer's role as our President and Chief Executive Officer in determining executive compensation is to make recommendations to the other members of the Board on compensation decisions for those other than himself based upon his assessment of the individual performance of each executive officer and our overall performance. In addition, in recommending specific levels or components of compensation, Mr. Beyer, like Mr. Cline, takes into account his general business knowledge and experience and his specific knowledge of the market in which we compete for talent.

Role of Compensation Consultant

During 2014, we did not retain the services of a compensation consultant or conduct benchmarking or specific market review of our compensation levels or practices. Instead, our compensation levels and practices are established by the Board based upon the recommendations of our Principal Strategy Advisor and our President and Chief Executive Officer.

Components of the Compensation Program

For the year ended December 31, 2014, the principal components of compensation for the Named Executive Officers were base salary; annual cash incentives; equity-based awards and other compensation, including perquisites and retirement benefits.

Base Salary

We established the base salary for each Named Executive Officer based on consideration of many factors, including the individual's performance and experience, the pay of others on the executive team and our Board's assessment of the market in which we compete for talent. The base salary compensation is intended to provide security and a reliable, but not excessive, source of income to our Named Executive Officers.

Our Board periodically reviews the base salaries of our Named Executive Officers and has the discretion to make adjustments based upon any factor it deems relevant, including those described above. No Named Executive Officers received adjustments to their annual base salary during 2014.

Annual Cash Incentives

We provide each of our Named Executive Officers with an opportunity to earn an annual cash incentive. Following the completion of each year, the Board determines the amount of each Named Executive Officer's annual cash incentive for such year, if any, based upon their subjective determination of such individual's respective individual contributions to the Partnership, to successful mining operations and to our overall performance during the year, in the area for which they are responsible. Such annual cash incentives to our Named Executive Officers are discretionary and therefore not based upon any pre-established performance metrics or targeted to any specific level of compensation.

For 2014, the Board determined the annual cash incentive for our Named Executive Officers to be as follows:

Name	2014 Annual Cash Incentive
Michael J. Beyer	\$2,450,000
Oscar A. Martinez	\$250,000
Christopher N. Moravec	\$300,000
Rashda M. Buttar	\$175,000
H. Drexel Shortt	--

Long-Term Incentive Compensation – IPO Awards

In connection with our initial public offering, we established a long-term incentive plan (the “LTIP”) which permits the Board to grant a variety of different types of equity compensation awards. For 2014, the equity compensation awards granted to certain Named Executive Officers were in the form of unit awards that vested immediately or phantom units, which will vest in full upon the completion of a fixed period of service following the date of grant. The number of units or phantom units awarded, and the vesting schedule for each was as follows:

Name	Units Granted	Type of Award	Vesting Schedule
Michael J. Beyer	–	–	–
Oscar A. Martinez	55,000	Unit Award	--
Christopher N. Moravec	25,000	Phantom Unit	Cliff vests in 3 years
Rashda M. Buttar	17,500	Unit Award	--
	17,500	Phantom Unit	Cliff vests in 1 year
H. Drexel Short	–	–	–

Each phantom unit granted to our Named Executive Officers during 2014 will vest based upon continued service, and is not subject to any performance-based vesting criteria. In addition, each phantom unit award was granted with tandem distribution equivalent rights.

We believe that providing compensation in the form of unit awards or phantom units aligns our Named Executive Officer’s compensation with the interests of our unitholders by providing a direct link between the amount of compensation received and the price of our units. The amount of phantom units granted was determined by our Board, upon consultation with our Principal Strategy Advisor and our President and Chief Executive Officer, based upon their assessment of individual performance.

Long-Term Incentive Compensation – Settlement of LTIC Awards

In each of December 2011, 2012 and 2013, we granted long-term incentive compensation awards (“LTIC Awards”) to certain of our Named Executive Officers, which vested or will vest pro rata over three years. Each installment of the LTIC Awards that vested prior to the completion of our initial public offering was paid in cash. From and after our initial public offering, the LTIC Awards that vested in 2014 was paid in the form of fully-vested common units issued pursuant to the LTIP with the remaining installments of the LTIC Awards being granted in the form of phantom units. During 2014, our Named Executive Officers received the number of fully-vested Unit Awards, representing the 2014 installment of the LTIC Awards, and phantom units, representing future installments of the LTIC Award, as follows:

Name	Number of Unit Awards	Number of Phantom Units	Vesting Date
Michael J. Beyer	–	–	–
Oscar A. Martinez	7,217	–	–
	–	5,833	December 20, 2015
	–	2,500	December 20, 2016
Christopher N. Moravec	6,250	--	–
	–	6,250	December 20, 2015
	–	4,167	December 20, 2016
Rashda M. Buttar	5,875	–	–
	–	4,875	December 20, 2015
	–	2,167	December 20, 2016
H. Drexel Short	–	–	–

Each phantom unit granted to our Named Executive Officers during 2014 will vest based upon continued service, and is not subject to any performance-based vesting criteria. In addition, each phantom unit award was granted with tandem distribution equivalent rights.

Retirement and Other Benefits

Our Named Executive Officers are entitled to participate in group health, term life, and similar benefit plans available to all of our employees on the same terms as such employees. During 2014, Foresight Energy Services LLC maintained a plan intended to provide benefits under section 401(k) of the Code pursuant to which eligible employees are permitted to contribute portions of their compensation into a tax-qualified retirement account. For 2014, the plan provided safe harbor matching contributions equal to 100% of the first 3% of eligible compensation contributed by a participant to his or her account and 50% of the next 2% of eligible compensation contributed.

Perquisites

The Partnership provides a limited amount of perquisites and personal benefits to the Named Executive Officers.

Employment Agreements, Severance Benefits

We do not currently maintain any employment agreements or severance plans which cover our Named Executive Officers.

Tax and Accounting Implications

Deductibility of Executive Compensation

We are a limited partnership and not a corporation for U.S. federal income tax purposes. Therefore, we believe that the compensation paid to the named executive officers is not subject to the deduction limitations under Section 162(m) of the Internal Revenue Code and therefore is generally fully deductible for federal income tax purposes.

Accounting for Equity-Based Compensation

For our unit-based compensation arrangements, we record compensation expense over the vesting period of the awards, as discussed further in Item 8, “Financial Statements and Supplementary Data,” Note 18. Equity-Based Compensation” in this Annual Report on Form 10-K.

Risk Assessment Related to our Compensation Structure.

We believe our compensation programs for our Named Executive Officers, as well as our other employees, are appropriately structured and are not reasonably likely to result in material risk to us. We also believe our compensation programs are structured in a manner that does not promote excessive risk-taking that could harm our value or reward poor judgment. We believe we have allocated our compensation among base salary and short and long-term compensation programs in such a way as to not encourage excessive risk-taking. In particular, we generally do not adjust base annual salaries for the Named Executive Officers and other employees significantly from year to year, and therefore the annual base salary of our employees is not generally impacted by our overall financial performance or the financial performance of an operating segment. We use phantom units rather than unit options for equity awards because restricted units retain value even in a depressed market.

Anti-Hedging Policies

Our insider trading policy prohibits our directors and executive officers from engaging in any hedging or similar practices designed to offset a decrease in the price of our units.

Report of Board of Directors

We do not have a compensation committee. Our Board has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussions approved the Compensation Discussion and Analysis included herein.

Executive Compensation

The following table summarizes the compensation we paid during the years ended December 31, 2014 and 2013 to our Named Executive Officers.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Unit Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)(2)	Total (\$)
Michael J. Beyer President & Chief Executive Officer	2014	\$618,000	\$2,450,000	—	—	38,983	\$3,106,953
	2013	\$618,000	\$700,000	—	—	\$59,422	\$1,377,422
Oscar A. Martinez Senior Vice President & Chief Financial Officer	2014	\$400,000	\$250,000	\$1,411,000	—	\$11,210	\$2,072,210
Christopher N. Moravec Executive Vice President & Chief Commercial Officer	2014	\$500,000	\$300,000	\$833,334	—	\$90,821	\$1,724,155
	2013	\$500,000	\$350,000	—	\$41,667	\$90,953	\$982,620
Rashda M. Buttar Senior Vice President – General Counsel & Corporate Secretary	2014	\$325,000	\$175,000	\$958,334	—	\$11,210	\$1,469,544
H. Drexel Short Former Senior Vice President (through March 31, 2014)	2014	\$102,692	—	—	—	\$2,797	\$105,489
	2013	\$750,000	\$300,000	—	—	\$13,033	\$1,063,033

- (1) Unit award amounts reflect the aggregate grant date fair value of unit and phantom unit awards granted during the periods presented calculated in accordance with Accounting Standards Codification 718, disregarding forfeitures. See Note 18 to our consolidated financial statements for a discussion of the assumptions used to determine the FASB ASC Topic 718 value of the awards.
- (2) “All Other Compensation” for 2014 consisted of the following: (i) for Mr. Beyer: his country club membership dues that we paid on his behalf and his personal travel on corporate aircraft totaled \$26,231, and annual life insurance premiums paid on a life insurance policy for his benefit and matching contributions made to the 401(k) plan on his behalf; (ii) for Mr. Martinez: annual life insurance premiums paid on a life insurance policy for his benefit and matching contributions made to the 401(k) plan on his behalf; (iii) for Mr. Moravec: a housing allowance of \$57,000, a car allowance of \$24,996, annual life insurance premiums paid on a life insurance policy for his benefit and matching contributions made to the 401(k) plan on his behalf; (iv) for Ms. Buttar: annual life insurance premiums paid on a life insurance policy for her benefit and matching contributions made to the 401(k) plan on her behalf; and (v) for Mr. Short: a car allowance, annual life insurance premiums paid on a life insurance policy for his benefit and matching contributions made to the 401(k) plan on his behalf.

Grants of Plan-Based Awards

The following table sets forth, for each Named Executive Officer, information about grants of plan-based awards made during the year ended December 31, 2014. We did not grant any option or non-equity incentive plan compensation during 2014.

Name	Grant Date	All Other Unit Awards: Number of Units (#) (1)	Grant Date Fair Value of Unit Awards (2)
Michael J. Beyer	—	—	—
Oscar A. Martinez	June 23, 2014	70,550	\$1,411,000
Christopher N. Moravec	June 23, 2014	41,667	\$833,340
Rashda M. Buttar	June 23, 2014	47,917	\$958,340
H. Drexel Short	—	—	—

(1) This column reflects the number of unit awards and phantom unit awards granted to each Named Executive Officer under our Long-Term Incentive Plan during 2014. The terms of the restricted units are described in greater detail below.

(2) Reflects the aggregate grant date fair value of unit and phantom unit awards granted during the periods presented calculated in accordance with Accounting Standards Codification 718, disregarding forfeitures. See Note 18 to our consolidated financial statements for a discussion of the assumptions used to determine the FASB ASC Topic 718 value of the awards.

Our executive compensation policies and practices, pursuant to which the compensation set forth in the Summary Compensation Table and the Grants of Plan-Based Awards Table was paid or awarded, are described above in the section titled "Executive Compensation—Compensation Discussion and Analysis."

Employment Agreements

We do not maintain any employment agreements with our Named Executive Officers.

Salary and Cash Bonus in Proportion to Total Compensation

The following table sets forth the percentage of each Named Executive Officer's total compensation for the year ended December 31, 2014 that was paid in the form of base salary and bonus (including annual cash incentive awards and discretionary amounts, if any):

Name	Percentage of Total Compensation
Michael J. Beyer	99%
Oscar A. Martinez	31%
Christopher N. Moravec	46%
Rashda M. Buttar	34%
H. Drexel Short	97%

Outstanding Equity Awards at Fiscal Year-End

The following table reflects information regarding outstanding unit awards held by our Named Executive Officers as of December 31, 2014. None of our Named Executive Officers hold any option awards.

Name	Unit Awards	
	Number of Units That Have Not Vested (#) (1)	Market Value of Units That Have Not Vested (\$)(2)
Michael J. Beyer	—	—
Oscar A. Martinez	8,333	\$140,578
Christopher N. Moravec	35,417	\$597,485
Rashda M. Buttar	24,542	\$430,894
H. Drexel Short	—	—

- (1) Reflects the number of outstanding phantom units held by the Named Executive Officers as of December 31, 2014. The vesting dates for the units are as follows: (i) Mr. Martinez has 5,833 units which vest in December 2015 and 2,500 units which vest in December 2016; (ii) Mr. Moravec has 25,000 units which vest in June 2017, 6,250 units which vest in December 2015 and 4,167 units which vest in December 2016; and (iii) Ms. Buttar has 17,500 units which vest in June 2015, 4,875 units which vest in December 2015 and 2,167 units which vest in December 2016.
- (2) Based on a price of \$16.87 per unit, which the closing price of our common units on the New York Stock Exchange on December 31, 2014.

Option Exercises and Stock Vested

The following table reflects the lapse of restrictions, during the year ended December 31, 2014, on unit awards held by our Named Executive Officers. No Named Executive Officer held option awards during 2014 and 2013.

Name	Unit Awards	
	Number of Units Acquired on Vesting (#) (1)	Value Realized on Vesting (\$)(2)
Michael J. Beyer	—	—
Oscar A. Martinez	62,217	\$1,210,564
Christopher N. Moravec	6,250	\$95,750
Rashda M. Buttar	23,375	\$440,005
H. Drexel Short	—	—

- (1) Reflects grant of fully-vested unit awards in settlement of prior LTIC Awards. For a description of the LTIC Awards, see the section above titled "Long-Term Incentive Compensation – Settlement of LTIC Awards."
- (2) Value realized with respect to the unit awards is based upon the closing price of our common units on the NYSE on the date of vesting.

Pension and Nonqualified Deferred Compensation Benefits

None of our Named Executive Officers participate in any defined benefit pension plans or nonqualified deferred compensation plans.

Potential Payments Upon Termination or Change in Control

Generally, none of our Named Executive Officers are parties to any plans or agreements which provide for benefits in connection with termination of employment or upon a change of control. However, Rashda M. Buttar, our Senior Vice President —General Counsel & Corporate Secretary, is party to a letter agreement which provides that in the event her employment with our general partner is terminated by our general partner for any reason other than for “cause” (as defined in the letter agreement), Ms. Buttar would be entitled receive full vesting of any unvested portion of her phantom unit award granted on June 23, 2014. Assuming Ms. Buttar experienced a termination of employment without “cause” on December 31, 2014, she would have been able to receive accelerated vesting of phantom units worth \$288,575, calculated based on the closing price of our common units on such date of \$16.49.

Director Compensation

The compensation of the directors of our general partner is set by the Board. Messrs. Cline, Beyer and Dickinson receive no director compensation.

Name	Unit					Total (\$)
	Fees Earned or Paid in Cash (\$)	Awards (\$)	(1)Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value & Nonqualified Deferred Compensation (\$)	
E. Hunter Harrison	\$140,000	\$75,000	-	-	-	\$215,000
Daniel S. Hermann	\$140,000	\$75,000	-	-	-	\$215,000

(1) Amount represents the grant date fair value in accordance with FASB ASC 718, *Stock Compensation*.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters

The following table sets forth certain information as of February 27, 2015, regarding the beneficial ownership of common and subordinated units held by (a) each director of our managing general partner, (b) each executive officer of our managing general partner, (c) all such directors and executive officers as a group, and (d) each person known by our managing general partner to be the beneficial owner of 5% or more of our common units. Our managing general partner is owned by 99% by Foresight Reserves, which is reflected as a 5% common unitholder in the table below, and 1% by Michael J. Beyer, the Chief Executive Officer of our general partner. The address of each of Foresight Reserves, our general partner, and each of the directors and officers reflected in the table below is 3801 PGA Blvd., Suite 903, Palm Beach Gardens, Florida 33410. The percentage of units beneficially owned is based on 65,059,477 common units and 64,954,691 subordinated units outstanding.

Name of Beneficial Owner	Common Units Beneficially Owned	Percentage of Common Units Beneficially Owned	Subordinated Units Beneficially Owned	Percentage of Subordinated Units Beneficially Owned	Percentage of Common and Subordinated Units Beneficially Owned
5% Unitholders:					
Foresight Reserves L.P. (a)	47,048,812	72.3%	64,307,087	99.0%	85.6%
Executive Officers and Directors:					
Christopher Cline	(b)	(b)	(b)	(b)	(b)
Michael J. Beyer	556,037	*	647,604	1.0%	*
John F. Dickinson	—	*	—	*	*
E. Hunter Harrison	—	*	—	*	*
Daniel S. Hermann	10,000	*	—	*	*
Oscar A. Martinez	45,108	*	—	*	*
Rashda M. Buttar	20,113	*	—	*	*
Christopher Moravec	5,103	*	—	*	*
Aggregate - executive officers and directors	<u>636,361</u>	<u>*</u>	<u>647,604</u>	<u>1.0%</u>	<u>*</u>

* Less than one percent.

- (a) The common units attributable to Foresight Reserves consist of: (i) 46,923,812 units held by Foresight Reserves and (ii) 125,000 units held individually by Chris Cline. Foresight Reserves is 100% owned by The Cline Group.
- (b) Partnership units held by Chris Cline, as an individual, are aggregated with Foresight Reserves.

Equity Compensation Plan Information

The following table sets forth information with respect to compensation plans under which our equity is authorized for issuance.

Plan Category	(a) Number of Units to Be Issued Upon Exercise of Outstanding Unit Options and Rights as of December 31, 2014	(b) Weighted Average Exercise Price of Outstanding Unit Options and Rights	(c) Number of Units Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) as of December 31, 2014
Equity compensation plans approved by unitholders:			
None	—	—	—
Equity compensation plans not approved by unitholders:			
Long-term incentive plan (1)	601,110	—	6,853,838
Total for equity compensation plans	<u>601,110</u>	<u>—</u>	<u>6,853,838</u>

- (1) The Long-Term Incentive Plan ("LTIP") was adopted by our general partner in June 2014 in connection with our IPO and did not require approval by our unitholders. The LTIP contemplates the issuance of up to 7,000,000 common units to satisfy awards under the LTIP.

Item 13. Certain Relationships and Related-Party Transactions and Director Independence

Certain Relationships and Related-Party Transactions

As of February 27, 2015, Foresight Reserves, inclusive of common shares owned individually by Chris Cline, owned 47,048,812 common units and 64,307,087 subordinated units, representing an 85.6% limited partner interest in us. Foresight Reserves also owns 99.0% of our general partner, with the remainder being owned by a member of management.

The terms of the transactions and agreements disclosed in this section were determined by and among affiliated entities and, consequently, cannot be presumed to be the result of arm’s-length negotiations. These terms are not necessarily at least as favorable to the parties to these transactions and agreements as the terms that could have been obtained from unaffiliated third parties.

Affiliated entities principally include Foresight Reserves and its affiliates, the majority owner of us and our general partner, and NRP and its affiliates, for which Chris Cline owns a beneficial interest in the general partner and limited partner interests.

Distributions and Payments to Our General Partner and Its Affiliates

The following table summarizes the distributions and payments to be made by us to our general partner and its affiliates in connection with the formation, ongoing operation and any liquidation of Foresight Energy LP.

Formation Stage

The consideration received by Foresight Reserves and a member of management for the contribution of their interests	<ul style="list-style-type: none">• Common and subordinated units of 47,238,895 and 64,738,895, respectively and• the incentive distribution rights
The net proceeds from the IPO were used to pay a \$115.0 million special distribution to Foresight Reserves and a member of management and to repay \$210.0 million of outstanding Term Loan principal.	

Operational Stage

Distributions to our general partner and its affiliates	We will generally make cash distributions 100% to the unitholders, including affiliates of our general partner. In addition, if distributions exceed the minimum quarterly distribution and other higher target levels, our general partner will be entitled to increasing percentages of the distributions, up to 50% of the distributions above the highest target level.
Payments to our general partner and its affiliates	Our general partner does not receive a management fee or other compensation for its management of Foresight Energy LP, but we reimburse our general partner and its affiliates for all expenses they incur and payments they make on our behalf. Our partnership agreement provides that our general partner will determine in good faith the expenses that are allocable to us.

Liquidation Stage

Upon our liquidation, the partners, including our general partner, will be entitled to receive liquidating distributions according to their particular capital account balances.

Registration Rights Agreement

Under our partnership agreement, we have agreed to register for resale under the Securities Act of 1933 and applicable state securities laws any common units, subordinated units or other limited partner interests proposed to be sold by our general partner or any of its affiliates or their assignees if an exemption from the registration requirements is not otherwise available. These registration rights continue for two years following any withdrawal or removal of our general partner. We are obligated to pay all expenses incidental to the registration, excluding underwriting discounts.

2013 Reorganization

In August 2013, Foresight Energy LLC underwent a restructuring (the “2013 Reorganization”), pursuant to which:

- Foresight Energy LLC distributed its 100% ownership interest in Sitran (which was a wholly-owned subsidiary that conducted our transloading operations on the Ohio River) and Adena Resources (which was a wholly-owned subsidiary that provided water and other miscellaneous rights) to its owners. Each of Williamson, Sugar Camp, Hillsboro and Macoupin entered into a transloading and storage agreement with Sitran for the unloading of coal from railcars into stockpiles at Sitran and for the loading of coal from such stockpiles into barges;
- Foresight Energy LLC distributed certain Hillsboro transportation assets known as the “Clean Coal Handling System,” along with the surface property underlying those assets, to Hillsboro Transport LLC (“Hillsboro Transport”), a subsidiary of Foresight Reserves. Hillsboro and Hillsboro Transport then entered into a throughput agreement for Hillsboro Transport to operate and maintain the Clean Coal Handling System to transport and load clean coal;
- An agreement was reached between Sugar Camp, and Foresight Reserves under which Foresight Reserves has the right to amend Sugar Camp’s existing lease with HOD, for the Sugar Camp Rail Loadout to add coal produced from the second longwall at Sugar Camp on substantially the same terms as the existing lease with HOD. Pursuant to such amendment, the consideration paid by HOD for including coal to the effect and operation of such lease will be paid directly to Foresight Reserves;
- Each of Williamson, Sugar Camp, Hillsboro and Macoupin entered into agreements with Adena Resources for the use of certain water rights and facilities owned or controlled by Adena Resources;
- Savatran and Hillsboro distributed to Foresight Reserves, in May 2014, approximately 1,900 acres of surface land not needed for current or projected future operations with a carrying value of \$12.2 million.
- Hillsboro and Macoupin entered into development agreements with Colt, pursuant to which Hillsboro and Macoupin have the right to offer Colt the ability to develop additional longwall coal mines and associated transportation infrastructure in coal reserves leased by Colt. If Colt develops a mine, Hillsboro and Macoupin, under their respective agreements, would have the right, but not the obligation, to buy the mine and use the transportation assets under a throughput agreement; and
- Sugar Camp entered into a development agreement with Ruger, pursuant to which Sugar Camp has the right to offer Ruger the ability to develop additional longwall coal mines and associated transportation infrastructure in coal reserves leased by Ruger to Sugar Camp or where Sugar Camp has the right to mine by virtue of an overriding royalty agreement with Ruger. If Ruger develops a mine, Sugar Camp would have the right, but not the obligation, to buy the mine and use the transportation assets under a throughput agreement.

Sitran Agreements

In connection with the 2013 Reorganization, each of Williamson, Sugar Camp, Hillsboro and Macoupin entered into a transloading and storage agreement with Sitran. These agreements provide for the unloading of coal from railcars into stockpiles at Sitran and for the loading of coal from stockpiles into barges. Under these agreements each mine will pay Sitran a fee for each ton of coal offloaded, stored or transloaded at Sitran’s facility. Each agreement has an initial term of three years and will renew automatically for successive one-year periods unless terminated by either party. For the years ended December 31, 2014 and 2013, the mines paid \$9.3 million and \$3.1 million, respectively, in transloading fees with Sitran. As of December 31, 2014, we had \$0.8 million and \$0.6 million, respectively, in affiliate payable balances outstanding with Sitran. On February 25, 2015, Foresight Reserves and a member of management contributed Sitran to the Partnership (see “Contribution of Assets” below).

Hillsboro Throughput Agreement

Concurrent with the 2013 Reorganization, a throughput agreement was entered into between Hillsboro and Hillsboro Transport for Hillsboro Transport to operate the Clean Coal Handling System for Hillsboro. The agreement, which has an initial term of ten years, grants Hillsboro Transport the right to be the exclusive provider of clean coal handling services for Hillsboro. After the initial ten-year term of the throughput agreement, the parties can agree to continue renewing the agreement in five-year increments (up to

16 times). At the expiration of each term, Hillsboro has an option to acquire the Clean Coal Handling System for its then fair value. As compensation for operating and maintaining the Clean Coal Handling System, Hillsboro Transport will receive \$0.99 per ton for each ton of coal loaded through the Clean Coal Handling System, subject to a minimum quarterly payment of \$1.25 million. Subsequent to the 2013 Reorganization date, Hillsboro Transport was determined to be a variable interest entity and Hillsboro consolidates Hillsboro Transport as the primary beneficiary. See our audited historical consolidated financial statements, and notes thereto, included elsewhere in this Annual Report on Form 10-K. For the years ended December 31, 2014 and 2013, Hillsboro Transport earned net income of \$3.8 million and \$2.0 million, respectively, under the throughput agreement, which is recorded as income attributable to noncontrolling interests in our consolidated statements of operations. On February 25, 2015, Foresight Reserves and a member of management contributed Hillsboro Transport to the Partnership (see “Contribution of Assets” below).

Adena Water Resources Agreements

Adena Resources has various contractual water rights contracts with various state and local governments that are used to provide water to certain of our mines. Concurrent with the distribution of Adena Resources to Foresight Reserves, each of Williamson, Sugar Camp, Hillsboro and Macoupin entered into an agreement with Adena Resources providing for water resources to be available at each of the mines for use in mining operations. The agreements have an initial term of three years and automatically renew for successive periods of one year unless either party opts out of the agreement. Under the agreements, the mines pay Adena Resources the actual cost incurred by Adena Resources in furnishing water to the mine, including any capital expenditures necessary to fulfill its obligations under the agreements, plus an annual fee of \$10,000. Subsequent to the 2013 Reorganization date, Adena Resources was determined to be a variable interest entity and we continue to consolidate Adena Resources as the primary beneficiary. See our audited historical consolidated financial statements included elsewhere in this Annual Report on Form 10-K. On February 25, 2015, Foresight Reserves and a member of management contributed Adena Resources to the Partnership (see “Contribution of Assets” below).

Hillsboro 2 and 3 Development Agreement

In connection with the 2013 Reorganization, Hillsboro entered into a development agreement with Colt (the “Hillsboro Development Agreement”). Pursuant to the Hillsboro Development Agreement, Hillsboro put in place the right to offer Colt the ability to develop one or two additional longwall coal mines, previously identified as the “Hillsboro 2” and “Hillsboro 3” longwall mines and associated transportation infrastructure in coal reserves leased by Colt to Hillsboro. If Colt accepts the offer to develop a mine and associated transportation related infrastructure, Hillsboro will automatically acquire the option to purchase the fully developed mines, but not the transportation assets, for fair market value. Hillsboro will have the right to exercise this fair market value purchase option during a twelve month period that begins when Colt has first sold 100,000 tons of clean coal produced by the longwall method from any new mine. Hillsboro will not have an option to purchase the fully developed transportation assets, but will pay a commercially reasonable fair market price for their use. In the event Colt develops a mine and Hillsboro elects not to exercise its option to purchase the mine, Hillsboro will surrender its rights to the coal associated with that mine under its lease with Colt.

Macoupin Low Sulfur Longwall Development Agreement

In connection with the 2013 Reorganization, Macoupin entered into a development agreement with Colt (the “Macoupin Development Agreement”). Pursuant to the Macoupin Development Agreement, Macoupin put in place the right to offer Colt the ability to develop one longwall coal mine and associated transportation infrastructure in coal reserves previously identified by Macoupin for a low sulfur longwall mine. If Colt accepts the option to develop the mine and associated infrastructure, then Macoupin will automatically acquire the option to purchase the fully developed mine, but not the transportation assets, for fair market value. Macoupin will have the right to exercise this fair market value purchase option during a twelve month period that begins when Colt has first sold 100,000 tons of clean coal produced by the longwall method from the new mine. Macoupin will not have an option to purchase the fully developed transportation assets, but will pay a commercially reasonable fair market price for their use. In the event Colt develops a mine, and Macoupin elects not to purchase the mine, Macoupin will surrender its rights to the coal associated with that mine under its lease with Colt.

Sugar Camp 3 and 4 Development Agreement

In connection with the 2013 Reorganization, Sugar Camp entered into a development agreement with Ruger (the “Sugar Camp Development Agreement”). Pursuant to the Sugar Camp Development Agreement, Sugar Camp put in place the right to offer Ruger the ability to develop one or two additional longwall coal mines and associated transportation infrastructure in coal reserves either leased by Ruger to Sugar Camp or reserves where Ruger has granted Sugar Camp the right to mine coal and pay a royalty to Ruger. These areas have been previously identified by Sugar Camp as the “Sugar Camp 3” and “Sugar Camp 4” longwall mines. If Ruger accepts the option to develop the mine and associated infrastructure, then Sugar Camp will automatically acquire the option to purchase the fully developed mine, but not the transportation assets, for fair market value. Sugar Camp will have the right to exercise this fair market value purchase option during a twelve month period that begins when Ruger has first sold 100,000 tons of clean coal

produced by the longwall method from any new mine. Sugar Camp will not have an option to purchase the fully developed transportation assets, but will pay a commercially reasonable fair market price for their use. In the event Ruger develops a mine and Sugar Camp elects not to purchase the mine, Sugar Camp will surrender its rights to the coal associated with that mine under its lease and overriding royalty agreement with Ruger.

Contribution of Assets

On February 25, 2015, Foresight Reserves and a member of management contributed 100% of the equity of Sitran, Adena and Hillsboro Transport to the Partnership. The entities were contributed by Foresight Reserves and a member of management for no consideration. Sitran, Adena and Hillsboro Transport had an aggregate net book value of approximately \$60 million at January 31, 2015.

Natural Resource Partners, L.P. Transactions

We have engaged in a series of transactions with NRP and its affiliates, an entity in which Christopher Cline directly and indirectly beneficially owns 4% of the limited partnership interest and 31% of the limited partnership interests in NRP's general partner. Foresight Reserves and its subsidiaries have sold to NRP or subsidiaries of NRP certain coal reserves and transportation assets in exchange for equity in NRP and its general partner as well as entering into a restricted business contribution agreement and leases under which we will make royalty payments and pay fees as we mine leased coal and use leased transportation facilities owned by NRP, all as more further described below. Subsidiaries of NRP for which we have transacted include HOD, WPP, Williamson Transport, LLC ("Williamson Transport") and Independence Energy, LLC ("Independence").

On January 4, 2007, Chris Cline, Foresight Reserves, Adena Minerals LLC and their respective affiliates (collectively, "Adena Entities") and NRP executed a restricted business contribution agreement. The restricted business contribution agreement obligates the Adena Entities and their affiliates to offer NRP any business owned, operated or invested in by the Adena Entities, subject to certain exceptions, that either (a) owns, leases or invests in hard minerals or (b) owns, operates, leases or invests in identified transportation infrastructure relating to certain future mine developments by the Adena Entities in Illinois. NRP's acquisition of certain coal reserves and infrastructure assets related to our Macoupin, Hillsboro and Sugar Camp mining complexes, discussed more fully below, were deals consummated under the restricted business contribution agreement with the Adena Entities. We are required to offer and could consummate additional deals under the Restricted Business Contribution Agreement in the future.

Williamson has a coal mining lease agreement with WPP with an initial term of 15 years and options for an additional five years or until all merchantable and mineable coal has been mined and removed. Williamson is required to pay the greater of 8.0% of the gross selling price or \$2.50 per ton for the first eight million tons of clean coal mined from the leased premises in any calendar year. For all tonnage mined in excess of the eight million tons, the royalty is the greater of 5.0% of the gross selling price or \$1.50 per ton of clean coal mined from the leased premises. In addition to the tonnage royalty, the quarterly minimum royalty is \$2.0 million, payable on the 20th of January, April, July and October in each year this lease is in effect, for the prior quarter production. The minimum royalty is recoupable on future tons mined during the preceding nineteen quarters from the excess tonnage royalty on a first paid, first recouped basis. Furthermore, the lease provides for an overriding royalty of \$0.10 per ton on the first 8.5 million tons mined from specific coal reserves outlined in the agreement. The lease also requires a wheelage payable at 0.5% of the gross selling price when foreign coal is transported over the premises. During the years ended December 31, 2014, 2013 and 2012, Williamson paid \$19.8 million, \$21.9 million and \$20.3 million, respectively, in royalties and other payments to WPP under this coal lease.

Williamson leases property from Williamson Transport under two surface leases with initial terms through October 15, 2031 and an option to extend the leases in five-year increments until all the coal leased from an NRP affiliate is mined on Williamson's premises. Williamson Transport has the option to put the land to Williamson for its fair market value as determined by an independent appraiser at any time during the lease term. Additionally, under a separate lease with an initial term through March 12, 2018, Williamson pays \$5,000 per year for use of the premises and a fee currently at \$1.80 per ton for each ton of coal produced at Williamson that is loaded through the Williamson Loadout facility, which escalates approximately \$0.02 per year throughout the term of the agreement. Williamson Transport may elect to renew or extend the sublease for successive five-year periods. If Williamson Transport elects not to renew the sublease, Williamson has the option to buy the Williamson Loadout facility for its fair market value as determined by an independent appraiser. Williamson receives a fee of \$0.25 per ton from Williamson Transport for each ton of coal that is loaded through the Williamson Loadout facility in exchange for operating the load out. During the years ended December 31, 2014, 2013 and 2012, Williamson Transport was paid \$9.7 million, \$10.2 million and \$11.7 million, respectively, under these leases (net of the operating fee paid to Mach Mining, LLC).

Another of the entities sold by the Adena Entities to NRP on January 4, 2007 was Independence, which had previously been owned by Foresight Reserves. We had previously entered into a coal mining lease with Independence to lease a certain tract of approximately 3,500 acres adjacent to the Williamson mining complex to perform certain mining activities on the tract. The term of

this agreement is 15 years and can be renewed for an additional five years or until all merchantable and mineable coal has been mined and removed.

Williamson is obligated to pay overriding royalties to WPP pursuant to a special warranty deed dated August 22, 1990 between its predecessors in interest, Coal Properties Corporation, Grantor and Fairview Land Company. Under this deed, WPP is owed an overriding royalty in the amount of \$0.25 per ton for each ton of coal mined and sold by Williamson from the mineral reserves subject to the deed. During the years ended December 31, 2014, 2013 and 2012, Williamson paid \$0.5 million, \$0.5 million and \$1.0 million, respectively, in overriding royalties to WPP under this agreement.

In January 2009, NRP acquired additional coal reserves and infrastructure assets related to Macoupin for \$143.5 million. Simultaneous with the closing, Macoupin entered into a lease transaction with WPP and HOD for mining of the mineral reserves and for the rail facility, which we account for as a sale-leaseback financing arrangement. The mineral reserve mining lease is for a term of 20 years and can be extended for additional five-year terms limited to six such renewals. The lease requires a tonnage royalty equal to the greater of (i) 8% of the gross selling price of the coal plus \$0.60 per ton or (ii) \$5.40 per ton to be paid on the first 3.4 million tons of coal mined and sold in any given calendar year. Additionally, for the first 20-year term of the lease, Macoupin is required to pay a recoupable quarterly minimum deficiency payment equal to the difference between the tonnage royalty and \$4.0 million. The lease also requires a wheelage fee of 0.5% of the gross selling price of any foreign coal transported across the property. During the years ended December 31, 2014, 2013 and 2012, Macoupin paid \$16.2 million, \$15.5 million and \$14.9 million, respectively, in royalties and other payments to WPP under this mineral lease.

The Macoupin rail load-out facility and rail loop facility leases are for terms of 20 years with 16 renewals for five years each. For the first 30 years of the leases, each lease requires a payment of \$1.50 per ton for every ton of coal loaded through the facility, up to 3.4 million tons per year. Annual rental payments of \$10,000 per year are due after the expiration of the first 30 years. Macoupin is responsible for operations, repairs and maintenance and for keeping rail facilities in good working order. During the years ended December 31, 2014, 2013 and 2012, Macoupin paid \$3.8 million, \$3.0 million and \$4.6 million, respectively, in payments to HOD under the rail facility leases.

Hillsboro entered into a coal mining lease agreement on September 10, 2009, with WPP. Under such agreement, Hillsboro leased certain mineral rights from WPP for a term of 20 years and can renew this lease for additional five-year terms, with a maximum of six terms or until all merchantable and mineable coal has been mined and removed. Hillsboro is required to pay WPP the greater of 8.0% of the gross selling price or \$4.00 per ton and a fixed royalty in the amount set forth in the agreement for the coal mined from the leased premises. Hillsboro is subject to a minimum quarterly royalty under the agreement of \$7.5 million until 2031, for the prior quarter's production. Beginning with the quarterly minimum royalty due April 20, 2032, the quarterly minimum will be \$125,000 for each quarter of 2032 and each subsequent quarter. The minimum royalty is recoupable on future tons mined. If during any quarter the tonnage royalty exceeds the applicable quarterly minimum royalty, Hillsboro may recoup any unrecouped quarterly deficiency payments made during the preceding twenty quarters from the excess tonnage royalty on a first paid, first recouped basis. We are a guarantor, on a declining basis, of the first \$54.8 million of Hillsboro's minimum quarterly payments to WPP. During the years ended December 31, 2014, 2013 and 2012, Hillsboro paid \$28.6 million, \$32.4 million and \$32.2 million, respectively, to WPP under this lease. As of December 31, 2014, we paid WPP \$44.5 million in advance minimum payments under this agreement that remain eligible for recoupment, of which \$34.7 million has been reserved as we do not expect to recoup this balance based on the remaining recoupment period for certain minimum payments and our expected near-term Hillsboro sales given current coal market conditions.

Williamson has a coal mining lease agreement with Independence the term of which runs through March 13, 2021 and can be renewed for additional five-year periods or until all merchantable and mineable coal has been mined and removed. Williamson is required to pay Independence the greater of 9.0% of the gross selling price or \$2.85 per ton for the coal mined from the leased premises. In addition to the tonnage royalty, Williamson is required to pay a quarterly minimum royalty of \$416,750 in each year this lease is in effect, for the prior quarter production. The minimum royalty is recoupable on future tons mined. If during any quarter the tonnage royalty exceeds the \$416,750 quarterly minimum royalty, Williamson may recoup any unrecouped quarterly deficiency payments made during the preceding nineteen quarters from the excess tonnage royalty on a first paid, first recouped basis. The lease also has a provision for a wheelage payable at 0.5% of the gross selling price when foreign coal is transported over the premises. Williamson has an overriding royalty agreement with Independence. As such, Independence will receive an overriding royalty interest in the amount of \$0.30 per ton for each ton of clean coal mined from certain mineral reserves identified in the agreement that Williamson controls or in the future will control that are sold to any third party for the life of the Williamson mining operations on the identified mineral reserves. During the years ended December 31, 2014, 2013 and 2012, Williamson paid \$3.8 million, \$6.0 million, and \$9.5 million respectively, in royalties and other payments to Independence. As of December 31, 2014, we paid Independence \$1.3 million in advance minimum payments that remain eligible for recoupment.

In March 2012, HOD acquired a rail load-out facility at Sugar Camp for \$50.0 million. The transaction includes a lease of the rail load-out to Sugar Camp for which Sugar Camp is required to pay to HOD a \$1.50 per ton tonnage fee, subject to adjustment, on certain tonnages of coal loaded through the load-out during the first 20 years of the lease, subject to a minimum recoupable quarterly

deficiency payment of \$1.3 million. After the first 20 years, Sugar Camp may elect to extend the lease for additional 5-year terms up to a maximum of 16 times. Sugar Camp has the option to purchase the rail load-out for fair market value at any time after the expiration of the first 20 years and for the remainder of the lease. The lease also requires Sugar Camp to maintain and operate the load-out. We are a guarantor, on a declining basis, of the first \$15 million of Sugar Camp's minimum quarterly payments to HOD. During the years ended December 31, 2014, 2013 and 2012, Sugar Camp made \$6.2 million, \$6.2 million and \$4.1 million, respectively, in payments to HOD under the load out lease.

In addition, we have entered into various ancillary agreements with NRP and its subsidiaries providing for acquisition of additional mineral rights within the assigned reserves of Williamson and Macoupin, all in support of our mining transactions with NRP for leased reserves.

As a result of these transactions and contracts, as of December 31, 2014, we had \$7.0 million of net outstanding payable to NRP and its affiliates, \$5.6 million in accrued interest and \$193.4 million in sales-leaseback obligations recorded to consolidated balance sheet. As of December 31, 2013, we had \$4.9 million of net outstanding payables to NRP and its affiliates, \$9.1 million in accrued interest and \$193.4 million in sales-leaseback obligations recorded to our consolidated balance sheet. During the years ended December 31, 2014, 2013 and 2012, we paid NRP and its affiliates \$88.7 million, \$95.6 million and \$98.3 million, respectively, in aggregate payments under the agreements described herein (inclusive of the sale-leaseback arrangements).

The following presents future minimum royalties, by year, required under noncancelable royalty agreements (inclusive of our sale-leaseback obligations) with NRP and its affiliates as of December 31, 2014 (in millions):

2015	\$	60.7
2016		60.6
2017		60.7
2018		60.6
2019		60.7
Thereafter		514.3
Total minimum lease payments	\$	817.6

Colt LLC and Ruger Coal Company, LLC Leases

As part a reorganization in 2010, we entered into a series of mineral leases requiring minimum royalty payments and production royalty payments with Colt LLC ("Colt") and Ruger Coal Company, LLC ("Ruger"), affiliates both owned by Foresight Reserves.

Williamson leases coal reserves from Colt. The term of this lease is for ten years with six renewal periods of five years each. Williamson is required to pay the greater of \$3.40 per ton or 8.5% of the gross sales price of such coal. The minimum royalty for this lease, which is recoupable only against actual production royalty from future tons mined during the period of 10 years following the date on which any such minimum royalty is paid, is \$2.0 million per year. During the years ended December 31, 2014, 2013 and 2012, Williamson paid \$2.0 million, \$2.1 million, and \$3.0 million, respectively, in royalties to Colt under this coal lease. As of December 31, 2014, we paid Colt \$5.1 million in advanced minimum royalty payments that remain eligible for recoupment.

Hillsboro leases coal reserves from Colt, the terms of which are identical but that each covers different reserves. The term of each of these leases is for five years with seven renewal periods of five years each. Hillsboro is required to pay the greater of \$3.40 per ton or 8.5% of the gross sales price of such coal. The minimum royalty for each of these leases, which is recoupable only against actual production royalty from future tons during the period of 10 years following the date on which any such minimum royalty, is \$4.0 million. Hillsboro paid \$8.0 million in each of the years ended December 31, 2014, 2013 and 2012 in royalties to Colt under this coal lease. As of December 31, 2014, Hillsboro paid Colt \$27.6 million in advanced minimum royalty payments that remain eligible for recoupment.

Sugar Camp leases coal reserves from Ruger. The term of this lease is for ten years with six renewal periods of five years each. Sugar Camp is required to pay the greater of \$3.40 per ton or 8.5% of the gross sales price of such coal. There is no minimum royalty associated with this lease. Sugar Camp has two overriding royalty agreements with Ruger pursuant to which Sugar Camp is given the right to mine certain reserves controlled by Ruger as lessee. Pursuant to these overriding royalty agreements, the total royalty that Sugar Camp will be required to pay for each ton of coal mined is equal to the difference between (i) the actual production royalty paid by Sugar Camp to the lessor of the reserves under the leases assumed by Sugar Camp from Ruger and (ii) the amount which is equal to 8% of the gross selling price of the coal mined under the leases. In addition to the overriding royalty, the remaining future minimum royalty for each of these agreements, which is recoupable only against actual overriding royalty during the period of ten years following the date on which such overriding royalty was paid, is \$1.0 million. During the years ended December 31, 2014, 2013 and

2012, Sugar Camp paid \$11.5 million, \$7.4 million and \$8.2 million, respectively, in royalties to Ruger under these coal lease and overriding royalty agreements described above. As of December 31, 2014, Sugar Camp paid Ruger \$2.0 million in advanced minimum royalty payments under the overriding royalty agreements that remain eligible for recoupment.

Macoupin leases coal reserves from Colt under two leases, the terms of which are identical but that cover different reserves. The term of these leases is for ten years with six renewal periods of five years each. Macoupin is required to pay the greater of \$3.40 per ton or 8.5% of the gross sales price of such coal. The remaining future minimum royalties for each of these leases, which is recoupable only against actual production royalty from future tons mined during the period of 10 years following the date on which any such minimum royalty is paid, is \$2.0 million.

Effective June 1, 2012 Macoupin leased additional coal reserves from Colt under another lease. The term of this lease is ten years with six renewal periods of five years each. Macoupin is required to pay the greater of \$3.40 per ton or 8.5% of the gross sales price of such coal, subject to minimum annual payments of \$0.5 million in 2013 and \$2.0 million per year thereafter. Minimum annual payments are recoupable only against actual production royalty from future tons mined during the period of 10 years following the date on which any such minimum royalty is paid.

During the years ended December 31, 2014, 2013 and 2012, Macoupin paid \$6.0 million, \$6.0 million and \$4.7 million, respectively, in royalties to Colt under these coal leases. As of December 31, 2014, Macoupin paid Colt \$19.0 million under these leases in advanced minimum payments that remain eligible for recoupment.

As of December 31, 2014 and 2013, the mines had \$0 and \$0.2 million, respectively, in aggregate outstanding payables to Colt and Ruger under all of the leases above. During the years ended December 31, 2014, 2013 and 2012, we paid Colt and Ruger \$25.5 million, \$23.5 million and \$23.9 million, respectively, in aggregate royalty payments under the agreements described herein.

The following presents future minimum royalties, by year, required under noncancelable royalty agreements with Foresight Reserves and its affiliates as of December 31, 2014 (in millions):

2015	\$	18.0
2016		18.0
2017		18.0
2018		18.0
2019		18.0
Thereafter		6.0
Total minimum lease payments	\$	<u>96.0</u>

Mitigation Agreements

New River Royalty, LLC ("New River Royalty") (formerly Williamson Development Company LLC), an affiliate owned by Foresight Reserves, entered into mitigation agreements with each of Hillsboro, Macoupin, Sugar Camp and Williamson on August 12, 2010 ("Mitigation Agreements"). The Mitigation Agreements are contracts providing for the mitigation by each of the coal mining companies of subsidence damage to any structures located on certain surface lands owned by New River Royalty. Under these agreements, the mining companies are obligated to either repair any significant damage to structures on New River Royalty's surface lands caused by mine subsidence or compensate New River Royalty for the diminution in value of the structure caused by the subsidence damage, in satisfaction of their obligation under the Illinois Surface Coal Mining and Conservation and Reclamation Act, 225 ILCS 720/1.01 et. seq. As an alternative, under the Mitigation Agreements, the mining companies can elect to pay New River Royalty the appraised value of any structures expected to be impacted by subsidence activities prior to mining in exchange for a waiver of liability for any obligation to repair or compensate New River Royalty for any damage after subsidence occurs. Appraised values and diminution in value are determined by licensed appraisers.

Convent Marine Terminal Transloading Agreement

In August 2011, an affiliated company owned by Foresight Reserves acquired the IC RailMarine Terminal in Convent, Louisiana. This terminal, commonly referred to as the Convent Marine Terminal ("CMT"), is owned by Raven Energy LLC ("Raven"), an entity controlled by Christopher Cline and beneficially owned by Christopher Cline, trusts for his children and entities beneficially owned by his management team. The terminal is designed to ship and receive commodities via rail, river barge and ocean vessel. We have a contract for throughput at the terminal that continues through December 31, 2021. We pay fees under the contract based on the tonnages of coal we move through the terminal, subject to minimum annual take-or-pay volume commitments throughout the duration of the contract. The minimum annual commitment amount under the rail transportation agreement is \$42.3 million for

2015 and thereafter increases on average by 4.4% per year. The aggregate remaining minimum contractual payments remaining under this agreement is \$338.5 million as of December 31, 2014. For the years ended December 31, 2014, 2013 and 2012, we paid \$41.9 million, \$26.1 million and \$23.6 million, respectively, under this agreement. As of December 31, 2014 and 2013, we had an affiliate payable balance to Raven of \$4.5 million and \$3.2 million, respectively.

Transactions with our Contract Operators

We operate each mine with a work force that is employed by a contractor that is not under common ownership by us, but is an “affiliate” of us due to our ability to exert control with respect to certain matters. We account for each of these operators as a variable interest entity. Due to the treatment of these contract operators as “variable interest entities,” their assets, liabilities and results of operations are reflected in our consolidated financial statements. For the years ended December 31, 2014, 2013 and 2012, we paid \$0.4 million and \$0.3 million and \$0.2 million, respectively, in the aggregate, plus reimbursement for actual costs incurred to these affiliated contract operators. See “Business—Employees and Labor Relations” for a detailed description of the agreements governing the relationship with these affiliated contract operators.

Equipment Repair and Rebuild Services

On August 1, 2013, Foresight Energy Services LLC entered into an equipment repair and rebuild agreement with Seneca Rebuild LLC (“Seneca Rebuild”), an affiliate owned by Chris Cline, to be the primary provider of repair and rebuild services for mining machinery and equipment for our mines. On April 1, 2014, we acquired Seneca Rebuild for \$3.8 million (net of cash acquired).

Affiliate Supply Agreement

On May 1, 2013, certain unaffiliated suppliers of mining products and Seneca Industries, Inc., one of our affiliates, formed a joint venture whose primary purpose is the manufacture and sale of certain mine supplies primarily for use by us in the conduct of our mining operations. In May 2013, we entered into an amendment to our existing supply agreement with the unaffiliated supplier parties that added the joint venture in which one of our affiliates owns 50% as a supplier party to the agreement, extended the term to April 2018 and updated the pricing provisions of the agreement. The agreement, as amended, obligates our mines to purchase at least 90% of their aggregate annual requirements for certain mine supplies from the supplier parties, subject to certain exceptions as set forth in the agreement. The mine supplies covered under this arrangement are sold pursuant to a price schedule incorporated into the agreement that is reviewed and, if necessary, adjusted every six months to result in an agreed-upon fixed profit percentage for the joint venture as set forth in the agreement. We and our affiliates purchased \$18.1 million and \$14.7 million in mining supplies from the joint venture during the years ended December 31, 2014 and 2013, respectively.

Other Related Party Transactions

We are party to two surface leases in relation to the coal preparation plant and rail load out facility at Williamson with New River Royalty. The primary terms of the leases expire on October 15, 2021, but may be extended by Williamson for additional five-year terms under the same terms and conditions until all of the merchantable and mineable coal has been mined and removed from Williamson. Williamson is required to pay aggregate rent of \$100,000 per year to New River Royalty under the leases. Additionally, New River Royalty may require Williamson to purchase any portion of either of the leased properties at any time while the leases are in effect for \$3,000 an acre. Williamson Transport has the option to purchase any property optioned under the leases if Williamson does not perform its purchase obligation within fifteen days of receiving notice of its purchase obligation.

We may arrange air travel on an individual flight basis with affiliated entities controlled by The Cline Group. These expenses are incurred hourly (at estimated cost), by flight, and are initially paid by The Cline Group and then we reimburse The Cline Group. We also utilize other assets controlled by The Cline Group from time to time and reimburse The Cline Group on a time-incurred basis. For the years ended December 31, 2014 and 2013, we reimbursed entities controlled by The Cline Group \$0 and \$1.5 million, respectively, for usage of non-Foresight Energy LP assets.

Several affiliates by common ownership which own or lease property on which we conduct mining have obtained subsidence rights either from the surface owner or lessor. Normally, these rights permit us to subside the surface owner’s property in exchange for subsidence mitigation. The extent of the mitigation is normally determined at the time we undermine the surface and the cost is normally not material to our operations. Because those subsidence rights were previously held by affiliates by common ownership, we have entered into global assignments of such rights in exchange for our obligation to satisfy all subsidence mitigation.

Procedures for Review, Approval and Ratification of Transactions with Related Persons

If a conflict or potential conflict of interest arises between our general partner or its affiliates, on the one hand, and us or our unitholders, on the other hand, the resolution of any such conflict or potential conflict should be addressed by the conflicts committee. The members of the conflicts committee may not be officers or employees of our general partner or directors, officers or employees of its affiliates, including Foresight Reserves, and must meet the independence standards established by the NYSE and the Exchange Act to serve on an audit committee of a board of directors, along with other requirements in our partnership agreement. The independent members of the board of directors of our general partner serve on our conflicts committee to review specific matters that the board believes may involve conflicts of interest and determines to submit to the conflicts committee for review. The conflicts committee determines if the resolution of the conflict of interest is adverse to the interest of the partnership. Any matters approved by the conflicts committee are conclusively deemed to be approved by us and all of our partners and not a breach by our general partner of any duties it may owe us or our unitholders. The policy described above was adopted in connection with the IPO, and as a result the transactions executed prior to the IPO were not reviewed under such policy.

Director Independence

The information appearing under Item 10. "Directors, Executive Officers and Corporate Governance of the Managing Partner"—"Director Independence" is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The following table presents fees for professional services rendered by our independent registered public accounting firm, Ernst and Young, LLP, during the years ended December 2014 and 2013:

	Year Ended December 31,	
	2014	2013
	<i>(In Thousands)</i>	
Audit fees (1)	\$ 814	\$ 834
Audit-related fees (2)	70	72
Tax (3)	40	48
All other fees (4)	—	—
Total	<u>\$ 924</u>	<u>\$ 954</u>

- (1) Audit fees represent fees for professional services rendered in connection with (i) the audit of our annual financial statements, (ii) the review of our quarterly financial statements and (iii) those services normally provided in connection with statutory and regulatory filings or engagements including comfort letters, consents and other services related to SEC matters (including the Registration Statements on Form S-1 filed in connection with our initial public offering). The amount recorded as audit fees, including out-of-pocket expenses, are for the current year audit irrespective of the period in which the related services are billed.
- (2) Audit-related fees represent fees for assurance and related services. This category primarily includes services relating to fees for audits of employee benefit plans.
- (3) Tax fees represent fees for professional services rendered in connection with tax compliance, tax advice and tax planning.
- (4) All other fees represent fees for services not classified under the other categories listed above.

The charter of the audit committee of the board of directors of our general partner provides that the audit committee is responsible for reviewing and approving, in advance, any audit and permissible non-audit engagement or relationship between us and our independent auditors, other than as provided under the de minimis exception rule.

PART IV

Item 15. Exhibits and Financial Schedules

(a) The following documents are filed as part of this Annual Report on Form 10-K:

- (1) Financial Statements—Set forth under Part II, Item 8. “Financial Statements and Supplementary Data”
- (2) Financial Statement Schedules—Valuation and Qualifying Accounts—Set forth under Part II, Item 8. “Financial Statements and Supplementary Data.” All other schedules are omitted because they are not applicable or the information is shown in the financial statements or notes thereto.
- (3) Exhibits—Exhibits required to be filed by Item 601 of Regulation S-K are set forth in the Exhibit Index accompanying this Annual Report on Form 10-K and are incorporated herein by reference.

SIGNATURES

Pursuant to the requirements 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 on March 10, 2015.

Foresight Energy LP

By: Foresight Energy GP LLC,
its general partner

/s/ Michael J. Beyer
Michael J. Beyer
*President, Chief Executive Officer
and Director*

/s/ Oscar A. Martinez
Oscar A. Martinez
*Senior Vice President and
Chief Financial and Accounting Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Michael J. Beyer</u> Michael J. Beyer	President, Chief Executive Officer and Director	March 10, 2015
<u>/s/ Oscar A. Martinez</u> Oscar A. Martinez	Senior Vice President and Chief Financial and Accounting Officer	March 10, 2015
<u>*</u> Christopher Cline	Principal Strategy Officer and Chairman of the Board of Directors	March 10, 2015
<u>*</u> E. Hunter Harrison	Director	March 10, 2015
<u>*</u> Daniel S. Hermann	Director	March 10, 2015
 *By: <u>/s/ Michael J. Beyer</u> Michael J. Beyer, <i>Attorney-in-fact</i>		

INDEX TO EXHIBITS

Exhibit Number	Description of Documents
3.1	Certificate of Limited Partnership of Foresight Energy LP (f/k/a Foresight Energy Partners LP) (incorporated herein by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 filed on February 2, 2012 (SEC File No. 333-179304)).
3.2	Form of Partnership Agreement of Foresight Energy LP (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on June 23, 2014 (SEC File No. 001-36503)).
4.1	Indenture, dated as of August 23, 2013, by and among Foresight Energy LLC, Foresight Energy Finance Corporation, the Guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
4.2	Form of Long-Term Phantom Unit Agreement (incorporated herein by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K filed on June 23, 2014 (SEC File No. 001-36503)).
4.3	Form of Unit Award Agreement (incorporated herein by reference to Exhibit 4.5 to the Registrant's Current Report on Form 8-K filed on June 23, 2014 (SEC File No. 001-36503)).
10.1	Form of Contribution, Conveyance and Assumption Agreement (incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 23, 2014 (SEC File No. 001-36503)).
10.2	Form of Registration Rights Agreement (incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on June 23, 2014 (SEC File No. 001-36503)).
10.3	Form of Long-Term Incentive Plan (incorporated herein by reference to Exhibit 10.3 to Amendment No. 7 to the Registrant's Registration Statement on Form S-1 filed on May 7, 2014 (SEC File No. 333-179304)).
10.4	Amendment Agreement (including the Amended and Restated Credit Agreement), dated as of August 23, 2013 by and among Foresight Energy LLC, certain subsidiaries of Foresight Energy LLC, Citibank, N.A., as administrative agent, and the lenders party thereto (incorporated herein by reference to Exhibit 10.4 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.5	Credit Agreement, dated as of January 5, 2010, by and among Sugar Camp Energy LLC, as the borrower, Foresight Energy LLC, as a guarantor, Crédit Agricole Corporate and Investment Bank, as Administrative Agent (formerly known as Calyon New York Branch) and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme (formerly known as Calyon Deutschland Niederlassung Einer Französischen Société Anonyme), as Hermes Agent (formerly known as CALYON Deutschland Niederlassung Einer Französischen Société Anonyme) (the "Sugar Camp Credit Agreement") (incorporated herein by reference to Exhibit 10.5 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.6	First Amendment to the Sugar Camp Credit Agreement dated as of February 5, 2010, by and among Sugar Camp Energy LLC, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon New York Branch), as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme (formerly known as Calyon Deutschland Niederlassung Einer Französischen Société Anonyme), as Hermes Agent (incorporated herein by reference to Exhibit 10.6 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.7	Second Amendment to the Sugar Camp Credit Agreement and First Amendment to Foresight Guarantee, dated as of August 4, 2010, by and among Sugar Camp Energy LLC, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon New York Branch), as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme (formerly known as Calyon Deutschland Niederlassung Einer Französischen Société Anonyme), as Hermes Agent (incorporated herein by reference to Exhibit 10.7 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).

Exhibit Number	Description of Documents
10.8	Third Amendment to the Sugar Camp Credit Agreement, dated as of September 24, 2010, by and among Sugar Camp Energy LLC, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon New York Branch), as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme (formerly known as Calyon Deutschland Niederlassung Einer Französischen Société Anonyme), as Hermes Agent (incorporated herein by reference to Exhibit 10.8 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.9	Fourth Amendment to the Sugar Camp Credit Agreement, dated as of May 27, 2011, by and among Sugar Camp Energy LLC, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon New York Branch), as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme (formerly known as Calyon Deutschland Niederlassung Einer Französischen Société Anonyme), as Hermes Agent (incorporated herein by reference to Exhibit 10.9 on Amendment 10 to the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-139304)).
10.10	Fifth Amendment to the Sugar Camp Credit Agreement and First Amendment to Guaranty, dated as of March 8, 2012, by and among Sugar Camp Energy LLC, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon New York Branch), as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme (formerly known as Calyon Deutschland Niederlassung Einer Französischen Société Anonyme), as Hermes Agent (incorporated herein by reference to Exhibit 10.10 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.11	Sixth Amendment to the Sugar Camp Credit Agreement and Second Amendment to Guaranty, dated as of August 23, 2013, by and among Sugar Camp Energy LLC, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon New York Branch), as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme (formerly known as Calyon Deutschland Niederlassung Einer Französischen Société Anonyme), as Hermes Agent (incorporated herein by reference to Exhibit 10.11 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.12	Guaranty of the Sugar Camp Credit Agreement by Foresight Energy LLC, as guarantor, in favor of Crédit Agricole Corporate and Investment Bank, as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme, as Hermes Agent dated May 27, 2011 (incorporated herein by reference to Amendment No. 10 to Exhibit 10.12 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.13	Credit Agreement, dated as of May 14, 2010, by and among Hillsboro Energy LLC, as the borrower, Foresight Energy LLC, as a guarantor, Credit Agricole Corporate and Investment Bank (formerly known as Calyon New York Branch), as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme, as Hermes Agent (the "Hillsboro Credit Agreement") (incorporated herein by reference to Amendment No. 10 to Exhibit 10.13 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.14	First Amendment to the Hillsboro Credit Agreement, dated as of June 17, 2010, by and among Hillsboro Energy LLC, Foresight Energy LLC, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon New York Branch), as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme, as Hermes Agent (incorporated herein by reference to Exhibit 10.14 on the Registrant's Draft Registration Statement filed on February 18, 2014 (SEC File No. 333-179304)).
10.15	Second Amendment to the Hillsboro Credit Agreement and First Amendment to Foresight Guaranty dated as of August 4, 2010, by and among Hillsboro Energy LLC, Foresight Energy LLC, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon New York Branch), as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme, as Hermes Agent (incorporated herein by reference to Exhibit 10.15 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.16	Third Amendment to the Hillsboro Credit Agreement dated as of September 24, 2010, by and among Hillsboro Energy LLC, Foresight Energy LLC, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon New York Branch), as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme, as Hermes Agent (incorporated herein by reference to Exhibit 10.16 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).

Exhibit Number	Description of Documents
10.17	Fourth Amendment to the Hillsboro Credit Agreement dated as of May 27, 2011, by and among Hillsboro Energy LLC, Foresight Energy LLC, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon New York Branch), as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme, as Hermes Agent (incorporated herein by reference to Amendment No. 10 to Exhibit 10.17 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.18	Fifth Amendment to the Hillsboro Credit Agreement and First Amendment to Guaranty dated as of March 8, 2012, by and among Hillsboro Energy LLC, Foresight Energy LLC, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon New York Branch), as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme, as Hermes Agent (incorporated herein by reference to Exhibit 10.18 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.19	Sixth Amendment to the Hillsboro Credit Agreement and Second Amendment to Guaranty dated as of August 16, 2013, by and among Hillsboro Energy LLC, Foresight Energy LLC, Crédit Agricole Corporate and Investment Bank (formerly known as Calyon New York Branch), as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme, as Hermes Agent (incorporated herein by reference to Exhibit 10.19 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.20	Guaranty of the Hillsboro Credit Agreement by Foresight Energy LLC, as guarantor, in favor of Crédit Agricole Corporate and Investment Bank (formerly known as Calyon New York Branch), as Administrative Agent, and Crédit Agricole Corporate and Investment Bank Deutschland, Niederlassung Einer Französischen Société Anonyme, as Hermes Agent dated May 27, 2011 (incorporated herein by reference to Amendment No. 10 to Exhibit 10.20 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.21	Illinois Coal Lease dated July 1, 2002 from the United States of America, as Lessor acting through its legal agent, the Tennessee Valley Authority, ("TVA"), to Illinois Fuel Company, LLC, as Lessee ("Illinois Coal Lease"), which was assigned to Ruger Coal Company, LLC, with such assignment and transfer being consented to by TVA, by an Assignment and Assumption Agreement effective on August 4, 2009 ("Assignment and Assumption Agreement") by and among TVA, Illinois Fuel Company, LLC and Ruger Coal Company, LLC wherein TVA consented to "the mining of the Lease reserves by Sugar Camp Energy, LLC, and with Ruger Coal Company, LLC agreeing that Sugar Camp Energy, LLC can mine the Illinois Coal Lease reserves and consenting to the mining of such reserves in a Consent dated effective on January 22, 2010 between Ruger Coal Company, LLC and Sugar Camp Energy, LLC (with certain confidential information omitted, which omitted information is the subject of a confidential treatment request and has been filed separately with the Securities and Exchange Commission) (incorporated herein by reference to Amendment No. 10 to Exhibit 10.21 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.22	Amendment One to Illinois Coal Lease dated April 10, 2012 between United States of America, as Lessor acting through its legal agent, the Tennessee Valley Authority ("TVA"), and Illinois Fuel Company LLC, Lessee (as assigned to Ruger Coal Company LLC under that Assignment and Assumption Agreement dated August 4, 2009 by and among TVA, Illinois Fuel Company, LLC, Assignor and Ruger Coal Company LLC, Assignee, and expressly granting Sugar Camp Energy, LLC the right to mine the reserves subject to the lease) (with certain confidential information omitted, which omitted information is the subject of a confidential treatment request and has been filed separately with the Securities and Exchange Commission) (incorporated herein by reference to Exhibit 10.22 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.23	Amendment Two to Illinois Coal Lease effective as of August 30, 2012 by and between United States of America, as Lessor acting through its legal agent, the Tennessee Valley Authority ("TVA"), and Illinois Fuel Company LLC, Lessee (as assigned to Ruger Coal Company LLC under that Assignment and Assumption Agreement dated August 4, 2009 by and among TVA, Illinois Fuel Company, LLC, Assignor and Ruger Coal Company LLC, Assignee, and expressly granting Sugar Camp Energy, LLC the right to mine the reserves subject to the lease) (with certain confidential information omitted, which omitted information is the subject of a confidential treatment request and has been filed separately with the Securities and Exchange Commission) (incorporated herein by reference to Amendment No. 10 to Exhibit 10.23 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).

Exhibit Number	Description of Documents
10.24	Master Lease Agreement between PNC Equipment Finance, LLC, as Lessor and Foresight Energy Services LLC, as Lessee dated October 31, 2013, that Master Lease Guaranty delivered by Foresight Energy LLC in favor of PNC Equipment Finance, LLC in connection with Master Lease Agreement, and that Real Property Waiver for the benefit of PNC Equipment Finance, LLC by Williamson Energy LLC, Sugar Camp Energy LLC and Hillsboro Energy LLC dated October 31, 2013 (incorporated herein by reference to Exhibit 10.24 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.25	Master Lease Agreement dated March 30, 2012, among BB&T Equipment Finance Corporation ("BB&T"), as Lessor, Hillsboro Energy LLC, Sugar Camp Energy, LLC and Williamson Energy, LLC, collectively as Lessee, and Foresight Energy LLC, as guarantor (incorporated herein by reference to Exhibit 10.25 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.26	Coal Mining Lease between RGGGS Land & Mineral LTD., L.P. and Sugar Camp Energy, LLC dated July 29, 2005 (with certain confidential information omitted, which omitted information is the subject of a confidential treatment request and has been filed separately with the Securities and Exchange Commission) (incorporated herein by reference to Amendment No. 10 to Exhibit 10.26 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.27	First Amendment to Coal Mining Lease between RGGGS Land & Minerals, LTD., L.P. and Sugar Camp Energy LLC dated August 11, 2008 (incorporated herein by reference to Exhibit 10.27 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.28	Amendment dated December 21, 2010 to Coal Mining Lease between RGGGS Land & Minerals, LTD., L.P. and Sugar Camp Energy, LLC (incorporated herein by reference to Exhibit 10.28 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.29	Surface Sublease between Sugar Camp Energy, LLC and HOD, LLC dated March 6, 2012 (incorporated herein by reference to Amendment No. 10 to Exhibit 10.29 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.30	Lease Agreement dated March 6, 2012 between HOD, LLC and Sugar Camp Energy, LLC (incorporated herein by reference to Amendment No. 10 to Exhibit 10.30 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.31	First Amendment to Lease Agreement dated August 23, 2013 between HOD, LLC and Sugar Camp Energy, LLC (incorporated herein by reference to Exhibit 10.31 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.32	Materials Handling and Storage Agreement by and among Raven Energy LLC of Louisiana, Foresight Energy LLC and Savatran LLC dated January 1, 2012 (with certain confidential information omitted, which omitted information is the subject of a confidential treatment request and has been filed separately with the Securities and Exchange Commission) (incorporated herein by reference to Exhibit 10.32 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.33	Coal Mining Lease and Sublease Agreement between WPP LLC and Hillsboro Energy LLC dated September 10, 2009 (incorporated herein by reference to Amendment No. 10 to Exhibit 10.33 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.34	Amendment No. 1 to the Coal Mining Lease and Sublease Agreement between WPP LLC and Hillsboro Energy LLC dated January 11, 2010 (incorporated herein by reference to Exhibit 10.34 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.35	Amendment No. 2 to the Coal Mining Lease and Sublease Agreement between WPP LLC and Hillsboro Energy LLC dated October 4, 2010 (incorporated herein by reference to Exhibit 10.35 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.36	Amendment No. 3 to the Coal Mining Lease and Sublease Agreement between WPP LLC and Hillsboro Energy LLC dated January 13, 2011 (incorporated herein by reference to Exhibit 10.36 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).

Exhibit Number	Description of Documents
10.37	Amendment No. 4 to the Coal Mining Lease and Sublease Agreement between WPP LLC and Hillsboro Energy LLC dated February 2, 2012 (incorporated herein by reference to Amendment No. 10 to Exhibit 10.37 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.38	Amendment No. 5 to the Coal Mining Lease and Sublease Agreement between WPP LLC and Hillsboro Energy LLC dated August 21, 2012 (incorporated herein by reference to Amendment No. 10 to Exhibit 10.38 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.39	Coal Mining Lease Agreement (5000 Foot Extension) between Independence Land Company, LLC and Williamson Energy, LLC dated March 13, 2006 (incorporated herein by reference to Amendment No. 10 to Exhibit 10.39 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.40	Amended and Restated Coal Mining Lease Agreement between WPP LLC and Williamson Energy, LLC dated August 14, 2006 (incorporated herein by reference to Amendment No. 10 to Exhibit 10.40 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.41	First Amendment to the Amended and Restated Coal Mining Lease Agreement between WPP LLC and Williamson Energy, LLC dated May 19, 2008 (incorporated herein by reference to Exhibit 10.41 on the Registrant's Draft Registration Statement filed on February 18, 2014 (SEC File No. 333-179304)).
10.42	Amendment to the Amended and Restated Coal Mining Lease Agreement between WPP LLC and Williamson Energy LLC, dated December 18, 2009 (incorporated herein by reference to Amendment No. 10 to Exhibit 10.42 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.43	Third Amendment to Amended and Restated Coal Mining Lease Agreement dated August 12, 2010 between WPP LLC and Williamson Energy, LLC (incorporated herein by reference to Amendment No. 10 to Exhibit 10.44 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.44	Fourth Amendment to Amended and Restated Coal Mining Lease Agreement dated June 30, 2011 but effective April 1, 2011 between WPP LLC and Williamson Energy, LLC (incorporated herein by reference to Amendment No. 10 to Exhibit 10.45 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.45	Partial Release of Leased Premises from Amended and Restated Coal Mining Lease Agreement dated June 30, 2011 between WPP LLC and Williamson Energy, LLC (incorporated herein by reference to Amendment No. 10 to Exhibit 10.46 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.46	Fifth Amendment to Amended and Restated Coal Mining Lease Agreement dated March 20, 2013 but effective March 1, 2013 between WPP LLC and Williamson Energy, LLC (incorporated herein by reference to Amendment No. 10 to Exhibit 10.47 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.47	Partial Release of Leased Premises from Amended and Restated Coal Mining Lease Agreement dated March 20, 2013 but effective March 1, 2013 between WPP LLC and Williamson Energy, LLC (incorporated herein by reference to Amendment No. 10 to Exhibit 10.48 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.48	Corrective Partial Release of Leased Premises from Amended and Restated Coal Mining Lease Agreement dated April 5, 2013 but effective March 1, 2013 between WPP LLC and Williamson Energy, LLC (incorporated herein by reference to Amendment No. 10 to Exhibit 10.49 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.49	Lease (Rail Load Out Lease) dated May 1, 2005 between Steelhead Development Company, LLC and Williamson Energy, LLC (incorporated herein by reference to Amendment No. 10 to Exhibit 10.50 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.50	Coal Mining Lease dated August 12, 2010 between Ruger Coal Company, LLC and Sugar Camp Energy, LLC (incorporated herein by reference to Amendment No. 10 to Exhibit 10.51 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).

Exhibit Number	Description of Documents
10.51	First Amendment to Coal Mining Lease between Ruger Coal Company, LLC and Sugar Camp Energy LLC dated November 4, 2011 (incorporated herein by reference to Exhibit 10.52 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.52	Second Amendment to Coal Mining Lease between Ruger Coal Company, LLC and Sugar Camp Energy LLC dated July 24, 2012 (incorporated herein by reference to Amendment No. 10 to Exhibit 10.53 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.53	Coal Mining Lease and Sublease dated August 12, 2010 from Colt LLC to Williamson Energy, LLC (incorporated herein by reference to Amendment No. 10 to Exhibit 10.54 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.54	First Amendment to Coal Mining Lease and Sublease Agreement between Colt, LLC and Williamson Energy, LLC dated June 30, 2011 but effective April 1, 2011 (incorporated herein by reference to Amendment No. 10 to Exhibit 10.55 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.55	Second Amendment to Coal Mining Lease and Sublease Agreement between Colt LLC and Williamson Energy LLC dated February 13, 2013 but effective December 31, 2012 (incorporated herein by reference to Exhibit 10.56 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.56	Third Amendment to Coal Mining Lease and Sublease Agreement between Colt, LLC and Williamson Energy, LLC dated March 20, 2013 but effective March 1, 2013 (incorporated herein by reference to Amendment No. 10 to Exhibit 10.57 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.57	Partial Release of Premises from Coal Mining Lease and Sublease between Colt, LLC and Williamson Energy, LLC, dated March 20, 2013 but effective March 1, 2013 (incorporated herein by reference to Amendment No. 10 to Exhibit 10.58 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.58	Overriding Royalty Agreement dated August 12, 2010 between Ruger Coal Company LLC and Sugar Camp Energy, LLC (incorporated herein by reference to Amendment No. 10 to Exhibit 10.59 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.59	Coal Mining Lease (For "Reserve 1" and "Reserve 3") dated August 12, 2010 between Colt LLC and Hillsboro Energy LLC (incorporated herein by reference to Amendment No. 10 to Exhibit 10.61 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).
10.60	First Amendment to Coal Mining Lease (For "Reserve 1" and "Reserve 3") dated February 13, 2013 but effective December 31, 2013 between Colt LLC and Hillsboro Energy LLC (incorporated herein by reference to Exhibit 10.62 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.61	Coal Mining Lease (For "Reserve 2") dated August 12, 2010 between Colt LLC and Hillsboro Energy LLC (incorporated herein by reference to Exhibit 10.63 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.62	First Amendment to Coal Mining Lease (For "Reserve 2") dated August 21, 2012 between Colt LLC and Hillsboro Energy LLC (incorporated herein by reference to Exhibit 10.64 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.63	Second Amendment to Coal Mining Lease (For "Reserve 2") dated February 13, 2013 between Colt LLC and Hillsboro Energy LLC (incorporated herein by reference to Amendment No. 6 to Exhibit 10.65 on the Registrant's Registration Statement on Form S-1 filed on April 24, 2014 (SEC Report No. 333-179304)).
10.64	Throughput Agreement dated August 23, 2013 between Hillsboro Energy LLC and Hillsboro Transport LLC (incorporated herein by reference to Amendment No. 10 to Exhibit 10.66 on the Registrant's Registration Statement on Form S-1 filed on May 22, 2014 (SEC File No. 333-179304)).

Exhibit Number	Description of Documents
10.65	General Terms and Conditions between Foresight Coal Sales LLC as agent for Williamson Energy LLC and Sugar Camp Energy LLC and Citigroup Global Markets Limited dated March 29, 2011, and that Purchase Order No. 1 with a Transaction Date of January 11, 2011, Purchase Order No. 2 with a Transaction Date of February 4, 2011 and Purchase Order No. 3 with a Transaction Date of March 22, 2011, as amended by the terms of that Settlement Agreement dated May 1, 2013 (with certain confidential information omitted, which omitted information is the subject of a confidential treatment request and has been filed separately with the Securities and Exchange Commission) (incorporated herein by reference to Exhibit 10.67 on the Registrant's Registration Statement on Form S-1 filed on May 7, 2014 (SEC Report No. 333-179304)).
10.66	Master Fuel Purchase and Sales Agreement between Williamson Energy LLC and The Dayton Power and Light Company dated August 16, 2007 and that Transaction Confirmation ID No. 507002 having a Transaction Date of October 2, 2007, as amended by Amendment One dated August 26, 2010 and Amendment Two dated January 2, 2013 (with certain confidential information omitted, which omitted information is the subject of a confidential treatment request and has been filed separately with the Securities and Exchange Commission) (incorporated herein by reference to Amendment No. 6 to Exhibit 10.68 on the Registrant's Registration Statement on Form S-1 filed on April 24, 2014 (SEC Report No. 333-179304)).
10.67	Amendment and Restatement of the Short Phantom Equity Agreement dated December 21, 2012 among Foresight Energy Services LLC, Drexel Short, Foresight Management, LLC and Foresight Reserves, L.P. (incorporated herein by reference to Exhibit 10.69 on the Registrant's Draft Registration Statement on Form S-1 filed on February 18, 2014 (SEC File No. 333-179304)).
10.68	Amended and Restated Coal Processing and Loading Agreement dated October 1, 2011 between Williamson Energy, LLC and Mach Mining, LLC (incorporated herein by reference to Amendment No. 8 to Exhibit 10.72 on the Registrant's Registration Statement on Form S-1 filed on May 9, 2014 (SEC File No. 333-179304)).
10.69	Second Amended and Restated Contract Mining Agreement dated October 1, 2011 between Williamson Energy, LLC and Mach Mining, LLC (incorporated herein by reference to Amendment No. 8 to Exhibit 10.73 on the Registrant's Registration Statement on Form S-1 filed on May 9, 2014 (SEC File No. 333-179304)).
10.70	Amended and Restated Coal Processing and Refuse Disposal Agreement dated October 1, 2011 between Macoupin Energy LLC and MaRyan Mining LLC (incorporated herein by reference to Amendment No. 8 to Exhibit 10.74 on the Registrant's Registration Statement on Form S-1 filed on May 9, 2014 (SEC File No. 333-179304)).
10.71	Amended and Restated Contract Mining Agreement dated October 1, 2011 between Macoupin Energy LLC and MaRyan Mining LLC (incorporated herein by reference to Amendment No. 8 to Exhibit 10.75 on the Registrant's Registration Statement on Form S-1 filed on May 9, 2014 (SEC File No. 333-179304)).
10.72	Amended and Restated Coal Processing and Refuse Disposal Agreement dated October 1, 2011 between Sugar Camp Energy, LLC and M-Class Mining, LLC (incorporated herein by reference to Amendment No. 8 to Exhibit 10.76 on the Registrant's Registration Statement on Form S-1 filed on May 9, 2014 (SEC File No. 333-179304)).
10.73	Amended and Restated Contract Mining Agreement dated October 1, 2011 between Sugar Camp Energy, LLC and M-Class Mining, LLC (incorporated herein by reference to Amendment No. 8 to Exhibit 10.77 on the Registrant's Registration Statement on Form S-1 filed on May 9, 2014 (SEC File No. 333-179304)).
10.74	Amended and Restated Coal Processing and Refuse Disposal Agreement dated October 1, 2011 between Hillsboro Energy LLC and Patton Mining LLC (incorporated herein by reference to Exhibit 10.78 on the Registrant's Registration Statement on Form S-1 filed on May 9, 2014 (SEC File No. 333-179304)).
10.75	Amended and Restated Contract Mining Agreement dated October 1, 2011 between Hillsboro Energy LLC and Patton Mining LLC (incorporated herein by reference to Exhibit 10.79 on the Registrant's Registration Statement on Form S-1 filed on May 9, 2014 (SEC File No. 333-179304)).
10.76	Form of Unit Agreement (with Transfer Restrictions) (incorporated herein by reference to Exhibit 10.1 on the Registrant's Current Report on Form 8-K filed on February 10, 2015 (SEC File No. 001-36503)).
10.77	Form of Subordinated Unit Agreement (with Transfer Restrictions) (incorporated by herein reference to Exhibit 10.2 on the Registrant's Current Report on Form 8-K filed on February 10, 2015 (SEC File No. 001-36503)).
10.78	Receivables Financing Agreement dated January 13, 2015 between Foresight Receivables LLC, as Borrower, PNC Bank, National Association, as LC Bank and Administrative Agent, and Foresight Energy LLC, as initial Servicer.

Exhibit Number	Description of Documents
1079	Purchase and Sale Agreement dated as of January 13, 2015 between various entities listed on scheduled I hereto, as Originators, Foresight Energy LLC, as Servicer, and Foresight Receivables LLC, as Buyer.
10.80	Performance Guaranty between Foresight Energy LP and PNC Bank, National Association dated January 13, 2015.
10.81	First Amendment to Foresight Energy LP Long-Term Incentive Plan dated February 6, 2015.
21.1	List of Subsidiaries of Foresight Energy LP
23.1	Consent of Independent Registered Public Accounting Firm for Foresight Energy LP
24.1	Powers of Attorney
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2012.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2012.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95.1	Mine Safety Disclosures
101	Interactive Data File (Form 10-K for the year ended December 31, 2014 filed in XBRL)

**EXECUTION COPY
RECEIVABLES FINANCING AGREEMENT**

Dated as of January 13, 2015

by and among

FORESIGHT RECEIVABLES LLC,
as Borrower,

THE PERSONS FROM TIME TO TIME PARTY HERETO,
as Lenders, as Group Agents and LC Participants,

PNC BANK, NATIONAL ASSOCIATION,
as LC Bank,

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent,

and

FORESIGHT ENERGY LLC,
as initial Servicer

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SCHEDULES

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This RECEIVABLES FINANCING AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this “ Agreement ”) is entered into as of January 13, 2015 by and among the following parties:

- (i) Borrower”); FORESIGHT RECEIVABLES LLC, a Delaware limited liability company, as Borrower (together with its successors and assigns, the “
- (ii) the Persons from time to time party hereto as Lenders, Group Agents and LC Participants;
- (iii) PNC BANK, NATIONAL ASSOCIATION , as LC Bank (in such capacity, together with its successors and assigns in such capacity, the “ LC Bank ”);
- (iv) PNC BANK, NATIONAL ASSOCIATION (“ PNC ”) , as Administrative Agent; and
- (v) FORESIGHT ENERGY LLC, a Delaware limited liability company, in its individual capacity (“ Foresight ”) and as initial Servicer (in such capacity, together with its successors and assigns in such capacity, the “ Servicer ”).

PRELIMINARY STATEMENTS

The Borrower has acquired, and will acquire from time to time, Receivables from the Originator(s) pursuant to the Purchase and Sale Agreement. The Borrower has requested (a) that the Lenders make Loans from time to time to the Borrower and (b) the LC Bank to issue Letters of Credit for the account of the Borrower from time to time, in each case, on the terms, and subject to the conditions set forth herein, secured by, among other things, the Receivables.

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

DEFINITIONS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“ Adjusted LC Participation Amount ” means, at any time of determination, the greater of (i) the LC Participation Amount less the amount of cash collateral held in the LC Collateral Account at such time and (ii) zero (\$0).

“ Adjusted LIBOR ” means with respect to any Interest Period, the interest rate per annum determined by the applicable Group Agent by dividing (the resulting quotient rounded upwards, if necessary, to the nearest 1/100th of 1% per annum) (i) the rate of interest determined by such Group Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) to be the rate per annum for deposits in U.S. dollars as reported by

Bloomberg Finance L.P. and shown on US0001M Screen as the composite offered rate for London interbank deposits for such period (or on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by such Group Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at or about 11:00 a.m. (London time) on the Business Day which is two (2) Business Days prior to the first day of such Interest Period for an amount comparable to the Portion of Capital to be funded at the Bank Rate and based upon Adjusted LIBOR during such Interest Period, by (ii) a number equal to 1.00 minus the Euro-Rate Reserve Percentage. The calculation of Adjusted LIBOR may also be expressed by the following formula:

$$\text{Adjusted LIBOR} = \frac{\begin{array}{l} \text{Composite of London interbank offered rates shown on} \\ \text{Bloomberg Finance L.P. Screen US0001M} \\ \text{or appropriate successor} \end{array}}{1.00 - \text{Euro-Rate Reserve Percentage}}$$

Adjusted LIBOR shall be adjusted on the effective date of any change in the Euro-Rate Reserve Percentage as of such effective date. The applicable Group Agent shall give prompt notice to the Borrower of Adjusted LIBOR as determined or adjusted in accordance herewith (which determination shall be conclusive absent manifest error).

“Administrative Agent” means PNC, in its capacity as contractual representative for the Credit Parties, and any successor thereto in such capacity appointed pursuant to Article XI or Section 14.03(g).

“Adverse Claim” means any ownership interest or claim, mortgage, deed of trust, pledge, lien, security interest, hypothecation, charge or other encumbrance or security arrangement of any nature whatsoever, whether voluntarily or involuntarily given, including, but not limited to, 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); it being understood that any thereof in favor of, or assigned to, the Administrative Agent (for the benefit of the Secured Parties) shall not constitute an Adverse Claim.

“Advisors” has the meaning set forth in Section 14.06(c).

“Affected Person” means each Credit Party, each Program Support Provider, each Liquidity Agent and each of their respective Affiliates.

“Affiliate” means, as to any Person: (a) any Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or (b) who is a director or officer: (i) of such Person or (ii) of any Person described in clause (a), except that, in the case of each Conduit Lender, Affiliate shall mean the holder(s) of its Capital Stock or membership interests, as the case may be. For purposes of this definition, control of a Person shall mean the

power, direct or indirect: (x) to vote 25% or more of the securities having ordinary voting power for the election of directors or managers of such Person or (y) to direct or cause the direction of the management and policies of such Person, in either case whether by ownership of securities, contract, proxy or otherwise.

“Aggregate Capital” means, at any time of determination, the aggregate outstanding Capital of all Lenders and LC Participants at such time.

“Aggregate Interest” means, at any time of determination, the aggregate accrued and unpaid Interest on the Loans of all Lenders at such time.

“Agreement” has the meaning set forth in the preamble to this Agreement.

“Anti-Terrorism Laws” means any Applicable Law relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such Applicable Laws, all as amended, supplemented or replaced from time to time.

“Applicable Law” means, with respect to any Person, (x) all provisions of law, statute, treaty, constitution, ordinance, rule, regulation, ordinance, requirement, restriction, permit, executive order, certificate, decision, directive or order of any Governmental Authority applicable to such Person or any of its property and (y) all judgments, injunctions, orders, writs, decrees and awards of all courts and arbitrators in proceedings or actions in which such Person is a party or by which any of its property is bound. For the avoidance of doubt, FATCA shall constitute an “Applicable Law” for all purposes of this Agreement.

“Assignment and Acceptance Agreement” means an assignment and acceptance agreement entered into by a Committed Lender, an Eligible Assignee, such Committed Lender’s Group Agent and the Administrative Agent, and, if required, the Borrower, pursuant to which such Eligible Assignee may become a party to this Agreement, in substantially the form of Exhibit B hereto.

“Assumption Agreement” has the meaning set forth in Section 14.03(i).

“Atlantic” means Atlantic Asset Securitization LLC.

“Attorney Costs” means and includes all reasonable fees, costs, expenses and disbursements of any law firm or other external counsel and all reasonable disbursements of internal counsel.

“Bank Rate” for any Portion of Capital funded by any Lender during any Interest Period (or portion thereof), means an interest rate per annum equal to (a) the Euro-Rate with respect to such Lender for such Interest Period (or portion thereof) (provided that for such purpose, if such Euro-Rate is determined by reference to LMIR, the Euro-Rate for any day during such Interest Period or portion thereof shall be LMIR in effect on such day) or (b) if the Base Rate is applicable to such Lender pursuant to Section 5.04, the daily average Base Rate during such Interest Period (or portion thereof).

“Bankruptcy Code” means the United States Bankruptcy Reform Act of 1978 (11 U.S.C. § 101, et seq.), as amended from time to time.

“Base Rate” means, for any day and any Lender, a fluctuating interest rate per annum as shall be in effect from time to time, which rate shall be at all times equal to the highest of:

(a) the rate of interest in effect for such day as publicly announced from time to time by the applicable Group Agent or its Affiliate as its “reference rate” or “prime rate”, as applicable. Such “reference rate” or “prime rate” is set by the applicable Group Agent or its Affiliate based upon various factors, including such Person’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate, and is not necessarily the lowest rate charged to any customer;

(b) 0.50% per annum above the latest Federal Funds Rate; and

(c) 0.50% per annum above the Euro-Rate applicable to the Interest Period for which the Base Rate is then being determined.

“Borrower” has the meaning specified in the preamble to this Agreement .

“Borrower Indemnified Amounts” has the meaning set forth in Section 13.01(a) .

“Borrower Indemnified Party” has the meaning set forth in Section 13.01(a) .

“Borrower Obligations” means all present and future indebtedness, reimbursement obligations, and other liabilities and obligations (howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or due or to become due) of the Borrower to any Credit Party, Borrower Indemnified Party and/or any Affected Person, arising under or in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby, and shall include, without limitation, all Capital and Interest on the Loans, reimbursement for drawings under the Letters of Credit, all Fees and all other amounts due or to become due under the Transaction Documents (whether in respect of fees, costs, expenses, indemnifications or otherwise), including, without limitation, interest, fees and other obligations that accrue after the commencement of any Insolvency Proceeding with respect to the Borrower (in each case whether or not allowed as a claim in such proceeding).

“Borrower’s Net Worth” means, at any time of determination, an amount equal to (i) the Outstanding Balance of all Pool Receivables at such time, minus (ii) the sum of (A) the Aggregate Capital at such time, plus (B) the Adjusted LC Participation Amount at such time, plus (C) the Aggregate Interest at such time, plus (D) the aggregate accrued and unpaid Fees at such time, plus (E) the aggregate outstanding principal balance of all Subordinated Notes at such time, plus (F) the aggregate accrued and unpaid interest on all Subordinated Notes at such time, plus (G) without duplication, the aggregate accrued and unpaid other Borrower Obligations at such time.

“Borrowing Base” means, at any time of determination, the amount equal to (a) the Net Receivables Pool Balance at such time, minus (b) the Total Reserves at such time.

“ Borrowing Base Deficit ” means, at any time of determination, the amount, if any, by which (a) the Aggregate Capital plus the Adjusted LC Participation Amount at such time, exceeds (b) the Borrowing Base at such time.

“ Breakage Fee ” means (i) for any Interest Period for which Interest is computed by reference to the CP Rate or the Euro-Rate and a reduction of Capital is made for any reason on any day other than a Settlement Date or (ii) to the extent that the Borrower shall for any reason, fail to borrow on the date specified by the Borrower in connection with any request for funding pursuant to Article II of this Agreement, the amount, if any, by which (A) the additional Interest (calculated without taking into account any Breakage Fee or any shortened duration of such Interest Period pursuant to the definition thereof) which would have accrued during such Interest Period (or, in the case of clause (i) above, until the maturity of the underlying Note) on the reductions of Capital relating to such Interest Period had such reductions not been made (or, in the case of clause (ii) above, the amounts so failed to be borrowed or accepted in connection with any such request for funding by the Borrower), exceeds (B) the income, if any, received by the applicable Lender from the investment of the proceeds of such reductions of Capital (or such amounts failed to be borrowed by the Borrower). A certificate as to the amount of any Breakage Fee (including the computation of such amount) shall be submitted by the affected Lender (or applicable Group Agent on its behalf) to the Borrower and shall be conclusive and binding for all purposes, absent manifest error.

“ Business Day ” means any day (other than a Saturday or Sunday) on which: (a) banks are not authorized or required to close in Pittsburgh, Pennsylvania, or New York City, New York and (b) if this definition of “Business Day” is utilized in connection with the Euro-Rate, dealings are carried out in the London interbank market.

“ Capital ” means, with respect to any Lender, without duplication, the aggregate amounts (i) paid to, or on behalf of, the Borrower in connection with all Loans made by such Lender pursuant to Article II, (ii) paid by such Lender, as an LC Participant, to the LC Bank in respect of a Participation Advance made by such Lender to LC Bank pursuant to Section 3.04(b) and (iii) with respect to the Lender that is the LC Bank, paid by the LC Bank with respect to all drawings under the Letter of Credit to the extent such drawings have not been reimbursed by the Borrower or funded by Participation Advances, as reduced from time to time by Collections distributed and applied on account of such Capital pursuant to Section 4.01; provided, that if such Capital shall have been reduced by any distribution and thereafter all or a portion of such distribution is rescinded or must otherwise be returned for any reason, such Capital shall be increased by the amount of such rescinded or returned distribution as though it had not been made.

“ Capital Stock ” means, with respect to any Person, any and all common shares, preferred shares, interests, participations, rights in or other equivalents (however designated) of such Person’s capital stock, partnership interests, limited liability company interests, membership interests or other equivalent interests and any rights (other than debt securities convertible into or exchangeable for capital stock), warrants or options exchangeable for or convertible into such capital stock or other equity interests.

“ Change in Control ” means the occurrence of any of the following:

(a) Foresight ceases to own, directly, 100% of the issued and outstanding Capital Stock and all other equity interests of the Borrower free and clear of all Adverse Claims;

(b) Foresight ceases to own, directly or indirectly, 100% of the issued and outstanding Capital Stock, membership interests or other equity interests of any Originator free and clear of all Adverse Claims;

(c) Parent ceases to own, directly or indirectly, 100% of the issued and outstanding Capital Stock, membership interests or other equity interests of Foresight free and clear of all Adverse Claims;

(d) the occurrence of a "Change of Control" under and as defined in the Credit Agreement;

(e) any Subordinated Note shall at any time cease to be owned by an Originator, free and clear of all Adverse Claims; or

(f) with respect to Parent:

(i) any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of thirty-five percent (35%) or more of the voting power of the then outstanding Capital Stock of Parent entitled to vote generally in the election of the directors of Parent;

(ii) during any period of twelve (12) consecutive calendar months, the board of directors of Parent shall cease to have as a majority of its members individuals who either: (i) were directors of Parent on the first day of such period or (ii) were elected or nominated for election to the board of directors of Parent at the recommendation of or other approval by at least a majority of the directors then still in office at the time of such election or nomination who were directors of Parent on the first day of such period, or whose election or nomination for election was so approved; or

(iii) Parent consolidates with or merges into another corporation (other than a Subsidiary of Parent) or conveys, transfers or leases all or substantially all of its property to any person (other than a Subsidiary of Parent), or any corporation (other than a Subsidiary of Parent) consolidates with or merges into Parent, in either event pursuant to a transaction in which the outstanding Capital Stock of Parent is reclassified or changed into or exchanged for cash, securities or other property.

"Change in Law" means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority;

provided that notwithstanding anything herein to the contrary, (w) the final rule titled *Risk-Based Capital Guidelines; Capital Adequacy Guidelines; Capital Maintenance: Regulatory Capital; Impact of Modifications to Generally Accepted Accounting Principles; Consolidation of Asset-Backed Commercial Paper Programs; and Other Related Issues*, adopted by the United States bank regulatory agencies on December 15, 2009, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) 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 the United States or foreign regulatory authorities, in each case pursuant to the agreements reached by the Basel Committee on Banking Supervision in “Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems” (as amended, supplemented or otherwise modified or replaced from time to time), shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Closing Date” means January 13, 2015.

“Code” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

“Collateral” has the meaning set forth in Section 5.05(a).

“Collections” means, with respect to any Pool Receivable: (a) all funds that are received by any Originator, the Borrower, the Servicer or any other Person on their behalf in payment of any amounts owed in respect of such Pool Receivable (including purchase price, finance charges, interest and all other charges), or applied to amounts owed in respect of such Pool Receivable (including insurance payments and net proceeds of the sale or other disposition of repossessed goods or other collateral or property of the related Obligor or any other Person directly or indirectly liable for the payment of such Pool Receivable and available to be applied thereon), (b) all Deemed Collections, (c) all proceeds of all Related Security with respect to such Pool Receivable and (d) all other proceeds of such Pool Receivable.

“Commitment” means, with respect to any Committed Lender (including a Related Committed Lender), LC Participant or LC Bank, as applicable, the maximum aggregate amount which such Person is obligated to lend or pay hereunder on account of all Loans and all drawings under all Letters of Credit, on a combined basis, as set forth on Schedule I or in the Assumption Agreement or other agreement pursuant to which it became a Lender and/or LC Participant, as such amount may be modified in connection with any subsequent assignment pursuant to Section 14.03 or in connection with a reduction in the Facility Limit pursuant to Section 2.02(e). If the context so requires, “Commitment” also refers to a Committed Lender’s obligation to make Loans, make Participation Advances and/or issue Letters of Credit hereunder in accordance with this Agreement.

“Committed Lenders” means PNC, Credit Agricole and each other Person that is or becomes a party to this Agreement in the capacity of a “Committed Lender”.

“Concentration Percentage” means (i) for any Group A Obligor, 25.00%, (ii) for any Group B Obligor, 18.00%, (iii) for any Group C Obligor, 14.00% and (iv) for any Group D Obligor, 7.00%.

“Concentration Reserve Percentage” means, at any time of determination, the largest of: (a) the sum of the four (4) largest Obligor Percentages of the Group D Obligors, (b) the sum of the two (2) largest Obligor Percentages of the Group C Obligors and (c) the largest Obligor Percentage of the Group B Obligors.

“Conduit Lender” means each commercial paper conduit that is or becomes a party to this Agreement in the capacity of a “Conduit Lender”.

“Contract” means, with respect to any Receivable, any and all contracts, instruments, agreements, leases, invoices, notes or other writings pursuant to which such Receivable arises or that evidence such Receivable or under which an Obligor becomes or is obligated to make payment in respect of such Receivable.

“Controlled Group” means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with Parent or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

“Covered Entity” shall mean (a) each of Borrower, the Servicer, each Originator, the Parent and each of Parent’s Subsidiaries and (b) each Person that, directly or indirectly, is in control of a Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the direct or indirect (x) ownership of, or power to vote, 25% or more of the issued and outstanding equity interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person, or (y) power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise.

“CP Rate” means, for any Conduit Lender and for any Interest Period for any Portion of Capital (a) the per annum rate equivalent to the weighted average cost (as determined by the applicable Group Agent and which shall include commissions of placement agents and dealers, incremental carrying costs incurred with respect to Notes of such Person maturing on dates other than those on which corresponding funds are received by such Conduit Lender, other borrowings by such Conduit Lender (other than under any Program Support Agreement) and any other costs associated with the issuance of Notes) of or related to the issuance of Notes that are allocated, in whole or in part, by the applicable Conduit Lender to fund or maintain such Portion of Capital (and which may be also allocated in part to the funding of other assets of such Conduit Lender); provided, however, that if any component of such rate is a discount rate, in calculating the “CP Rate” for such Portion of Capital for such Interest Period, the applicable Group Agent shall for such component use the rate resulting from converting such discount rate to an interest bearing equivalent rate per annum; provided, further, that notwithstanding anything in this Agreement or the other Transaction Documents to the contrary, the Borrower agrees that any amounts payable to Conduit Lenders in respect of Interest for any Interest Period with respect to any Portion of Capital funded by such Conduit Lenders at the CP Rate shall include an amount equal to the

portion of the face amount of the outstanding Notes issued to fund or maintain such Portion of Capital that corresponds to the portion of the proceeds of such Notes that was used to pay the interest component of maturing Notes issued to fund or maintain such Portion of Capital, to the extent that such Conduit Lenders had not received payments of interest in respect of such interest component prior to the maturity date of such maturing Notes (for purposes of the foregoing, the "interest component" of Notes equals the excess of the face amount thereof over the net proceeds received by such Conduit Lender from the issuance of Notes, except that if such Notes are issued on an interest-bearing basis its "interest component" will equal the amount of interest accruing on such Notes through maturity) or (b) any other rate designated as the "CP Rate" for such Conduit Lender in the Assumption Agreement or other document pursuant to which such Person becomes a party as a Conduit Lender to this Agreement, or any other writing or agreement provided by such Conduit Lender to the Borrower, the Servicer and the applicable Agent from time to time. The "CP Rate" for any Conduit Lender for any day while an Event of Default has occurred and is continuing shall be an interest rate equal to the greater of (i) 2.00% per annum above the Base Rate and (ii) 2.00% per annum above the "CP Rate" calculated without giving effect to such Event of Default.

"Credit Agreement" means that certain Second Amended and Restated Credit Agreement, dated as of August 23, 2013, among Foresight, as borrower, Citibank, N.A. as administrative agent, collateral agent and swing line lender, and each of the other parties from time to time party thereto, as amended, restated, supplemented or otherwise modified from time to time.

"Credit Agricole" means Cr dit Agricole Corporate and Investment Bank.

"Credit and Collection Policy" means, as the context may require, those receivables credit and collection policies and practices of the Originators in effect on the Closing Date and described in Exhibit E, as modified in compliance with this Agreement.

"Credit Extension" means the making of any Loan or the issuance of any Letter of Credit or any modification, extension or renewal of any Letter of Credit.

"Credit Party" means each Lender, the LC Bank, each LC Participant, the Administration Agent and each Group Agent.

"Days' Sales Outstanding" means, for any Fiscal Month, an amount computed as of the last day of such Fiscal Month equal to: (a) the average of the Outstanding Balance of all Pool Receivables as of the last day of each of the three most recent Fiscal Months ended on the last day of such Fiscal Month, divided by (b) (i) the aggregate initial Outstanding Balance of all Pool Receivables originated by the Originators during the three most recent Fiscal Months ended on the last day of such Fiscal Month, divided by (ii) 90.

"Debt" means, as to any Person at any time of determination, 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) amounts raised under or liabilities in respect of any bonds, debentures, notes, note purchase, acceptance or credit facility, or other similar instruments or facilities, (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 accounts payable and accrued expenses incurred in the ordinary course of such Person's business), (v) all net obligations of such Person in respect of interest rate on currency hedges or (vi) any Guaranty of any such Debt.

“Deemed Collections” has the meaning set forth in Section 4.01(d).

“Default Ratio” means the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of each Fiscal Month by dividing: (a) the aggregate Outstanding Balance of all Pool Receivables that became Defaulted Receivables during such month, by (b) the initial Outstanding Balance of all Pool Receivables generated by the Originators during the month that is three Fiscal Months before such month.

“Defaulted Receivable” means a Receivable:

- (a) as to which any payment, or part thereof, remains unpaid for more than 60 days from the original due date for such payment;
- (b) as to which an Insolvency Proceeding shall have occurred with respect to the Obligor thereof or any other Person obligated thereon or owning any Related Security with respect thereto;
- (c) that has been written off the applicable Originator's or the Borrower's books as uncollectible; or
- (d) that, consistent with the Credit and Collection Policy, should be written off the applicable Originator's or the Borrower's books as uncollectible.

“Delinquency Ratio” means the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of each Fiscal Month by dividing: (a) the aggregate Outstanding Balance of all Pool Receivables that were Delinquent Receivables on such day, by (b) the aggregate Outstanding Balance of all Pool Receivables on such day.

“Delinquent Receivable” means a Receivable as to which any payment, or part thereof, remains unpaid for more than 30 days from the original due date for such payment.

“Dilution Horizon Ratio” means, for any Fiscal Month, the ratio (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of such Fiscal Month by dividing: (a) the aggregate initial Outstanding Balance of all Pool Receivables generated by the Originators during the two most recently ended Fiscal Months, by (b) the Net Receivables Pool Balance as of the last day of such Fiscal Month.

“ Dilution Ratio ” means, for any Fiscal Month, the ratio (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward), computed as of the last day of each Fiscal Month by dividing: (a) the aggregate amount of Deemed Collections during such Fiscal Month (other than any Deemed Collections with respect to any Receivables that were both (I) generated by an Originator during such Fiscal Month and (II) written off the applicable Originator’s or the Borrower’s books as uncollectible during such Fiscal Month), by (b) the aggregate initial Outstanding Balance of all Pool Receivables generated by the Originators during the Fiscal Month that is one month prior to such Fiscal Month.

“ Dilution Reserve Percentage ” means, on any day, the product of (a) the Dilution Horizon Ratio multiplied by (b) the sum of (i) 2.00 times the average of the Dilution Ratios for the twelve most recent Fiscal Months, plus (ii) the Dilution Volatility Component.

“ Dilution Volatility Component ” means, for any Fiscal Month, (a) the positive difference, if any, between: (i) the highest Dilution Ratio for any Fiscal Month during the twelve most recent Fiscal Months and (ii) the arithmetic average of the Dilution Ratios for such twelve months, times (b) (i) the highest Dilution Ratio for any Fiscal Month during the twelve most recent Fiscal Months, divided by (ii) the arithmetic average of the Dilution Ratios for such twelve months.

“ Dollars ” and “ \$ ” each mean the lawful currency of the United States of America.

“ Drawing Date ” has the meaning set forth in Section 3.04(a).

“ EDF Trading ” means EDF Trading Limited.

“ Eligible Assignee ” means (i) any Committed Lender or any of its Affiliates, (ii) any Person managed by a Committed Lender or any of its Affiliates and (iii) any other financial or other institution.

“ Eligible Foreign Obligor ” means an Obligor which is a resident of either (i) any country (other than the United States) that has a sovereign foreign-currency debt rating of at least “AA” by S&P and “Aa2” by Moody’s or (ii) any territory of the United States.

“ Eligible Foreign Obligor Percentage ” means, at any time of determination, (i) if no Ratings Event has occurred and is continuing, 25.0% and (ii) if a Ratings Event has occurred and is continuing, 10.0%.

“ Eligible Receivable ” means, at any time of determination, a Pool Receivable:

(a) the Obligor of which is: (i) either (A) a resident of the United States of America or (B) an Eligible Foreign Obligor; (ii) neither a Governmental Authority nor a Sanctioned Person; (iii) not subject to any Insolvency Proceeding; (iv) not an Affiliate of the Borrower, the Servicer, the Parent, the Performance Guarantor or any Originator; (v) not the Obligor with respect to Defaulted Receivables with an aggregate Outstanding Balance exceeding 50% of the aggregate Outstanding Balance of all such Obligor’s Pool Receivables, (vi) not a natural person and (vii) not a material supplier to any Originator or an Affiliate of a material supplier;

- (b) for which an Insolvency Proceeding shall not have occurred with respect to the Obligor thereof or any other Person obligated thereon or owning any Related Security with respect thereto;
- (c) that is denominated and payable only in U.S. dollars in the United States of America, and the Obligor with respect to which has been instructed to remit Collections in respect thereof directly to a Lock-Box or Lock-Box Account in the United States of America;
- (d) that does not have a due date which is more than 60 days after the original invoice date of such Receivable;
- (e) that arises under a Contract for the sale of goods or services in the ordinary course of the applicable Originator's business;
- (f) that arises under a duly authorized Contract that is in full force and effect and that is a legal, valid and binding obligation of the related Obligor, enforceable against such Obligor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity regardless of whether enforceability is considered in a proceeding in equity or at law;
- (g) that has been transferred by an Originator to the Borrower pursuant to the Purchase and Sale Agreement and with respect to which transfer all conditions precedent under the Purchase and Sale Agreement have been met;
- (h) that, together with the Contract related thereto, conforms in all material respects with all Applicable Laws (including any applicable laws relating to usury, truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy);
- (i) with respect to which all consents, licenses, approvals or authorizations of, or registrations or declarations with or notices to, any Governmental Authority or other Person required to be obtained, effected or given by an Originator in connection with the creation of such Receivable, the execution, delivery and performance by such Originator of the related Contract or the assignment thereof under the Purchase and Sale Agreement have been duly obtained, effected or given and are in full force and effect;
- (j) that is not subject to any existing dispute, right of rescission, set-off, counterclaim, any other defense against the applicable Originator (or any assignee of such Originator) or Adverse Claim, and the Obligor of which holds no right as against the applicable Originator to cause such Originator to repurchase the goods or merchandise, the sale of which shall have given rise to such Receivable;
- (k) that satisfies all applicable requirements of the Credit and Collection Policy;

(l) that, together with the Contract related thereto, has not been modified, waived or restructured since its creation, except as permitted pursuant to Section 9.02 of this Agreement;

(m) in which the Borrower owns good and marketable title, free and clear of any Adverse Claims, and that is freely assignable (including without any consent of the related Obligor or any Governmental Authority) and that payments thereon are free and clear of any withholding or other Tax;

(n) for which the Administrative Agent (on behalf of the Secured Parties) shall have a valid and enforceable first priority perfected security interest therein and in the Related Security and Collections with respect thereto, in each case free and clear of any Adverse Claim;

(o) that constitutes an “account” or a “general intangible” as defined in the UCC, and that is not evidenced by instruments or chattel paper;

(p) that is neither a Defaulted Receivable nor a Delinquent Receivable;

(q) for which no Originator, the Borrower, the Parent or the Servicer has established any offset or netting arrangements with the related Obligor in connection with the ordinary course of payment of such Receivable;

(r) that represents amounts earned and payable by the Obligor that are not subject to the performance of additional services by the Originator thereof or by the Borrower, and the related goods or merchandise shall have been shipped and/or services performed;

(s) that either (i) has been billed or invoiced or (ii) is an Eligible Unbilled Receivable;

(t) that represents amounts that have been recognized as revenue by the Originator thereof in accordance with GAAP;

(u) which (i) does not arise from a sale of accounts made as part of a sale of a business or constitute an assignment for the purpose of collection only, (ii) is not a transfer of a single account made in whole or partial satisfaction of a preexisting indebtedness or an assignment of a right to payment under a contract to an assignee that is also obligated to perform under the contract and (iii) is not a transfer of an interest in or an assignment of a claim under a policy of insurance;

(v) which does not relate to the sale of any consigned goods or finished goods which have incorporated any consigned goods into such finished goods; and

(w) that satisfies all applicable requirements of clause (l) of Section 6.1 of the Purchase and Sale Agreement.

“Eligible Unbilled Receivable” means, at any time, any Unbilled Receivable for which the related coal has been shipped to the Obligor thereof within the last thirty (30) days.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

“ERISA Affiliate” means, with respect to any Person, any corporation, trade or business which together with the Person is a member of a controlled group of corporations or a controlled group of trades or businesses and would be deemed a “single employer” within the meaning of Sections 414(b), (c), (m) of the Code or Section 4001(b) of ERISA.

“Euro-Rate” means, at any time of determination, with respect to any Lender, (i) if such Lender is a Committed Lender, then LMIR at such time or (ii) in all other cases, Adjusted LIBOR at such time.

“Euro-Rate Reserve Percentage” means, the maximum effective 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 without limitation, supplemental, marginal, and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as “Eurocurrency Liabilities”).

“Event of Default” has the meaning specified in Section 10.01. For the avoidance of doubt, any Event of Default that occurs shall be deemed to be continuing at all times thereafter unless and until waived in accordance with Section 14.01.

“Excess Concentration” means, the sum, without duplication, of:

(a) the sum of the amounts calculated for each of the Obligors equal to the excess (if any) of (i) aggregate Outstanding Balance of the Eligible Receivables of such Obligor, over (ii) the product of (x) such Obligor’s Concentration Percentage, multiplied by (y) the aggregate Outstanding Balance of all Eligible Receivables; plus

(b) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables, the Obligor of which is an Eligible Foreign Obligor, over (ii) the product of (x) the Eligible Foreign Obligor Percentage, multiplied by (y) the aggregate Outstanding Balance of all Eligible Receivables; plus

(c) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables that are Eligible Unbilled Receivables, over (ii) the product of (x) 50.0%, multiplied by (y) the aggregate Outstanding Balance of all Eligible Receivables; plus

(d) the sum of the amounts by which the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool with stated maturities which are more than 30 days but less than or equal to 60 days after the original invoice date of such Receivable exceeds 25.0% of the aggregate Outstanding Balance of all Eligible Receivables.

“Exchange Act” means the Securities Exchange Act of 1934, as amended or otherwise modified from time to time.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to an Affected Person or required to be withheld or deducted from a payment to an Affected Person:

(a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed as a result of such Affected Person being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in the Loans or Commitment pursuant to a law in effect on the date on which (i) such Lender makes a Loan or its Commitment or (ii) such Lender changes its lending office, except in each case to the extent that amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office and (c) any U.S. federal withholding Taxes imposed pursuant to FATCA.

“Facility Limit” means \$70,000,000 as reduced from time to time pursuant to Section 2.02(e). References to the unused portion of the Facility Limit shall mean, at any time of determination, an amount equal to (x) the Facility Limit at such time, minus (y) the sum of the Aggregate Capital plus the LC Participation Amount.

“FATCA” means Sections 1471 through 1474 of the 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) and any current or future regulations or official interpretations thereof.

“Federal Funds Rate” means, for any day, the per annum rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (including any such successor, “H.15(519)”) for such day opposite the caption “Federal Funds (Effective).” If on any relevant day such rate is not yet published in H. 15(519), the rate for such day will be the rate set forth in the daily statistical release designated as the Composite 3:30 p.m. Quotations for U.S. Government Securities, or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, the “Composite 3:30 p.m. Quotations”) for such day under the caption “Federal Funds Effective Rate.” If on any relevant day the appropriate rate is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, the rate for such day will be the arithmetic mean as determined by the Administrative Agent of the rates for the last transaction in overnight Federal funds arranged before 9:00 a.m. (New York time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Administrative Agent.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System, or any entity succeeding to any of its principal functions.

“Fee Letter” has the meaning specified in Section 2.03(a).

“Fees” has the meaning specified in Section 2.03(a).

“Final Maturity Date” means the date that is one hundred eighty (180) days following the Scheduled Termination Date or such earlier date on which the Loans become due and payable pursuant to Section 10.01.

“Final Payout Date” means the date on or after the Termination Date when (i) the Aggregate Capital and Aggregate Interest have been paid in full, (ii) the LC Participation Amount has been reduced to zero (\$0) and no Letters of Credit issued hereunder remain outstanding and undrawn, (iii) all Borrower Obligations shall have been paid in full, (iv) all other amounts owing to the Credit Parties and any other Borrower Indemnified Party or Affected Person hereunder and under the other Transaction Documents have been paid in full and (v) all accrued Servicing Fees have been paid in full.

“Financial Officer” of any Person means, the chief executive officer, the chief financial officer, the chief accounting officer, the principal accounting officer, the controller, the treasurer or the assistant treasurer of such Person.

“Fiscal Month” means each calendar month.

“Fitch” means Fitch, Inc. and any successor thereto that is a nationally recognized statistical rating organization.

“Foresight” has the meaning set forth in the preamble to this Agreement.

“GAAP” means generally accepted accounting principles in the United States of America, consistently applied.

“Governmental Acts” has the meaning set forth in Section 3.09.

“Governmental Authority” means 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).

“Group” means, (i) for any Conduit Lender, such Conduit Lender, together with such Conduit Lender’s Related Committed Lenders, related Group Agent and related LC Participants, (ii) for PNC, PNC as a Committed Lender, as an LC Participant, as LC Bank and as a Group Agent, (iii) for any other Lender that does not have a Related Conduit Lender, such Lender, together with such Lender’s related LC Participants, related Group Agent and each other Lender for which such Group Agent acts as a Group Agent hereunder.

“Group A Obligor” means any Obligor (or its parent or majority owner, as applicable, if such Obligor is not rated) with a short-term rating of at least: (a) “A-1” by S&P, or if such Obligor does not have a short-term rating from S&P, a rating of “A+” or better by S&P on such Obligor’s, its parent’s, or its majority owner’s (as applicable) long-term senior unsecured and uncredit-enhanced debt securities, and (b) “P 1” by Moody’s, or if such Obligor does not have a short-term rating from Moody’s, “A1” or better by Moody’s on such Obligor’s, its parent’s or its majority owner’s (as applicable) long-term senior unsecured and uncredit-enhanced debt securities; provided, however, that for purposes of determining whether EDF Trading is a Group A Obligor, EDF Trading shall be required to satisfy only one of clauses (a) and (b) above, unless otherwise instructed by the Administrative Agent, in its sole discretion. Notwithstanding the

foregoing, any Obligor that is a Subsidiary of an Obligor that satisfies the definition of “Group A Obligor” shall be deemed to be a Group A Obligor and shall be aggregated with the Obligor that satisfies such definition for the purposes of determining the “Concentration Reserve Percentage” and clause (a) of the definition of “Excess Concentration” for such Obligors, unless such deemed Obligor separately satisfies the definition of “Group A Obligor”, “Group B Obligor”, or “Group C Obligor”, in which case such Obligor shall be separately treated as a Group A Obligor, a Group B Obligor or a Group C Obligor, as the case may be, and shall be aggregated and combined for such purposes with any of its Subsidiaries that are Obligors.

“ Group Agent ” means each Person acting as agent on behalf of a Group and designated as the Group Agent for such Group on the signature pages to this Agreement or any other Person who becomes a party to this Agreement as a Group Agent for any Group pursuant to an Assumption Agreement, an Assignment and Acceptance Agreement or otherwise in accordance with this Agreement.

“ Group Agent’s Account ” means, with respect to any Group, the account(s) from time to time designated in writing by the applicable Group Agent to the Borrower and the Servicer for purposes of receiving payments to or for the account of the members of such Group hereunder.

“ Group B Obligor ” means an Obligor (or its parent or majority owner, as applicable, if such Obligor is not rated) that is not a Group A Obligor, with a short-term rating of at least: (a) “A 2” by S&P, or if such Obligor does not have a short-term rating from S&P, a rating of “BBB+” to “A” by S&P on such Obligor’s, its parent’s or its majority owner’s (as applicable) long-term senior unsecured and uncredit-enhanced debt securities, and (b) “P 2” by Moody’s, or if such Obligor does not have a short-term rating from Moody’s, “Baa1” to “A2” by Moody’s on such Obligor’s, its parent’s or its majority owner’s (as applicable) long-term senior unsecured and uncredit-enhanced debt securities; provided, however, that for purposes of determining whether EDF Trading is a Group B Obligor, EDF Trading shall be required to satisfy only one of clauses (a) and (b) above, unless otherwise instructed by the Administrative Agent, in its sole discretion. Notwithstanding the foregoing, any Obligor that is a Subsidiary of an Obligor that satisfies the definition of “Group B Obligor” shall be deemed to be a Group B Obligor and shall be aggregated with the Obligor that satisfies such definition for the purposes of determining the “Concentration Reserve Percentage” and clause (a) of the definition of “Excess Concentration” for such Obligors, unless such deemed Obligor separately satisfies the definition of “Group A Obligor”, “Group B Obligor”, or “Group C Obligor”, in which case such Obligor shall be separately treated as a Group A Obligor, a Group B Obligor or a Group C Obligor, as the case may be, and shall be aggregated and combined for such purposes with any of its Subsidiaries that are Obligors.

“ Group C Obligor ” means an Obligor (or its parent or majority owner, as applicable, if such Obligor is not rated) that is not a Group A Obligor or a Group B Obligor, with a short-term rating of at least: (a) “A 3” by S&P, or if such Obligor does not have a short-term rating from S&P, a rating of “BBB-” to “BBB” by S&P on such Obligor’s, its parent’s or its majority owner’s (as applicable) long-term senior unsecured and uncredit-enhanced debt securities, and (b) “P 3” by Moody’s, or if such Obligor does not have a short-term rating from Moody’s, “Baa3” to “Baa2” by Moody’s on such Obligor’s, its parent’s or its majority owner’s (as applicable) long-term senior unsecured and uncredit-enhanced debt securities; provided,

however, that for purposes of determining whether EDF Trading is a Group C Obligor, EDF Trading shall be required to satisfy only one of clauses (a) and (b) above, unless otherwise instructed by the Administrative Agent, in its sole discretion. Notwithstanding the foregoing, any Obligor that is a Subsidiary of an Obligor that satisfies the definition of “Group C Obligor” shall be deemed to be a Group C Obligor and shall be aggregated with the Obligor that satisfies such definition for the purposes of determining the “Concentration Reserve Percentage” and clause (a) of the definition of “Excess Concentration” for such Obligors, unless such deemed Obligor separately satisfies the definition of “Group A Obligor”, “Group B Obligor”, or “Group C Obligor”, in which case such Obligor shall be separately treated as a Group A Obligor, a Group B Obligor or a Group C Obligor, as the case may be, and shall be aggregated and combined for such purposes with any of its Subsidiaries that are Obligors.

“ Group Commitment ” means, with respect to any Group, at any time of determination, the aggregate Commitments of all Committed Lenders within such Group.

“ Group D Obligor ” means any Obligor that is not a Group A Obligor, Group B Obligor or Group C Obligor; provided, that any Obligor (or its parent or majority owner, as applicable, if such Obligor is unrated) that is not rated by both Moody’s and S&P shall be a Group D Obligor.

“ Guaranty ” of any Person means any obligation of such Person guarantying or in effect guarantying any Debt, 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.

“ Indemnified Taxes ” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower or any of its Affiliates under any Transaction Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

“ Independent Director ” has the meaning set forth in Section 8.03(c).

“ Information Package ” means a report, in substantially the form of Exhibit F.

“ Insolvency Proceeding ” means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors or (b) any general assignment for the benefit of creditors of a Person, composition, marshaling of assets for creditors of a Person, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors, in each of cases (a) and (b) undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

“ Intended Tax Treatment ” has the meaning set forth in Section 14.14.

“ Interest ” means, for each Loan for any Interest Period (or portion thereof), the amount of interest accrued on the Capital of such Loan during such Interest Period (or portion thereof) in accordance with Section 2.03(b).

“Interest Period” means: (a) before the Termination Date: (i) initially the period commencing on the date of the initial Loan pursuant to Section 2.01 (or in the case of any fees payable hereunder, commencing on the Closing Date) and ending on (but not including) the next Monthly Settlement Date and (ii) thereafter, each period commencing on such Monthly Settlement Date and ending on (but not including) the next Monthly Settlement Date and (b) on and after the Termination Date, such period (including a period of one day) as shall be selected from time to time by the Administrative Agent (with the consent or at the direction of the Majority Group Agents) or, in the absence of any such selection, each period of 30 days from the last day of the preceding Interest Period.

“Interest Rate” means, for any day in any Interest Period for any Loan (or any portion of Capital thereof):

(a) if such Loan (or such portion of Capital thereof) is being funded by a Conduit Lender on such day through the issuance of Notes, the applicable CP Rate; or

(b) if such Loan (or such portion of Capital thereof) is being funded by any Lender on such day other than through the issuance of Notes (including, without limitation, if a Conduit Lender is then funding such Loan (or such portion of Capital thereof) under a Program Support Agreement, or if a Committed Lender is then funding such Loan (or such portion of Capital thereof)), the applicable Bank Rate;

provided, however, that the “Interest Rate” for any day while an Event of Default has occurred and is continuing shall be an interest rate per annum equal the sum of 2.00% per annum plus the greater of (i) the Base Rate in effect on such day and (ii) the Euro-Rate with respect to such Lender at such time; provided, further, that no provision of this Agreement shall require the payment or permit the collection of Interest in excess of the maximum permitted by Applicable Law; and provided, further, however, that Interest for any Loan shall not be considered paid by any distribution to the extent that at any time all or a portion of such distribution is rescinded or must otherwise be returned for any reason.

“Investment Company Act” means the Investment Company Act of 1940, as amended or otherwise modified from time to time.

“LC Bank” has the meaning set forth in the preamble to this Agreement.

“LC Collateral Account” means the account at any time designated as the LC Collateral Account established and maintained by the Administrative Agent (for the benefit of the LC Bank and the LC Participants), or such other account as may be so designated as such by the Administrative Agent.

“LC Fee Expectation” has the meaning set forth in Section 3.05(c).

“LC Limit” means \$70,000,000. References to the unused portion of the LC Limit shall mean, at any time of determination, an amount equal to (x) the LC Limit at such time, minus (y) the LC Participation Amount.

“LC Participant” means each Person listed as such (and its respective Commitment) for each Group as set forth on the signature pages of this Agreement or in any Assumption Agreement.

“LC Participation Amount” means at any time of determination, the sum of the amounts then available to be drawn under all outstanding Letters of Credit.

“LC Request” means a letter in substantially the form of Exhibit A hereto executed and delivered by the Borrower to the Administrative Agent, the LC Bank and the Group Agents pursuant to Section 3.02(a).

“Lenders” means the Conduit Lenders, the LC Bank and the Committed Lenders.

“Letter of Credit” means any stand-by letter of credit issued by the LC Bank at the request of the Borrower pursuant to this Agreement.

“Letter of Credit Application” has the meaning set forth in Section 3.02(a).

“Liquidity Agent” means any bank or other financial institution acting as agent for the various Liquidity Providers under each Liquidity Agreement.

“Liquidity Agreement” means any agreement entered into in connection with this Agreement pursuant to which a Liquidity Provider agrees to make purchases or advances to, or purchase assets from, any Conduit Lender in order to provide liquidity for such Conduit Lender’s Loans.

“Liquidity Provider” means each bank or other financial institution that provides liquidity support to any Conduit Lender pursuant to the terms of a Liquidity Agreement.

“LMIR” means for any day during any Interest Period, the interest rate per annum determined by the applicable Group Agent (which determination shall be conclusive absent manifest error) by dividing (i) the one-month Eurodollar rate for U.S. dollar deposits as reported by Bloomberg Finance L.P. and shown on US0001M Screen or any other service or page that may replace such page from time to time for the purpose of displaying offered rates of leading banks for London interbank deposits in United States dollars, as of 11:00 a.m. (London time) on such day, or if such day is not a Business Day, then the immediately preceding Business Day (or if not so reported, then as determined by the Administrative Agent from another recognized source for interbank quotation), in each case, changing when and as such rate changes, by (ii) a number equal to 1.00 minus the Euro-Rate Reserve Percentage on such day. The calculation of LMIR may also be expressed by the following formula:

$$\text{LMIR} = \frac{\begin{array}{l} \text{One-month Eurodollar rate for U.S. Dollars} \\ \text{shown on Bloomberg US0001M Screen} \\ \text{or appropriate successor} \end{array}}{1.00 - \text{Euro-Rate Reserve Percentage}}$$

LMIR shall be adjusted on the effective date of any change in the Euro-Rate Reserve Percentage as of such effective date.

“Loan” means any loan made by a Lender pursuant to Section 2.02.

“Loan Request” means a letter in substantially the form of Exhibit A hereto executed and delivered by the Borrower to the Administrative Agent and the Group Agents pursuant to Section 2.02(a).

“Lock-Box” means each locked postal box with respect to which a Lock-Box Bank who has executed a Lock-Box Agreement pursuant to which it has been granted exclusive access for the purpose of retrieving and processing payments made on the Receivables and which is listed on Schedule II (as such schedule may be modified from time to time in connection with the addition or removal of any Lock-Box in accordance with the terms hereof).

“Lock-Box Account” means each account listed on Schedule II to this Agreement (as such schedule may be modified from time to time in connection with the closing or opening of any Lock-Box Account in accordance with the terms hereof) (in each case, in the name of the Borrower) and maintained at a bank or other financial institution acting as a Lock-Box Bank pursuant to a Lock-Box Agreement for the purpose of receiving Collections.

“Lock-Box Agreement” means each agreement, in form and substance satisfactory to the Administrative Agent, among the Borrower, the Servicer, the Administrative Agent and a Lock-Box Bank, governing the terms of the related Lock-Box Accounts, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Lock-Box Bank” means any of the banks or other financial institutions holding one or more Lock-Box Accounts.

“Loss Horizon Ratio” means, at any time of determination, the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed by dividing: (a) the sum of (i) the aggregate initial Outstanding Balance of all Pool Receivables generated by the Originators during the three (3) most recent Fiscal Months, plus (ii) the product of (A) 75.00%, times (B) the aggregate initial Outstanding Balance of all Pool Receivables generated by the Originators during the fourth (4th) most recent Fiscal Month, by (b) the Net Receivables Pool Balance as of such date.

“Loss Reserve Percentage” means, at any time of determination, the product of (a) 2.00, times (b) the highest average of the Default Ratios for any three consecutive Fiscal Months during the twelve most recent Fiscal Months, times (c) the Loss Horizon Ratio.

“Majority Group Agents” means one or more Group Agents which in its Group, or their combined Groups, as the case may be, have Committed Lenders representing more than 50% of the aggregate Commitments of all Committed Lenders in all Groups (or, if the Commitments have been terminated, have Lenders representing more than 50% of the aggregate outstanding Capital held by all the Lenders in all Groups).

“Material Adverse Effect” means a material adverse effect on any of the following:

- (a) the assets, operations, business or financial condition of the Borrower, the Servicer or the Performance Guarantor;
- (b) the assets, operations, business or financial condition of the Originators, taken as a whole;
- (c) the ability of the Borrower, the Servicer, the Performance Guarantor or any Originator to perform its obligations under this Agreement or any other Transaction Document to which it is a party;
- (d) the validity or enforceability of this Agreement or any other Transaction Document, or the validity, enforceability or collectibility of any material portion of the Pool Receivables;
- (e) the status, perfection, enforceability or priority of the Administrative Agent's security interest in the Collateral; or
- (f) the rights and remedies of any Credit Party under the Transaction Documents or associated with its respective interest in the Collateral.

"Mined Properties" has the meaning set forth in the Purchase and Sale Agreement.

"Minimum Dilution Reserve Percentage" means, on any day, the product of (a) the average of the Dilution Ratios for the twelve most recent Fiscal Months, multiplied by (b) the Dilution Horizon Ratio.

"Monthly Settlement Date" means the fifteenth (15th) day of each calendar month (or if such day is not a Business Day, the next occurring Business Day).

"Moody's" means Moody's Investors Service, Inc. and any successor thereto that is a nationally recognized statistical rating organization.

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower, the Servicer, any Originator, the Parent or any of their respective ERISA Affiliates (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code) is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Net Receivables Pool Balance" means, at any time of determination: (a) the Outstanding Balance of Eligible Receivables then in the Receivables Pool, minus (b) the Excess Concentration.

"Notes" means short-term promissory notes issued, or to be issued, by any Conduit Lender to fund its investments in accounts receivable or other financial assets.

"Notice Date" has the meaning set forth in Section 3.02(b).

“Obligor” means, with respect to any Receivable, the Person obligated to make payments pursuant to the Contract relating to such Receivable.

“Obligor Percentage” means, at any time of determination, for each Obligor, a fraction, expressed as a percentage, (a) the numerator of which is the aggregate Outstanding Balance of the Eligible Receivables of such Obligor less the amount (if any) then included in the calculation of the Excess Concentration with respect to such Obligor and (b) the denominator of which is the aggregate Outstanding Balance of all Eligible Receivables at such time.

“Order” has the meaning set forth in Section 3.10.

“Originator” and “Originators” have the meaning set forth in the Purchase and Sale Agreement, as the same may be modified from time to time by adding new Originators or removing Originators, in each case with the prior written consent of the Administrative Agent.

“Other Connection Taxes” means, with respect to any Affected Person, Taxes imposed as a result of a present or former connection between such Affected Person and the jurisdiction imposing such Tax (other than connections arising from such Affected Person having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Transaction Document, or sold or assigned an interest in any Loan or Transaction Document).

“Other Taxes” means any and all present or future stamp or documentary Taxes or any other excise or property Taxes, charges or similar levies or fees arising from any payment made hereunder or from the execution, delivery, filing, recording or enforcement of, or otherwise in respect of, this Agreement, the other Transaction Documents and the other documents or agreements to be delivered hereunder or thereunder.

“Outstanding Balance” means, at any time of determination, with respect to any Receivable, the then outstanding principal balance thereof.

“Parent” means Foresight Energy LP, a Delaware limited partnership.

“Parent Group” has the meaning set forth in Section 8.03(c).

“Participant” has the meaning set forth in Section 14.03(e).

“Participant Register” has the meaning set forth in Section 14.03(f).

“Participation Advance” has the meaning set forth in Section 3.04(b).

“PATRIOT Act” has the meaning set forth in Section 14.15.

“PBGC” means the Pension Benefit Guaranty Corporation, or any successor thereto.

“ Pension Plan ” means a pension plan as defined in Section 3(2) of ERISA that is subject to Title IV of ERISA with respect to which any Originator, the Borrower or any other member of the Controlled Group may have any liability, contingent or otherwise.

“ Percentage ” means, at any time of determination, with respect to any Committed Lender, a fraction (expressed as a percentage), (a) the numerator of which is (i) prior to the termination of all Commitments hereunder, its Commitment at such time or (ii) if all Commitments hereunder have been terminated, the aggregate outstanding Capital of all Loans being funded by the Lenders in such Committed Lender’s Group at such time and (b) the denominator of which is (i) prior to the termination of all Commitments hereunder, the aggregate Commitments of all Committed Lenders at such time or (ii) if all Commitments hereunder have been terminated, the aggregate outstanding Capital of all Loans at such time.

“ Performance Guarantor ” means the Parent.

“ Performance Guaranty ” means the Performance Guaranty, dated as of the Closing Date, by the Performance Guarantor in favor of the Administrative Agent for the benefit of the Secured Parties, as such agreement may be amended, restated, supplemented or otherwise modified from time to time.

“ Person ” means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

“ PNC ” has the meaning set forth in the preamble to this Agreement.

“ Pool Receivable ” means a Receivable in the Receivables Pool.

“ Portion of Capital ” means, with respect to any Lender and its related Capital, the portion of such Capital being funded or maintained by such Lender by reference to a particular interest rate basis.

“ Pro Rata Share ” shall mean, as to any LC Participant, a fraction, the numerator of which equals the Commitment of such LC Participant at such time and the denominator of which equals the aggregate of the Commitments of all LC Participants at such time.

“ Program Support Agreement ” means and includes any Liquidity Agreement and any other agreement entered into by any Program Support Provider providing for: (a) the issuance of one or more letters of credit for the account of any Conduit Lender, (b) the issuance of one or more surety bonds for which any Conduit Lender is obligated to reimburse the applicable Program Support Provider for any drawings thereunder, (c) the sale by any Conduit Lender to any Program Support Provider of any Loan (or portions thereof or participation interest therein) maintained by such Conduit Lender and/or (d) the making of loans and/or other extensions of credit to any Conduit Lender in connection with such Conduit Lender’s receivables-securitization program contemplated in this Agreement, together with any letter of credit, surety bond or other instrument issued thereunder.

“Program Support Provider” means and includes, with respect to any Conduit Lender, any Liquidity Provider and any other Person (other than any customer of such Conduit Lender) now or hereafter extending credit or having a commitment to extend credit to or for the account of, or to make purchases from, such Conduit Lender pursuant to any Program Support Agreement.

“Purchase and Sale Agreement” means the Purchase and Sale Agreement, dated as of the Closing Date, among the Servicer, the Originators and the Borrower, as such agreement may be amended, restated, supplemented or otherwise modified from time to time.

“Purchase and Sale Termination Event” has the meaning set forth in the Purchase and Sale Agreement.

“Rating Agency” mean each of S&P, Fitch and Moody’s (and/or each other rating agency then rating the Notes of any Conduit Lender).

“Ratings Event” means, at any time of determination, one or more of the following events has occurred and is continuing: (i) Parent’s senior unsecured long-term debt ratings by S&P is below B-, (ii) Parent’s senior unsecured long-term debt ratings by Moody’s is below B3 or (iii) Parent does not have a senior unsecured long-term debt ratings by either S&P or Moody’s.

“Receivable” means any right to payment of a monetary obligation, whether or not earned by performance, owed to any Originator or the Borrower (as assignee of an Originator), whether constituting an account, as-extracted collateral, chattel paper, payment intangible, instrument or general intangible, in each instance arising in connection with the sale of goods that have been or are to be sold or for services rendered or to be rendered, and includes, without limitation, the obligation to pay any finance charges, fees and other charges with respect thereto. Any such right to payment arising from any one transaction, including, without limitation, any such right to payment represented by an individual invoice or agreement, shall constitute a Receivable separate from a Receivable consisting of any such right to payment arising from any other transaction.

“Receivables Pool” means, at any time of determination, all of the then outstanding Receivables transferred (or purported to be transferred) to the Borrower pursuant to the Purchase and Sale Agreement prior to the Termination Date.

“Register” has the meaning set forth in Section 14.03(c).

“Reimbursement Obligation” has the meaning set forth in Section 3.04(a).

“Related Committed Lender” means with respect to any Conduit Lender, each Committed Lender listed as such for each Conduit Lender as set forth on the signature pages of this Agreement or in any Assumption Agreement.

“Related Conduit Lender” means, with respect to any Committed Lender, each Conduit Lender which is, or pursuant to any Assignment and Acceptance Agreement or Assumption Agreement or otherwise pursuant to this Agreement becomes, included as a Conduit Lender in such Committed Lender’s Group, as designated on its signature page hereto or in such

Assignment and Acceptance Agreement, Assumption Agreement or other agreement executed by such Committed Lender, as the case may be.

“Related Rights” has the meaning set forth in Section 1.1 of the Purchase and Sale Agreement.

“Related Security” means, with respect to any Receivable:

- (a) all of the Borrower’s and each Originator’s interest in any goods (including returned goods), and documentation of title evidencing the shipment or storage of any goods (including returned goods), the sale of which gave rise to such Receivable;
- (b) all instruments and chattel paper that may evidence such Receivable;
- (c) all other security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all UCC financing statements or similar filings relating thereto;
- (d) all of the Borrower’s and each Originator’s rights, interests and claims under the related Contracts and all guaranties, indemnities, insurance and other agreements (including the related Contract) or arrangements of whatever character from time to time supporting or securing payment of such Receivable or otherwise relating to such Receivable, whether pursuant to the Contract related to such Receivable or otherwise; and
- (e) all of the Borrower’s rights, interests and claims under the Purchase and Sale Agreement and the other Transaction Documents.

“Release” has the meaning set forth in Section 4.01(a).

“Reportable Compliance Event” shall mean that any Covered Entity becomes a Sanctioned Person, or is charged by indictment, criminal complaint or similar charging instrument, arraigned, or custodially detained in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or has knowledge of facts or circumstances to the effect that it is reasonably likely that any aspect of its operations is in actual or probable violation of any Anti-Terrorism Law.

“Reportable Event” shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder with respect to a Pension Plan (other than a Pension Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

“Representatives” has the meaning set forth in Section 14.06(c).

“Required Capital Amount” means \$10,000,000.

“Restricted Payments” has the meaning set forth in Section 8.01(r).

“S&P” means Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business, and any successor thereto that is a nationally recognized statistical rating organization.

“Sanctioned Country” means a country subject to a sanctions program maintained under any Anti-Terrorism Law.

“Sanctioned Person” means any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person, group, regime, entity or thing, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any Anti-Terrorism Law.

“Scheduled Termination Date” means January 12, 2018.

“SEC” shall mean the U.S. Securities and Exchange Commission or any governmental agencies substituted therefor.

“Secured Parties” means each Credit Party, each Borrower Indemnified Party and each Affected Person.

“Securities Act” means the Securities Act of 1933, as amended or otherwise modified from time to time.

“Servicer” has the meaning set forth in the preamble to this Agreement.

“Servicer Indemnified Amounts” has the meaning set forth in Section 13.02(a).

“Servicer Indemnified Party” has the meaning set forth in Section 13.02(a).

“Servicing Fee” shall mean the fee referred to in Section 9.06(a) of this Agreement.

“Servicing Fee Rate” shall mean the rate referred to in Section 9.06(a) of this Agreement.

“Settlement Date” means with respect to any Portion of Capital for any Interest Period or any Interest or Fees, (i) prior to the Termination Date, the Monthly Settlement Date and (ii) on and after the Termination Date, each day selected from time to time by the Administrative Agent (with the consent or at the direction of the Majority Group Agents) (it being understood that the Administrative Agent (with the consent or at the direction of the Majority Group Agents) may select such Settlement Date to occur as frequently as daily), or, in the absence of such selection, the Monthly Settlement Date.

“Solvent” means, with respect to any Person and as of any particular date, (i) the present fair market value (or present fair saleable value) of the assets of such Person is not less than the total amount required to pay the probable liabilities of such Person on its total existing debts and liabilities (including contingent liabilities) as they become absolute and matured, (ii) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and commitments as they mature and become due in the normal course of business, (iii) such Person is not incurring debts or liabilities beyond its ability to pay such debts and liabilities as they

mature and (iv) such Person is not engaged in any business or transaction, and is not about to engage in any business or transaction, for which its property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged.

“Subordinated Note” means each “Subordinated Note” (as defined in the Purchase and Sale Agreement).

“Sub-Servicer” has the meaning set forth in Section 9.01(d).

“Subsidiary” means, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock of each class or other interests having ordinary voting power (other than stock or other interests having such power only by reason of the happening of a contingency) to elect a majority of the Board of Directors or other managers of such entity are at the time owned, or management of which is otherwise controlled: (a) by such Person, (b) by one or more Subsidiaries of such Person or (c) by such Person and one or more Subsidiaries of such Person.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority and all interest, penalties, additions to tax and any similar liabilities with respect thereto.

“Termination Date” means the earliest to occur of (a) the Scheduled Termination Date, (b) the date on which the “Termination Date” is declared or deemed to have occurred under Section 10.01 and (c) the date selected by the Borrower on which all Commitments have been reduced to zero pursuant to Section 2.02(e).

“Total Reserves” means, at any time of determination, the product of (i) the sum of: (a) the Yield Reserve Percentage, plus (b) the greater of (I) the sum of the Concentration Reserve Percentage plus the Minimum Dilution Reserve Percentage and (II) the sum of the Loss Reserve Percentage plus the Dilution Reserve Percentage, times (ii) the Net Receivables Pool Balance at such time.

“Transaction Documents” means this Agreement, the Purchase and Sale Agreement, the Lock-Box Agreements, the Fee Letter, each Subordinated Note, the Performance Guaranty and all other certificates, instruments, UCC financing statements, reports, notices, agreements and documents executed or delivered under or in connection with this Agreement, in each case as the same may be amended, supplemented or otherwise modified from time to time in accordance with this Agreement.

“Transaction Information” shall mean any information provided to any Rating Agency, in each case, to the extent related to such Rating Agency providing or proposing to provide a rating of any Notes or monitoring such rating including, without limitation, information in connection with the Borrower, the Originator, the Servicer or the Receivables.

“UCC” means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction.

“Unbilled Receivable” means, at any time, any Receivables as to which the invoice or bill with respect thereto has not yet been sent to the Obligor thereof.

“Unmatured Event of Default” means an event that but for notice or lapse of time or both would constitute an Event of Default.

“U.S. Tax Compliance Certificate” has the meaning set forth in Section 5.03(f)(ii)(B)(3).

“Volcker Rule” means Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder.

“Withdrawal Liability” shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Yield Reserve Percentage” means at any time of determination:

$$\frac{1.50 \times \text{DSO} \times (\text{BR} + \text{SFR})}{360}$$

where:

BR = the Base Rate at such time;

DSO = Days’ Sales Outstanding for the month most recently ended; and

SFR = the Servicing Fee Rate.

SECTION 1.02. Other Interpretative Matters. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York and not specifically defined herein, are used herein as defined in such Article 9. Unless otherwise expressly indicated, all references herein to “Article,” “Section,” “Schedule,” “Exhibit” or “Annex” shall mean articles and sections of, and schedules, exhibits and annexes to, this Agreement. For purposes of this Agreement, the other Transaction Documents and all such certificates and other documents, unless the context otherwise requires: (a) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (b) the words “hereof,” “herein” and “hereunder” and words of similar import refer to such agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of such agreement (or such certificate or document); (c) references to any Section, Schedule or Exhibit are references to Sections, Schedules and Exhibits in or to such agreement (or the certificate or other document in which the reference is made), and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (d) the term “including” means “including without limitation”; (e) references to any Applicable Law refer to that Applicable Law as amended from time to time and include any successor Applicable Law; (f) references to any agreement refer to that agreement as from time to time amended, restated or supplemented or as the terms of such agreement are waived or modified in accordance with its terms; (g) references to any Person

include that Person's permitted successors and assigns; (h) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof; (i) unless otherwise provided, in the calculation of time from a specified date to a later specified date, the term "from" means "from and including", and the terms "to" and "until" each means "to but excluding"; (j) terms in one gender include the parallel terms in the neuter and opposite gender; (k) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day and (l) the term "or" is not exclusive.

ARTICLE II

TERMS OF THE LOANS

SECTION 2.01. Loan Facility. Upon a request by the Borrower pursuant to Section 2.02, and on the terms and subject to the conditions hereinafter set forth, the Conduit Lenders, ratably, in accordance with the aggregate of the Commitments of the Related Committed Lenders with respect to each such Conduit Lender, severally and not jointly, may, in their sole discretion, make Loans to the Borrower on a revolving basis, and if and to the extent any Conduit Lender does not make any such requested Loan or if any Group does not include a Conduit Lender, the Related Committed Lender(s) for such Conduit Lender or the Committed Lender for such Group, as the case may be, shall, ratably in accordance with their respective Commitments, severally and not jointly, make such Loans to the Borrower, in either case, from time to time during the period from the Closing Date to the Termination Date. Under no circumstances shall any Lender be obligated to make any such Loan if, after giving effect to such Loan:

- (i) the Aggregate Capital plus the LC Participation Amount would exceed the Facility Limit at such time;
- (ii) the sum of (A) the Capital of such Lender, plus (B) the aggregate outstanding Capital of each other Lender in its Group, plus (C) the related LC Participant's Pro Rata Share of the LC Participation Amount, would exceed the Group Commitment of such Lender's Group;
- (iii) if such Lender is a Committed Lender, the aggregate outstanding Capital of such Committed Lender would exceed its Commitment; or
- (iv) the Aggregate Capital plus the Adjusted LC Participation Amount would exceed the Borrowing Base at such time.

SECTION 2.02. Making Loans; Repayment of Loans. (a) Each Loan hereunder shall be made on at least one (1) Business Day's prior written request from the Borrower to the Administrative Agent and each Group Agent in the form of a Loan Request attached hereto as Exhibit A. Each such request for a Loan shall be made no later than 1:00 p.m. (New York City time) on a Business Day (it being understood that any such request made after such time shall be deemed to have been made on the following Business Day) and shall specify (i) the amount of the Loan(s) requested (which shall not be less than \$1,000,000 and shall be an integral multiple of \$100,000), (ii) the allocation of such amount among the Groups (which shall be ratably based

on the Group Commitments), (iii) the account to which the proceeds of such Loan shall be distributed and (iv) the date such requested Loan is to be made (which shall be a Business Day).

(b) On the date of each Loan, the Lenders shall, upon satisfaction of the applicable conditions set forth in Article VI and pursuant to the other conditions set forth in this Article II, make available to the Borrower in same day funds an aggregate amount equal to the amount of such Loans requested, at the account set forth in the related Loan Request.

(c) Each Committed Lender's obligation shall be several, such that the failure of any Committed Lender to make available to the Borrower any funds in connection with any Loan shall not relieve any other Committed Lender of its obligation, if any, hereunder to make funds available on the date such Loans are requested (it being understood, that no Committed Lender shall be responsible for the failure of any other Committed Lender to make funds available to the Borrower in connection with any Loan hereunder).

(d) The Borrower shall repay in full the outstanding Capital of each Lender on the Final Maturity Date. Prior thereto, the Borrower shall, on each Settlement Date, make a prepayment of the outstanding Capital of the Lenders to the extent required under Section 4.01 and otherwise in accordance therewith. Notwithstanding the foregoing, the Borrower, in its discretion, shall have the right to make a prepayment, in whole or in part, of the outstanding Capital of the Lenders on any Business Day upon two (2) Business Days' prior written notice thereof to the Administrative Agent and each Group Agent in the form of a Reduction Notice attached hereto as Exhibit H; provided, however, that (i) each such partial prepayment shall be in a minimum aggregate amount of \$1,000,000 and shall be an integral multiple of \$100,000 and (ii) any accrued Interest and Fees in respect of such prepaid Capital shall be paid on the immediately following Settlement Date.

(e) The Borrower may, at any time upon at least fifteen (15) days' prior written notice to the Administrative Agent and each Group Agent, terminate the Facility Limit in whole or ratably reduce the Facility Limit in part. Each partial reduction in the Facility Limit shall be in a minimum aggregate amount of \$5,000,000 or integral multiples of \$1,000,000 in excess thereof, and no such partial reduction shall reduce the Facility Limit to an amount less than \$50,000,000. In connection with any partial reduction in the Facility Limit, the Commitment of each Committed Lender and LC Participant, as well as the LC Limit, shall be ratably reduced.

(f) In connection with any reduction of the Commitments, the Borrower shall remit to the Administrative Agent (i) instructions regarding such reduction and (ii) for payment to the Lenders, cash in an amount sufficient to pay (A) Capital of Lenders in each Group in excess of the Group Commitment of such Group and (B) all other outstanding Borrower Obligations with respect to such reduction (determined based on the ratio of the reduction of the Commitments being effected to the amount of the Commitments prior to such reduction or, if the Administrative Agent reasonably determines that any portion of the outstanding Borrower Obligations is allocable solely to that portion of the Commitments being reduced or has arisen solely as a result of such reduction, all of such portion) including, without duplication, any associated Breakage Fees. Upon receipt of any such amounts, the Administrative Agent shall apply such amounts first to the reduction of the outstanding Capital, and second to the payment

of the remaining outstanding Borrower Obligations with respect to such reduction, including any Breakage Fees, by paying such amounts to the Lenders.

(g) Increases in Commitments. So long as no Event of Default or Unmatured Event of Default has occurred and is continuing, with the prior written consent of the Administrative Agent and the LC Bank and upon prior notice to the Lenders, the Borrower may from time to time request an increase in the Commitment with respect to one or more Committed Lenders or cause additional Persons to become parties to this Agreement, as lenders, at any time following the Closing Date and prior to the Termination Date; provided, that any such increase in such Committed Lenders' Commitments and the Commitments of all such additional Committed Lenders may not exceed \$70,000,000 in the aggregate during the life of this Agreement; provided, that each request for an increase and addition shall be in a minimum amount of \$5,000,000. At the time of sending such notice with respect to any Lender, the Borrower (in consultation with the Administrative Agent) shall specify the time period within which such Lenders and the Administrative Agent are requested to respond to the Borrower's request (which shall in no event be less than ten (10) Business Days from the date of delivery of such notice to the Administrative Agent). Each Committed Lender being asked to increase its Commitment, the LC Bank and the Administrative Agent shall notify the Borrower within the applicable time period whether or not such Person agrees, in its respective sole discretion, to the increase to such Committed Lender's Commitment. Any such Person not responding within such time period shall be deemed to have declined to consent to an increase in such Committed Lender's Commitment. For the avoidance of doubt, only the consent of the Lender then being asked to increase its Commitment (or an additional Lender), the Administrative Agent and the LC Bank shall be required in order to approve any such request. If the Commitment of any Committed Lender is increased (or a new Person is added as Committed Lender) in accordance with this clause (g), the Administrative Agent, such Lender, the LC Bank and the Borrower shall determine the effective date with respect to such increase and shall enter into such documents as agreed to by such parties to document such increase; it being understood and agreed that the Administrative Agent or any Committed Lender increasing its Commitment pursuant to this Section 2.02(g) may request any of (x) resolutions of the Board of Directors of the Borrower approving or consenting to such Commitment increase and authorizing the execution, delivery and performance of any amendment to this Agreement, (y) a corporate and enforceability opinion of counsel of the Borrower and (z) such other documents, agreements and opinions reasonably requested by such Lender or the Administrative Agent.

SECTION 2.03. Interest and Fees.

(a) On each Settlement Date, the Borrower shall, in accordance with the terms and priorities for payment set forth in Section 4.01, pay to each Group Agent, each Lender and the Administrative Agent certain fees (collectively, the "Fees") in the amounts set forth in the fee letter agreements from time to time entered into, among the Borrower, the members of the applicable Group (or their Group Agent on their behalf) and/or the Administrative Agent (each such fee letter agreement, as amended, restated, supplemented or otherwise modified from time to time, collectively being referred to herein as the "Fee Letter").

(b) The Capital of each Lender shall accrue interest on each day when such Capital remains outstanding at the then applicable Interest Rate. The Borrower shall pay all

Interest, Fees and Breakage Fees accrued during each Interest Period on the immediately following Settlement Date in accordance with the terms and priorities for payment set forth in Section 4.01.

SECTION 2.04. Records of Loans and Participation Advances. Each Group Agent shall record in its records, the date and amount of each Loan and Participation Advance made by the Lenders in its Group hereunder, the interest rate with respect thereto, the Interest accrued thereon and each repayment and payment thereof. Subject to Section 14.03(c), such records shall be conclusive and binding absent manifest error. The failure to so record any such information or any error in so recording any such information shall not, however, limit or otherwise affect the obligations of the Borrower hereunder or under the other Transaction Documents to repay the Capital of each Lender, together with all Interest accruing thereon and all other Borrower Obligations.

ARTICLE III

LETTER OF CREDIT FACILITY

SECTION 3.01. Letters of Credit.

(a) Subject to the terms and conditions hereof and the satisfaction of the applicable conditions set forth in Article VI, the LC Bank shall issue or cause the issuance of Letters of Credit on behalf of the Borrower (and, if applicable, on behalf of, or for the account of, an Originator or an Affiliate of such Originator in favor of such beneficiaries as such Originator or an Affiliate of such Originator may elect with the consent of the Borrower); provided, however, that the LC Bank will not be required to issue or cause to be issued any Letters of Credit to the extent that after giving effect thereto:

- time; (i) the Aggregate Capital plus the LC Participation Amount would exceed the Facility Limit at such
- time; (ii) the Aggregate Capital plus the LC Participation Amount would exceed the Borrowing Base at such
- (iii) the LC Participation Amount would exceed the LC Limit at such time; or
- (iv) the LC Participation Amount would exceed the aggregate of the Commitments of the LC Participants at such time.

(b) Interest shall accrue on all amounts drawn under Letters of Credit for each day on and after the applicable Drawing Date so long as such drawn amounts shall have not been reimbursed to the LC Bank pursuant to the terms hereof.

SECTION 3.02. Issuance of Letters of Credit; Participations.

(a) The Borrower may request the LC Bank, upon two (2) Business Days' prior written notice submitted on or before 1:00 p.m. (New York City time), to issue a Letter of Credit

by delivering to the Administrative Agent, each Group Agent and the LC Bank, the LC Bank's form of Letter of Credit Application (the "Letter of Credit Application"), substantially in the form of Exhibit D attached hereto and an LC Request, in each case completed to the satisfaction of the Administrative Agent and the LC Bank; and such other certificates, documents and other papers and information as the Administrative Agent or the LC Bank may reasonably request.

(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 Scheduled Termination Date. The terms of each Letter of Credit may include customary "evergreen" provisions providing that such Letter of Credit's expiry date shall automatically be extended for additional periods not to exceed twelve (12) months unless, not less than thirty (30) days (or such longer period as may be specified in such Letter of Credit) (the "Notice Date") prior to the applicable expiry date, the LC Bank delivers written notice to the beneficiary thereof declining such extension; provided, however, that if (x) any such extension would cause the expiry date of such Letter of Credit to occur after the date that is twelve (12) months after the Scheduled Termination Date or (y) the LC Bank determines that any condition precedent (including, without limitation, those set forth in Sections 3.01 and Article VI) to issuing such Letter of Credit hereunder are not satisfied (other than any such condition requiring the Borrower to submit an LC Request or Letter of Credit Application in respect thereof), then the LC Bank, in the case of clause (x) above, may (or, at the written direction of any LC Participant, shall) or, in the case of clause (y) above, shall, use reasonable efforts in accordance with (and to the extent permitted by) the terms of such Letter of Credit to prevent the extension of such expiry date (including notifying the Borrower and the beneficiary of such Letter of Credit in writing prior to the Notice Date that such expiry date will not be so extended). 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) Immediately upon the issuance by the LC Bank of any Letter of Credit (or any amendment to a Letter of Credit increasing the amount thereof), the LC Bank shall be deemed to have sold and transferred to each LC Participant, and each LC Participant shall be deemed irrevocably and unconditionally to have purchased and received from the LC Bank, without recourse or warranty, an undivided interest and participation, to the extent of such LC Participant's Pro Rata Share, in such Letter of Credit, each drawing made thereunder and the obligations of the Borrower hereunder with respect thereto, and any security therefor or guaranty pertaining thereto. Upon any change in the Commitments or Pro Rata Shares of the LC Participants pursuant to this Agreement, it is hereby agreed that, with respect to all outstanding Letters of Credit and unreimbursed drawings thereunder, there shall be an automatic adjustment to the participations pursuant to this clause (c) to reflect the new Pro Rata Shares of the assignor and assignee LC Participant or of all LC Participants with Commitments, as the case may be. In the event that the LC Bank makes any payment under any Letter of Credit and the Borrower shall not have reimbursed such amount in full to the LC Bank pursuant to Section 3.04(a), each

LC Participant shall be obligated to make Participation Advances with respect to such Letter of Credit in accordance with Section 3.04(b).

SECTION 3.03. Requirements For Issuance of Letters of Credit. The Borrower shall authorize and direct the LC Bank to name the Borrower, an Originator or an Affiliate of an Originator as the "Applicant" or "Account Party" of each Letter of Credit.

SECTION 3.04. Disbursements, Reimbursement.

(a) 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 Administrative Agent and the Borrower of such request. The Borrower shall reimburse (such obligation to reimburse the LC Bank shall sometimes be referred to as a "Reimbursement Obligation") the LC Bank prior to noon (New York City time), on each date that an amount is paid by the LC Bank under any Letter of Credit (each such date, a "Drawing Date") in an amount equal to the amount so paid by the LC Bank. In the event the Borrower fails to reimburse the LC Bank for the full amount of any drawing under any Letter of Credit by noon (New York City time) on the Drawing Date (including because the conditions precedent to a Loan requested by the Borrower pursuant to Section 2.01 shall not have been satisfied), the LC Bank will promptly notify each LC Participant thereof. Any notice given by the LC Bank pursuant to this Section may be oral if promptly confirmed in writing; provided that the lack of such a prompt written confirmation shall not affect the conclusiveness or binding effect of such oral notice.

(b) Each LC Participant shall upon any notice pursuant to clause (a) 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 (a "Participation Advance"), whereupon the LC Participants shall each be deemed to have made a Loan to the Borrower 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 2:00 p.m. (New York City 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 Base Rate on and after the fourth day following the Drawing Date. The LC Bank will promptly give notice to each LC Participant 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 clause (b). 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 uncanceled or (C) all Credit Parties have been fully reimbursed for all payments made under or relating to Letters of Credit.

SECTION 3.05. 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 Borrower (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 Interest on the Loans 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 Borrower, or to a trustee, receiver, liquidator, custodian, or any official in any Insolvency Proceeding, any portion of the payments made by the Borrower to the LC Bank pursuant to this Agreement in reimbursement of a payment made under a 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 Termination Date, the LC Collateral Account shall be funded from Collections (or, in the Borrower's sole discretion, by other funds available to the Borrower) in an amount equal to the aggregate undrawn face amount of such Letters of Credit plus all related 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 3.06. Documentation. The Borrower 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 Borrower 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 Borrower's own. In the event of a conflict between the Letter of Credit Application and this Agreement, this Agreement shall govern. The LC Bank shall not be liable for any error, negligence and/or mistakes, whether of omission or commission, in following the Borrower's instructions or those contained in the Letters of Credit or any modifications, amendments or supplements thereto.

SECTION 3.07. 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 3.08. 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 Borrower 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 Agreement and 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 other Credit Parties, the Borrower, the Servicer, an Originator, the Performance Guarantor or any other Person for any reason whatsoever;

(ii) the failure of the Borrower 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 the Borrower, the Performance Guarantor, the Servicer, an Originator or any Affiliate thereof on behalf of which a Letter of Credit has been issued may have against the LC Bank, or any other Credit Party or any other Person for any reason whatsoever;

(iv) any claim of breach of warranty that might be made by the Borrower, an Originator or any 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 Borrower, the Servicer, 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 other Credit Party or any other Person, whether in connection with this Agreement, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between the Borrower or any Affiliates of the Borrower 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 Administrative Agent 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;

(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 Borrower;

(ix) any Material Adverse Effect;

- (x) any breach of this Agreement or any other Transaction Document by any party thereto;
- (xi) the occurrence or continuance of an Insolvency Proceeding with respect to the Borrower, the Performance Guarantor, any Originator or any Affiliate thereof;
- (xii) the fact that an Event of Default or an Unmatured Event of Default shall have occurred and be continuing;
- (xiii) the fact that this Agreement or the obligations of the Borrower or the Servicer hereunder shall have been terminated; and
- (xiv) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

SECTION 3.09. Indemnity. In addition to other amounts payable hereunder, the Borrower hereby agrees to protect, indemnify, pay and save harmless the Administrative Agent, the LC Bank, each LC Participant, each other Credit Party and each 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 Administrative Agent, the LC Bank, any LC Participant, any other Credit Party 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 3.10. Liability for Acts and Omissions. As between the Borrower, on the one hand, and the Administrative Agent, the LC Bank, the LC Participants, and the other Credit Parties, on the other, the Borrower 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 foregoing, none of the Administrative Agent, the LC Bank, the LC Participants, or any other Credit Party 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, any LC Participant or any other Credit Party 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 Borrower against any beneficiary of such Letter of Credit, or any such

transferee, or any dispute between or among the Borrower 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 Administrative Agent, the LC Bank, the LC Participants, and the other Credit Parties, 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. In no event shall the Administrative Agent, the LC Bank, the LC Participants, or the other Credit Parties or their respective Affiliates, be liable to the Borrower or any other Person for any indirect, consequential, incidental, punitive, exemplary or special damages or expenses (including without limitation Attorney Costs), 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 Administrative Agent, the LC Bank, the LC Participants, and the other Credit Parties and each of their respective 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 Administrative Agent, the LC Bank, the LC Participants, or the other Credit Parties 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 Borrower, any Credit Party or any other Person.

ARTICLE IV

SETTLEMENT PROCEDURES AND PAYMENT PROVISIONS

SECTION 4.01. Settlement Procedures.

(a) The Servicer shall set aside and hold in trust for the benefit of the Secured Parties (or, if so requested by the Administrative Agent, segregate in a separate account approved by the Administrative Agent), for application in accordance with the priority of payments set forth below, all Collections on Pool Receivables that are received by the Servicer or the Borrower or received in any Lock-Box or Lock-Box Account; provided, however, that so long as each of the conditions precedent set forth in Section 6.03 are satisfied on such date, the Servicer may release to the Borrower from such Collections the amount (if any) necessary to pay (i) the purchase price for Receivables purchased by the Borrower on such date in accordance with the terms of the Purchase and Sale Agreement or (ii) amounts owing by the Borrower to the Originators under the Subordinated Notes (each such release, a “Release”). On each Settlement Date, the Servicer (or, following its assumption of control of the Lock-Box Accounts, the Administrative Agent) shall, distribute such Collections in the following order of priority:

(i) first, to the Servicer for the payment of the accrued Servicing Fees payable for the immediately preceding Interest Period (plus, if applicable, the amount of Servicing Fees payable for any prior Interest Period to the extent such amount has not been distributed to the Servicer);

(ii) second, to each Lender and other Credit Party (ratably, based on the amount then due and owing), all accrued and unpaid Interest, Fees and Breakage Fees due to such Lender and other Credit Party for the immediately preceding Interest Period (including any additional amounts or indemnified amounts payable under Sections 5.03 and 13.01 in respect of such payments), plus, if applicable, the amount of any such Interest, Fees and Breakage Fees (including any additional amounts or indemnified amounts payable under Sections 5.03 and 13.01 in respect of such payments) payable for any prior Interest Period to the extent such amount has not been distributed to such Lender or Credit Party;

(iii) third, as set forth in clause (x), (y) or (z) below, as applicable:

(x) prior to the occurrence of the Termination Date, to the extent that a Borrowing Base Deficit exists on such date: (I) first, to the Lenders (ratably, based on the aggregate outstanding Capital of each Lender at such time) for the payment of a portion of the outstanding Aggregate Capital at such time, in an aggregate amount equal to the amount necessary to reduce the Borrowing Base Deficit to zero (\$0) and (II) second, to the LC Collateral Account, in reduction of the Adjusted LC Participation Amount, in an amount equal to the amount necessary (after giving effect to clause (I) above) to reduce the Borrowing Base Deficit to zero (\$0);

(y) on and after the occurrence of the Termination Date: (I) first, to each Lender (ratably, based on the aggregate outstanding Capital of each Lender at such time) for the payment in full of the aggregate outstanding Capital of such Lender at such time and (II) second, to the LC Collateral Account (A) the amount necessary to reduce the Adjusted LC Participation Amount to zero (\$0) and (B) an amount equal to the LC Fee Expectation at such time; or

(z) prior to the occurrence of the Termination Date, at the election of the Borrower and in accordance with Section 2.02(d), to the payment of all or any portion of the outstanding Capital of the Lenders at such time (ratably, based on the aggregate outstanding Capital of each Lender at such time);

(iv) fourth, to the Credit Parties, the Affected Persons and the Borrower Indemnified Parties (ratably, based on the amount due and owing at such time), for the payment of all other Borrower Obligations then due and owing by the Borrower to the Credit Parties, the Affected Persons and the Borrower Indemnified Parties; and

(v) fifth, the balance, if any, to be paid to the Borrower for its own account.

(b) All payments or distributions to be made by the Servicer, the Borrower and any other Person to the Lenders (or their respective related Affected Persons and the Borrower Indemnified Parties), the LC Bank and the LC Participants hereunder shall be paid or distributed to the related Group Agent at its Group Agent's Account. Each Group Agent, upon its receipt in the applicable Group Agent's Account of any such payments or distributions, shall distribute such amounts to the applicable Lenders, the LC Bank, LC Participants, Affected Persons and the Borrower Indemnified Parties within its Group ratably; provided that if such Group Agent shall have received insufficient funds to pay all of the above amounts in full on any such date, such Group Agent shall pay such amounts to the applicable Lenders, the LC Bank, the LC Participants, Affected Persons and the Borrower Indemnified Parties within its Group in accordance with the priority of payments forth above, and with respect to any such category above for which there are insufficient funds to pay all amounts owing on such date, ratably (based on the amounts in such categories owing to each such Person in such Group) among all such Persons in such Group entitled to payment thereof.

(c) If and to the extent the Administrative Agent, any Credit Party, any Affected Person or any Borrower Indemnified Party shall be required for any reason to pay over to any Person any amount received on its behalf hereunder, such amount shall be deemed not to have been so received but rather to have been retained by the Borrower and, accordingly, the Administrative Agent, such Credit Party, such Affected Person or such Borrower Indemnified Party, as the case may be, shall have a claim against the Borrower for such amount.

(d) For the purposes of this Section 4.01 :

(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 Borrower, any Originator, the Servicer or any Affiliate of the Servicer, or any setoff or dispute between the Borrower or any Affiliate of the Borrower, an Originator or any Affiliate of an Originator, or the Servicer or any Affiliate of the Servicer, and an Obligor, the Borrower 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 (or as otherwise directed by the Administrative Agent at such time) for the benefit of the Credit Parties for application pursuant to Section 4.01(a);

(ii) if on any day any of the representations or warranties in Section 7.01 is not true with respect to any Pool Receivable, the Borrower shall be deemed to have received on such day a Collection of such Pool Receivable in full and shall immediately pay the amount of such deemed Collection to a Lock-Box Account (or as otherwise directed by the Administrative Agent at such time) for the benefit of the Credit Parties for application pursuant to Section 4.01(a). (Collections deemed to have been received pursuant to Section 4.01(d) are hereinafter sometimes referred to as “Deemed Collections.”);

(iii) except as provided in clauses (i) or (ii) above or 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 Administrative Agent, any Credit Party, any Affected Person or any Borrower Indemnified Party 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 Borrower and, accordingly, such Person shall have a claim against the Borrower for such amount, payable when and to the extent that any distribution from or on behalf of such Obligor is made in respect thereof.

SECTION 4.02. Payments and Computations, Etc.. (a) All amounts to be paid by the Borrower or the Servicer to the Administrative Agent, any Credit Party, any Affected Person or any Borrower Indemnified Party hereunder shall be paid no later than noon (New York City time) on the day when due in same day funds to the applicable Group Agent’s Account.

(b) Each of the Borrower and the Servicer shall, to the extent permitted by Applicable Law, pay interest on any amount not paid or deposited by it when due hereunder, at an interest rate per annum equal to 2.00% per annum above the Base Rate, payable on demand.

(c) All computations of interest under subsection (b) above and all computations of Interest, Fees and other amounts hereunder shall be made on the basis of a year

of 360 days (or, in the case of amounts determined by reference to the Base Rate, 365 or 366 days, as applicable) for the actual number of days (including the first but excluding the last day) 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 succeeding Business Day and such extension of time shall be included in the computation of such payment or deposit.

ARTICLE V

INCREASED COSTS; FUNDING LOSSES; TAXES; ILLEGALITY AND SECURITY INTEREST

SECTION 5.01. Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Affected Person;

(ii) subject any Affected Person to any Taxes (except to the extent such Taxes are Indemnified Taxes for which relief is sought under Section 5.03 or Excluded Taxes) on its loans, loan principal, letters of credit, commitments or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Affected Person any other condition, cost or expense (other than Taxes) (A) affecting the Collateral, this Agreement, any other Transaction Document, any Program Support Agreement, any Loan or any Letter of Credit or participation therein or (B) affecting its obligations or rights to make Loans or issue or participate in Letters of Credit;

and the result of any of the foregoing shall be to increase the cost to such Affected Person of (A) acting as the Administrative Agent, a Group Agent or a Lender hereunder or as a Program Support Provider with respect to the transactions contemplated hereby, (B) funding or maintaining any Loan or issuing or participating in, any Letter of Credit (or interests therein) or (C) maintaining its obligation to fund or maintain any Loan or issuing or participating in, any Letter of Credit, or to reduce the amount of any sum received or receivable by such Affected Person hereunder, then, upon request of such Affected Person (or its Group Agent), the Borrower shall pay to such Affected Person such additional amount or amounts as will compensate such Affected Person for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Affected Person determines that any Change in Law affecting such Affected Person or any lending office of such Affected Person or such Affected Person's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Affected Person's capital or on the capital of such Affected Person's holding company, if any, as a consequence of (A) this Agreement or any other Transaction Document, (B) the commitments of such Affected Person hereunder or under any related Program Support Agreement, (C) the Loans, Letters of Credit or

participations in Letters of Credit, made or issued by such Affected Person or (D) any Capital, to a level below that which such Affected Person or such Affected Person's holding company could have achieved but for such Change in Law (taking into consideration such Affected Person's policies and the policies of such Affected Person's holding company with respect to capital adequacy and liquidity), then from time to time, upon request of such Affected Person (or its Group Agent), the Borrower will pay to such Affected Person such additional amount or amounts as will compensate such Affected Person or such Affected Person's holding company for any such reduction suffered.

(c) Adoption of Changes in Law. The Borrower acknowledges that any Affected Person may institute measures in anticipation of a Change in Law (including, without limitation, the imposition of internal charges on such Affected Person's interests or obligations under any Transaction Document or Program Support Agreement), and may commence allocating charges to or seeking compensation from the Borrower under this Section 5.01 in connection with such measures, in advance of the effective date of such Change in Law, and the Borrower agrees to pay such charges or compensation to such Affected Person, following demand therefor in accordance with the terms of this Section 5.01, without regard to whether such effective date has occurred.

(d) Certificates for Reimbursement. A certificate of an Affected Person (or its Group Agent on its behalf) setting forth the amount or amounts necessary to compensate such Affected Person or its holding company, as the case may be, as specified in clause (a), (b) or (c) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall, subject to the priorities of payment set forth in Section 4.01, pay such Affected Person the amount shown as due on any such certificate on the first Settlement Date occurring after the Borrower's receipt of such certificate.

(e) Delay in Requests. Failure or delay on the part of any Affected Person to demand compensation pursuant to this Section shall not constitute a waiver of such Affected Person's right to demand such compensation; provided that the Borrower shall not be required to compensate an Affected Person pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Affected Person notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Affected Person'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 month period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 5.02. Funding Losses.

(a) The Borrower will pay each Lender all Breakage Fees.

(b) A certificate of a Lender (or its Group Agent on its behalf) setting forth the amount or amounts necessary to compensate such Lender, as specified in clause (a) above and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall, subject to the priorities of payment set forth in Section 4.01, pay such Lender the amount shown as due on any such certificate on the first Settlement Date occurring after the Borrower's receipt of such certificate.

SECTION 5.03. Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Transaction Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of the applicable Credit Party, Affected Person or Borrower Indemnified Party) requires the deduction or withholding of any Tax from any such payment to a Credit Party, Affected Person or Borrower Indemnified Party, then the applicable Credit Party, Affected Person or Borrower Indemnified Party shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law, and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section), the applicable Credit Party, Affected Person or Borrower Indemnified Party receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or, at the option of the Administrative Agent, timely reimburse it for the payment of, any Other Taxes.

(c) Indemnification by the Borrower. The Borrower shall indemnify each Affected Person, within ten days after demand therefor, for the full amount of any (I) Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Affected Person or required to be withheld or deducted from a payment to such Affected Person and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority and (II) Taxes that arise because a Loan is not treated for U.S. federal, state or local tax purposes as intended under Section 14.14 (such indemnification will include any U.S. federal, state or local income taxes necessary to make such Affected Person whole on an after-tax basis taking into account the taxability of receipt of payments under this clause (II) and any reasonable expenses (other than Taxes) arising out of, relating to, or resulting from the foregoing). Promptly upon having knowledge that any such Indemnified Taxes have been levied, imposed or assessed, and promptly upon notice by the Administrative Agent or any Affected Person (or its related Group Agent), the Borrower shall pay such Indemnified Taxes directly to the relevant taxing authority or Governmental Authority; provided that neither the Administrative Agent nor any Affected Person shall be under any obligation to provide any such notice to the Borrower. A certificate as to the amount of such payment or liability delivered to the Borrower by an Affected Person (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of an Affected Person, shall be conclusive absent manifest error.

(d) Indemnification by the Lenders. Each Lender (other than the Conduit Lenders) shall severally indemnify the Administrative Agent, within ten days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender, its Related Conduit Lender or any of their respective Affiliates that are Affected Persons (but only to the extent that the Borrower and its Affiliates have not already indemnified the Administrative Agent for such

Indemnified Taxes and without limiting any obligation of the Borrower, the Servicer or their Affiliates to do so), (ii) any Taxes attributable to the failure of such Lender, its Related Conduit Lender or any of their respective Affiliates that are Affected Persons to comply with Section 14.03(f) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, its Related Conduit Lender or any of their respective Affiliates that are Affected Persons, in each case, that are payable or paid by the Administrative Agent in connection with any Transaction 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 Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender (or its Group Agent) by the Administrative Agent shall be conclusive absent manifest error. Each Lender (other than the Conduit Lenders) hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender, its Related Conduit Lender or any of their respective Affiliates that are Affected Persons under any Transaction Document or otherwise payable by the Administrative Agent to such Lender, its Related Conduit Lender or any of their respective Affiliates that are Affected Persons from any other source against any amount due to the Administrative Agent under this clause (d).

(e) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 5.03, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) Status of Affected Persons. (i) Any Affected Person that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Transaction Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Affected Person, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Affected Person is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 5.03(f)(ii)(A), 5.03(f)(ii)(B) and 5.03(g)) shall not be required if, in the Affected Person's reasonable judgment, such completion, execution or submission would subject such Affected Person to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Affected Person.

(ii) Without limiting the generality of the foregoing:

(A) an Affected Person that is a U.S. Person shall deliver to the Borrower and the Administrative Agent from time to time upon the reasonable request of the Borrower or the Administrative Agent, executed

originals of Internal Revenue Service Form W-9 certifying that such Affected Person is exempt from U.S. federal backup withholding tax;

(B) any Affected Person that is not a U.S. Person shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the Affected Person) from time to time upon the reasonable request of the Borrower or the Administrative Agent, whichever of the following is applicable:

(1) in the case of such an Affected Person claiming the benefits of an income tax treaty to which the United States is a party, (x) with respect to payments of interest under any Transaction Document, executed originals of Internal Revenue Service Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Transaction Document, Internal Revenue Service Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed originals of Internal Revenue Service Form W-8ECI;

(3) in the case of such an Affected Person claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Affected Person is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed originals of Internal Revenue Service Form W-8BEN; or

(4) to the extent such Affected Person is not the beneficial owner, executed originals of Internal Revenue Service Form W-8IMY, accompanied by Internal Revenue Service Form W-8ECI, Internal Revenue Service Form W-8BEN, a U.S. Tax Compliance Certificate, Internal Revenue Service Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that, if such Affected Person is a partnership and one or more direct or indirect partners of such Affected Person are claiming the portfolio interest exemption, such Affected Person may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner; and

(C) any Affected Person that is not a U.S. Person shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient), from time to time upon the reasonable request of the Borrower or the Administrative Agent, executed originals of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made.

(g) Documentation Required by FATCA. If a payment made to an Affected Person under any Transaction Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Affected Person were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Affected Person shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Applicable Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Affected Person has complied with such Affected Person's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (g), "FATCA," shall include any amendments made to FATCA after the date of this Agreement and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with FATCA.

(h) Survival. Each party's obligations under this Section 5.03 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Credit Party or any other Affected person, the termination of the Commitments and the repayment, satisfaction or discharge of all the Borrower Obligations and the Servicer's obligations hereunder.

(i) Updates. Each Affected Person agrees that if any form or certification it previously delivered pursuant to this Section 5.03 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

SECTION 5.04. Inability to Determine Euro-Rate; Change in Legality.

(a) If any Group Agent shall have determined (which determination shall be conclusive and binding upon the parties hereto) before the first day of any Interest Period (with respect to the Euro-Rate determined by reference to Adjusted LIBOR) or on any day (with respect to the Euro-Rate determined by reference to LMIR), by reason of circumstances affecting the interbank Eurodollar market, either that: (i) dollar deposits in the relevant amounts and for the relevant Interest Period or day, as applicable, are not available, (ii) adequate and reasonable

means do not exist for ascertaining the Euro-Rate for such Interest Period or day, as applicable, or (iii) the Euro-Rate determined pursuant hereto does not accurately reflect the cost to the applicable Affected Person (as conclusively determined by such Group Agent) of maintaining any Portion of Capital during such Interest Period or day, as applicable, such Group Agent shall promptly give telephonic notice of such determination, confirmed in writing, to the Borrower before the first day of any Interest Period (with respect to the Euro-Rate determined by reference to Adjusted LIBOR) or on such day (with respect to the Euro-Rate determined by reference to LMIR). Upon delivery of such notice: (i) no Portion of Capital shall be funded thereafter at the Bank Rate determined by reference to the Euro-Rate unless and until such Group Agent shall have given notice to the Borrower that the circumstances giving rise to such determination no longer exist and (ii) with respect to any outstanding Portion of Capital then funded at the Bank Rate determined by reference to the Euro-Rate, such Bank Rate shall automatically be converted to the Bank Rate determined by reference to the Base Rate on the last day of the then-current Interest Period (with respect to the Euro-Rate determined by reference to Adjusted LIBOR) or immediately (with respect to the Euro-Rate determined by reference to LMIR).

(b) If, on or before the first day of any Interest Period (with respect to the Euro-Rate determined by reference to Adjusted LIBOR) or on any day (with respect to the Euro-Rate determined by reference to LMIR), any Group Agent shall have been notified by any Affected Person that such Affected Person has determined (which determination shall be final and conclusive) that any Change in Law, or compliance by such Affected Person with any Change in Law, shall make it unlawful or impossible for such Affected Person to fund or maintain any Portion of Capital at or by reference to the Euro-Rate, such Group Agent shall notify the Borrower and the Administrative Agent thereof. Upon receipt of such notice, until the applicable Group Agent notifies the Borrower and the Administrative Agent that the circumstances giving rise to such determination no longer apply, (i) no Portion of Capital shall be funded at or by reference to the Euro-Rate and (ii) the Interest for any outstanding portions of Capital then funded at the Bank Rate determined by reference to the Euro-Rate shall be converted to the Bank Rate determined by reference to the Base Rate either (x) on the last day of the then-current Interest Period (with respect to the Euro-Rate determined by reference to Adjusted LIBOR) or immediately (with respect to the Euro-Rate determined by reference to LMIR), in either case, only if such Affected Person may lawfully continue to maintain such Portion of Capital at or by reference to the Euro-Rate prior to such conversion or (y) immediately, if such Affected Person may not lawfully continue to maintain such Portion of Capital at or by reference to the Euro-Rate during such period.

SECTION 5.05. Security Interest.

(a) As security for the performance by the Borrower of all the terms, covenants and agreements on the part of the Borrower to be performed under this Agreement or any other Transaction Document, including the punctual payment when due of the Aggregate Capital and all Interest in respect of the Loans and all other Borrower Obligations, the Borrower hereby grants to the Administrative Agent for its benefit and the ratable benefit of the Secured Parties, a continuing security interest in, all of the Borrower's right, title and interest in, to and under all of the following, whether now or hereafter owned, existing or arising (collectively, the "Collateral"): (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-Boxes and

Lock-Box Accounts and all amounts on deposit therein, and all certificates and instruments, if any, from time to time evidencing such Lock-Boxes and Lock-Box Accounts and amounts on deposit therein, (v) all rights (but none of the obligations) of the Borrower under the Purchase and Sale Agreement and (vi) all proceeds of, and all amounts received or receivable under any or all of, the foregoing.

The Administrative Agent (for the benefit of the Secured Parties) shall have, with respect to all the Collateral, and in addition to all the other rights and remedies available to the Administrative Agent (for the benefit of the Secured Parties), all the rights and remedies of a secured party under any applicable UCC. The Borrower hereby authorizes the Administrative Agent to file financing statements describing as 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.

Immediately upon the occurrence of the Final Payout Date, the Collateral shall be automatically released from the lien created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent, the Lenders and the other Credit Parties hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Borrower; provided, however, that promptly following written request therefor by the Borrower delivered to the Administrative Agent following any such termination, and at the expense of the Borrower, the Administrative Agent shall execute and deliver to the Borrower UCC-3 termination statements and such other documents as the Borrower shall reasonably request to evidence such termination.

ARTICLE VI

CONDITIONS TO EFFECTIVENESS AND CREDIT EXTENSIONS

SECTION 6.01. Conditions Precedent to Effectiveness and the Initial Credit Extension. This Agreement shall become effective as of the Closing Date when (a) the Administrative Agent shall have received each of the documents, agreements (in fully executed form), opinions of counsel, lien search results, UCC filings, certificates and other deliverables listed on the closing memorandum attached as Exhibit I hereto, in each case, in form and substance acceptable to the Administrative Agent and (b) all fees and expenses payable by the Borrower on the Closing Date to the Credit Parties have been paid in full in accordance with the terms of the Transaction Documents.

SECTION 6.02. Conditions Precedent to All Credit Extensions. Each Credit Extension hereunder on or after the Closing Date shall be subject to the conditions precedent that:

(a) in the case of a Loan, the Borrower shall have delivered to the Administrative Agent and each Group Agent a Loan Request for such Loan, and in the case of a Letter of Credit, the Borrower shall have delivered to the Administrative Agent, each Group Agent and the LC Bank, a Letter of Credit Application and an LC Request, in each case, in accordance with Section 2.02(a) or Section 3.02(a), as applicable;

- (b) the Servicer shall have delivered to the Administrative Agent and each Group Agent all Information Packages required to be delivered hereunder;
- (c) the conditions precedent to such Credit Extension specified in Section 2.01(i) through (iv) and Section 3.01(a), as applicable, shall be satisfied;
- (d) on the date of such Credit Extension the following statements shall be true and correct (and upon the occurrence of such Credit Extension, the Borrower and the Servicer shall be deemed to have represented and warranted that such statements are then true and correct):
- (i) the representations and warranties of the Borrower and the Servicer contained in Sections 7.01 and 7.02 are true and correct in all material respects on and as of the date of such Credit Extension as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;
- (ii) no Event of Default or Unmatured Event of Default has occurred and is continuing, and no Event of Default or Unmatured Event of Default would result from such Credit Extension;
- (iii) no Borrowing Base Deficit exists or would exist after giving effect to such Credit Extension; and
- (iv) the Termination Date has not occurred.

SECTION 6.03. Conditions Precedent to All Releases. Each Release hereunder on or after the Closing Date shall be subject to the conditions precedent that:

- (a) after giving effect to such Release, the Servicer shall be holding in trust for the benefit of the Secured Parties an amount of Collections sufficient to pay the sum of (x) all accrued and unpaid Servicing Fees, Interest, Fees and Breakage Fees, in each case, through the date of such Release, (y) the amount of any Borrowing Base Deficit and (z) the amount of all other accrued and unpaid Borrower Obligations through the date of such Release;
- (b) on the date of such Release the following statements shall be true and correct (and upon the occurrence of such Release, the Borrower and the Servicer shall be deemed to have represented and warranted that such statements are then true and correct):
- (i) the representations and warranties of the Borrower and the Servicer contained in Sections 7.01 and 7.02 are true and correct in all material respects on and as of the date of such Release as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;
- (ii) no Event of Default has occurred and is continuing, and no Event of Default would result from such Release;

- (iii) no Borrowing Base Deficit exists or would exist after giving effect to such Release; and
- (iv) the Termination Date has not occurred.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

SECTION 7.01. Representations and Warranties of the Borrower. The Borrower represents and warrants to each Credit Party as of the Closing Date, on each Settlement Date and on each day on which a Credit Extension shall have occurred:

(a) Organization and Good Standing. The Borrower is a limited liability company and validly existing in good standing under the laws of the State of Delaware and has full power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted.

(b) Due Qualification. The Borrower is duly qualified to do business, is in good standing as a foreign entity and has obtained all necessary licenses and approvals in all jurisdictions in which the conduct of its business requires such qualification, licenses or approvals, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Power and Authority; Due Authorization. The Borrower (i) has all necessary power and authority to (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party, (B) perform its obligations under this Agreement and the other Transaction Documents to which it is a party and (C) grant a security interest in the Collateral to the Administrative Agent on the terms and subject to the conditions herein provided and (ii) has duly authorized by all necessary action such grant and the execution, delivery and performance of, and the consummation of the transactions provided for in, this Agreement and the other Transaction Documents to which it is a party.

(d) Binding Obligations. This Agreement and each of the other Transaction Documents to which the Borrower is a party constitutes legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) No Conflict or Violation. The execution, delivery and performance of, and the consummation of the transactions contemplated by, this Agreement and the other Transaction Documents to which the Borrower is a party, and the fulfillment of the terms hereof and thereof, will not (i) conflict with, result in any breach of any of the terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under its organizational documents or any indenture, sale agreement, credit agreement, loan agreement, security agreement, mortgage, deed of trust, or other agreement or instrument to which the Borrower is a

party or by which it or any of its properties is bound, (ii) result in the creation or imposition of any Adverse Claim upon any of the Collateral pursuant to the terms of any such indenture, credit agreement, loan agreement, security agreement, mortgage, deed of trust, or other agreement or instrument other than this Agreement and the other Transaction Documents or (iii) conflict with or violate any Applicable Law.

(f) Litigation and Other Proceedings. (i) There is no action, suit, proceeding or investigation pending or, to the best knowledge of the Borrower, threatened, against the Borrower before any Governmental Authority and (ii) the Borrower is not subject to any order, judgment, decree, injunction, stipulation or consent order of or with any Governmental Authority that, in the case of either of the foregoing clauses (i) and (ii), (A) asserts the invalidity of this Agreement or any other Transaction Document, (B) seeks to prevent the grant of a security interest in any Collateral by the Borrower to the Administrative Agent, the ownership or acquisition by the Borrower of any Pool Receivables or other Collateral or the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document, (C) seeks any determination or ruling that could materially and adversely affect the performance by the Borrower of its obligations under, or the validity or enforceability of, this Agreement or any other Transaction Document or (D) individually or in the aggregate for all such actions, suits, proceedings and investigations could reasonably be expected to have a Material Adverse Effect.

(g) Governmental Approvals. Except where the failure to obtain or make such authorization, consent, order, approval or action could not reasonably be expected to have a Material Adverse Effect, all authorizations, consents, orders and approvals of, or other actions by, any Governmental Authority that are required to be obtained by the Borrower in connection with the grant of a security interest in the Collateral to the Administrative Agent hereunder or the due execution, delivery and performance by the Borrower of this Agreement or any other Transaction Document to which it is a party and the consummation by the Borrower of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party have been obtained or made and are in full force and effect.

(h) Margin Regulations. The Borrower is not engaged, principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meanings of Regulations T, U and X of the Board of Governors of the Federal Reserve System).

(i) Solvency. After giving effect to the transactions contemplated by this Agreement and the other Transaction Documents, the Borrower is Solvent.

(j) Offices; Legal Name. The Borrower's sole jurisdiction of organization is the State of Delaware and such jurisdiction has not changed within four months prior to the date of this Agreement. The office of the Borrower is located at the applicable address specified on Schedule III hereto. The legal name of the Borrower is Foresight Receivables LLC.

(k) Investment Company Act. The Borrower (i) is not, and is not controlled by, an "investment company" registered or required to be registered under the Investment Company Act and (ii) is not a "covered fund" under the Volcker Rule. In determining that the

Borrower is not a “covered fund”, the Borrower is entitled to rely on the exemption from the definition of “investment company” set forth in Section 3(c)(5) of the Investment Company Act.

(l) No Material Adverse Effect . Since the date of formation of the Borrower there has been no Material Adverse Effect with respect to the Borrower.

(m) Accuracy of Information . All Information Packages, Loan Requests, LC Requests, Letter of Credit Applications, certificates, reports, statements, documents and other information furnished to the Administrative Agent or any other Credit Party by or on behalf of the Borrower pursuant to any provision of this Agreement or any other Transaction Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Agreement or any other Transaction Document, is, at the time the same are so furnished, complete and correct in all material respects on the date the same are furnished to the Administrative Agent or such other Credit Party, and does not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

(n) Anti-Money Laundering/International Trade Law Compliance . No Covered Entity is a Sanctioned Person. No Covered Entity, either in its own right or through any third party, (i) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (ii) does business in or with, or derives any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; or (iii) engages in any dealings or transactions prohibited by any Anti-Terrorism Law.

(o) Transaction Information . None of the Borrower, any Affiliate of the Borrower or any third party with which the Borrower or any Affiliate thereof has contracted, has delivered, in writing or orally, to any Rating Agency, any Transaction Information without providing such Transaction Information to the applicable Group Agent prior to delivery to such Rating Agency and has not participated in any oral communications with respect to Transaction Information with any Rating Agency without the participation of such Group Agent.

(p) Perfection Representations .

(i) This Agreement creates a valid and continuing security interest (as defined in the applicable UCC) in the Borrower’s right, title and interest in, to and under the Collateral which (A) security interest has been perfected and is enforceable against creditors of and purchasers from the Borrower and (B) will be free of all Adverse Claims in such Collateral.

(ii) The Receivables constitute “accounts” or “general intangibles” within the meaning of Section 9-102 of the UCC.

(iii) The Borrower owns and has good and marketable title to the Collateral free and clear of any Adverse Claim of any Person.

(iv) All appropriate financing statements, financing statement amendments and continuation statements have been filed in the proper filing

office in the appropriate jurisdictions under Applicable Law in order to perfect (and continue the perfection of) the sale and contribution of the Receivables and Related Security from each Originator to the Borrower pursuant to the Purchase and Sale Agreement and the grant by the Borrower of a security interest in the Collateral to the Administrative Agent pursuant to this Agreement.

(v) Other than the security interest granted to the Administrative Agent pursuant to this Agreement, the Borrower has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral except as permitted by this Agreement and the other Transaction Documents. The Borrower has not authorized the filing of and is not aware of any financing statements filed against the Borrower that include a description of collateral covering the Collateral other than any financing statement (i) in favor of the Administrative Agent or (ii) that has been terminated. The Borrower is not aware of any judgment lien, ERISA lien or tax lien filings against the Borrower.

(vi) Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations contained in this Section 7.01(p) shall be continuing and remain in full force and effect until the Final Payout Date.

(q) The Lock-Boxes and Lock-Box Accounts.

(i) Nature of Lock-Box Accounts. Each Lock-Box Account constitutes a “deposit account” within the meaning of the applicable UCC.

(ii) Ownership. Each Lock-Box and Lock-Box Account is in the name of the Borrower, and the Borrower owns and has good and marketable title to the Lock-Box Accounts free and clear of any Adverse Claim.

(iii) Perfection. The Borrower has delivered to the Administrative Agent a fully executed Lock-Box Agreement relating to each Lock-Box and Lock-Box Account, pursuant to which each applicable Lock-Box Bank has agreed to comply with the instructions originated by the Administrative Agent directing the disposition of funds in such Lock-Box and Lock-Box Account without further consent by the Borrower, the Servicer or any other Person. The Administrative Agent has “control” (as defined in Section 9-104 of the UCC) over each Lock-Box Account.

(iv) Instructions. Neither the Lock-Boxes nor the Lock-Box Accounts are in the name of any Person other than the Borrower. Neither the Borrower nor the Servicer has consented to the applicable Lock-Box Bank complying with instructions of any Person other than the Administrative Agent.

(r) Ordinary Course of Business. Each remittance of Collections by or on behalf of the Borrower to the Credit Parties under this Agreement will have been (i) in payment of a debt incurred by the Borrower in the ordinary course of business or financial affairs of the Borrower and (ii) made in the ordinary course of business or financial affairs of the Borrower.

- subject.
- (s) Compliance with Law. The Borrower has complied in all material respects with all Applicable Laws to which it may be subject.
- (t) Bulk Sales Act. No transaction contemplated by this Agreement requires compliance by it with any bulk sales act or similar law.
- (u) Eligible Receivables. Each Receivable included as an Eligible Receivable in the calculation of the Net Receivables Pool Balance as of any date is an Eligible Receivable as of such date.
- (v) Taxes. The Borrower has (i) timely filed all tax returns (federal, state and local) required to be filed by it and (ii) paid, or caused to be paid, all taxes, assessments and other governmental charges, if any, other than taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP.
- (w) Tax Status. The Borrower (i) is, and shall at all relevant times continue to be, a “disregarded entity” within the meaning of U.S. Treasury Regulation § 301.7701-3 for U.S. federal income tax purposes and (ii) is not and will not at any relevant time become an association (or publicly traded partnership) taxable as an association for U.S. federal income tax purposes.
- (x) Opinions. The facts regarding the Borrower, the Servicer, each Originator, the Performance Guarantor, the Receivables, the Related Security and the related matters set forth or assumed in each of the opinions of counsel delivered in connection with this Agreement and the Transaction Documents are true and correct in all material respects.
- (y) Mortgages Covering As-Extracted Collateral. There are no mortgages that are effective as financing statements covering as-extracted collateral and that name any Originator (or, if such Originator is not the “record owner” of the underlying property, any “record owner” with respect to such as-extracted collateral, as such term is used in the UCC) as grantor, debtor or words of similar effect filed or recorded in any jurisdiction.
- (z) Other Transaction Documents. Each representation and warranty made by the Borrower under each other Transaction Document to which it is a party is true and correct in all material respects as of the date when made.
- (aa) Reaffirmation of Representations and Warranties. On the date of each Credit Extension, on the date of each Release, on each Settlement Date and on the date each Information Package or other report is delivered to the Administrative Agent or any Group Agent hereunder, the Borrower shall be deemed to have certified that (i) all representations and warranties of the Borrower hereunder are true and correct in all material respects on and as of such day as though made on and as of such day, except for representations and warranties which apply as to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such date) and (ii) no Event of Default or an Unmatured Event of Default has occurred and is continuing or will result from such Credit Extension or Release.

Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations contained in this Section shall be continuing, and remain in full force and effect until the Final Payout Date.

SECTION 7.02. Representations and Warranties of the Servicer. The Servicer represents and warrants to each Credit Party as of the Closing Date, on each Settlement Date and on each day on which a Credit Extension shall have occurred:

(a) Organization and Good Standing. The Servicer is a duly organized and validly existing limited liability company in good standing under the laws of the State of Delaware, with the power and authority under its organizational documents and under the laws of Delaware to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted.

(b) Due Qualification. The Servicer is duly qualified to do business, is in good standing as a foreign entity and has obtained all necessary licenses and approvals in all jurisdictions in which the conduct of its business or the servicing of the Pool Receivables as required by this Agreement requires such qualification, licenses or approvals, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Power and Authority; Due Authorization. The Servicer has all necessary power and authority to (i) execute and deliver this Agreement and the other Transaction Documents to which it is a party and (ii) perform its obligations under this Agreement and the other Transaction Documents to which it is a party and the execution, delivery and performance of, and the consummation of the transactions provided for in, this Agreement and the other Transaction Documents to which it is a party have been duly authorized by the Servicer by all necessary action.

(d) Binding Obligations. This Agreement and each of the other Transaction Documents to which it is a party constitute legal, valid and binding obligations of the Servicer, enforceable against the Servicer in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) No Conflict or Violation. The execution and delivery of this Agreement and each other Transaction Document to which the Servicer is a party, the performance of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment of the terms of this Agreement and the other Transaction Documents by the Servicer will not (i) conflict with, result in any breach of any of the terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under, the organizational documents of the Servicer or any indenture, sale agreement, credit agreement, loan agreement, security agreement, mortgage, deed of trust or other agreement or instrument to which the Servicer is a party or by which it or any of its property is bound, (ii) result in the creation or imposition of any Adverse Claim upon any of its properties pursuant to the terms of any such indenture, credit agreement, loan agreement, agreement, mortgage, deed of trust or other agreement or instrument,

other than this Agreement and the other Transaction Documents or (iii) conflict with or violate any Applicable Law, except to the extent that any such conflict, breach, default, Adverse Claim or violation could not reasonably be expected to have a Material Adverse Effect.

(f) Litigation and Other Proceedings. There is no action, suit, proceeding or investigation pending, or to the Servicer's knowledge threatened, against the Servicer before any Governmental Authority: (i) asserting the invalidity of this Agreement or any of the other Transaction Documents; (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document; or (iii) seeking any determination or ruling that could materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability of, this Agreement or any of the other Transaction Documents.

(g) No Consents. The Servicer is not required to obtain the consent of any other party or any consent, license, approval, registration, authorization or declaration of or with any Governmental Authority in connection with the execution, delivery, or performance of this Agreement or any other Transaction Document to which it is a party that has not already been obtained or the failure of which to obtain could not reasonably be expected to have a Material Adverse Effect.

(h) Compliance with Applicable Law. The Servicer (i) shall duly satisfy all obligations on its part to be fulfilled under or in connection with the Pool Receivables and the related Contracts, (ii) has maintained in effect all qualifications required under Applicable Law in order to properly service the Pool Receivables and (iii) has complied in all material respects with all Applicable Law in connection with servicing the Pool Receivables.

(i) Accuracy of Information. All Information Packages, Loan Requests, LC Requests, Letter of Credit Applications, certificates, reports, statements, documents and other information furnished to the Administrative Agent or any other Credit Party by the Servicer pursuant to any provision of this Agreement or any other Transaction Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Agreement or any other Transaction Document, is, at the time the same are so furnished, complete and correct in all material respects on the date the same are furnished to the Administrative Agent or such other Credit Party, and does not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

(j) Location of Records. The offices where the initial Servicer keeps all of its records relating to the servicing of the Pool Receivables are located at One Metropolitan Square, 211 North Broadway, Suite 2600, St. Louis, Missouri 63102.

(k) Credit and Collection Policy. The Servicer has complied in all material respects with the Credit and Collection Policy with regard to each Pool Receivable and the related Contracts.

(l) Eligible Receivables. Each Receivable included as an Eligible Receivable in the calculation of the Net Receivables Pool Balance as of any date is an Eligible Receivable as of such date.

(m) Servicing Programs. No license or approval is required for the Administrative Agent's use of any software or other computer program used by the Servicer, any Originator or any Sub-Servicer in the servicing of the Pool Receivables, other than those which have been obtained and are in full force and effect.

(n) Servicing of Pool Receivables. Since the Closing Date there has been no material adverse change in the ability of the Servicer or any Sub-Servicer to service and collect the Pool Receivables and the Related Security.

(o) Other Transaction Documents. Each representation and warranty made by the Servicer under each other Transaction Document to which it is a party (including, without limitation, the Purchase and Sale Agreement) is true and correct in all material respects as of the date when made.

(p) No Material Adverse Effect. Since September 30, 2014 there has been no Material Adverse Effect on the Servicer.

(q) Investment Company Act. The Servicer is not an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act.

(r) Anti-Money Laundering/International Trade Law Compliance. No Covered Entity is a Sanctioned Person. No Covered Entity, either in its own right or through any third party, (i) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (ii) does business in or with, or derives any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; or (iii) engages in any dealings or transactions prohibited by any Anti-Terrorism Law.

(s) Transaction Information. None of the Servicer, any Affiliate of the Servicer or any third party with which the Servicer or any Affiliate thereof has contracted, has delivered, in writing or orally, to any Rating Agency, or monitoring a rating of, any Notes, any Transaction Information without providing such Transaction Information to the applicable Group Agent prior to delivery to such Rating Agency and has not participated in any oral communications with respect to Transaction Information with any Rating Agency without the participation of such Group Agent.

(t) Financial Condition. The consolidated balance sheets of the Parent and its consolidated Subsidiaries as of September 30, 2014 and the related statements of income and shareholders' equity of the Parent and its consolidated Subsidiaries for the fiscal quarter then ended, copies of which have been furnished to the Administrative Agent and the Group Agents, present fairly in all material respects the consolidated financial position of the Parent and its consolidated Subsidiaries for the period ended on such date, all in accordance with GAAP subject to normal year-end audit adjustments and except for the absence of footnotes.

(u) Bulk Sales Act. No transaction contemplated by this Agreement requires compliance by it with any bulk sales act or similar law.

(v) Taxes. The Servicer has (i) timely filed all tax returns (federal, state and local) required to be filed by it and (ii) paid, or caused to be paid, all taxes, assessments and other governmental charges, if any, other than taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP.

(w) Opinions. The facts regarding the Borrower, the Servicer, each Originator, the Performance Guarantor, the Receivables, the Related Security and the related matters set forth or assumed in each of the opinions of counsel delivered in connection with this Agreement and the Transaction Documents are true and correct in all material respects.

(x) Mortgages Covering As-Extracted Collateral. There are no mortgages that are effective as financing statements covering as-extracted collateral and that name any Originator (or, if such Originator is not the "record owner" of the underlying property, any "record owner" with respect to such as-extracted collateral, as such term is used in the UCC) as grantor, debtor or words of similar effect filed or recorded in any jurisdiction.

(y) Other Transaction Documents. Each representation and warranty made by the Servicer under each other Transaction Document to which it is a party is true and correct in all material respects as of the date when made.

(z) Reaffirmation of Representations and Warranties. On the date of each Credit Extension, on the date of each Release, on each Settlement Date and on the date each Information Package or other report is delivered to the Administrative Agent or any Group Agent hereunder, the Servicer shall be deemed to have certified that (i) all representations and warranties of the Servicer hereunder are true and correct in all material respects on and as of such day as though made on and as of such day, except for representations and warranties which apply as to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such date) and (ii) no Event of Default or an Unmatured Event of Default has occurred and is continuing or will result from such Credit Extension or Release.

Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations contained in this Section shall be continuing, and remain in full force and effect until the Final Payout Date.

ARTICLE VIII

COVENANTS

SECTION 8.01. Covenants of the Borrower. At all times from the Closing Date until the Final Payout Date:

- (a) Payment of Principal and Interest. The Borrower shall duly and punctually pay Capital, Interest, Fees and all other amounts payable by the Borrower hereunder in accordance with the terms of this Agreement.
- (b) Existence. The Borrower shall keep in full force and effect its existence and rights as a limited liability company under the laws of the State of Delaware, and shall obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement, the other Transaction Documents and the Collateral.
- (c) Financial Reporting. The Borrower will maintain a system of accounting established and administered in accordance with GAAP, and the Borrower (or the Servicer on its behalf) shall furnish to the Administrative Agent, the LC Bank and each Group Agent:
 - (i) Annual Financial Statements of the Borrower. Promptly upon completion and in no event later than 90 days after the close of each fiscal year of the Borrower, annual unaudited financial statements of the Borrower certified by a Financial Officer of the Borrower that they fairly present in all material respects, in accordance with GAAP, the financial condition of the Borrower as of the date indicated and the results of its operations for the periods indicated.
 - (ii) Quarterly Financial Statements of the Borrower. Promptly upon completion and in no event later than 45 days following the end of each of the first three fiscal quarters in each of the Borrower's fiscal years, quarterly unaudited financial statements of the Borrower certified by a Financial Officer of the Borrower that they fairly present in all material respects, in accordance with GAAP, the financial condition of the Borrower as of the date indicated and the results of its operations for the periods indicated.
 - (iii) Information Packages. As soon as available and in any event not later than two (2) Business Days prior to each Settlement Date, an Information Package as of the most recently completed Fiscal Month.
 - (iv) Other Information. Such other information (including non-financial information) as the Administrative Agent, the LC Bank or any Group Agent may from time to time reasonably request.
 - (v) Quarterly Financial Statements of Parent. As soon as available and in no event later than 45 days following the end of each of the first three fiscal quarters in each of Parent's fiscal years, (i) the unaudited consolidated balance sheet and statements of income of Parent and its consolidated Subsidiaries as at the end of such fiscal quarter

and the related unaudited consolidated statements of earnings and cash flows for such fiscal quarter and for the elapsed portion of the fiscal year ended with the last day of such fiscal quarter, in each case setting forth comparative figures for the corresponding fiscal quarter in the prior fiscal year, all of which shall be certified by a Financial Officer of Parent that they fairly present in all material respects, in accordance with GAAP, the financial condition of Parent and its consolidated Subsidiaries as of the dates indicated and the results of their operations for the periods indicated, subject to normal year-end audit adjustments and the absence of footnotes and (ii) management's discussion and analysis of the important operational and financial developments during such fiscal quarter.

(vi) Annual Financial Statements of Parent. Within 90 days after the close of each of Parent's fiscal years, the consolidated balance sheet of Parent and its consolidated Subsidiaries as at the end of such fiscal year and the related consolidated statements of earnings and cash flows for such fiscal year setting forth comparative figures for the preceding fiscal year, all reported on by independent certified public accountants of recognized national standing (without a "going concern" or like qualification or exception) to the effect that such consolidated financial statements present fairly in all material respects, in accordance with GAAP, the financial condition of Parent and its consolidated Subsidiaries as of the dates indicated and the results of their operations for the periods indicated.

(vii) Other Reports and Filings. Promptly (but in any event within ten days) after the filing or delivery thereof, copies of all financial information, proxy materials and reports, if any, which Parent or any of its consolidated Subsidiaries shall publicly file with the SEC or deliver to holders (or any trustee, agent or other representative therefor) of any of its material Debt pursuant to the terms of the documentation governing the same.

(viii) Notwithstanding anything herein to the contrary, any financial information, proxy statements or other material required to be delivered pursuant to this paragraph (c) shall be deemed to have been furnished to each of the Administrative Agent and each Group Agent on the date that such report, proxy statement or other material is posted on the SEC's website at www.sec.gov.

(d) Notices. The Borrower (or the Servicer on its behalf) will notify the Administrative Agent and each Group Agent in writing of any of the following events promptly upon (but in no event later than five (5) Business Days after) a Financial Officer or other officer learning of the occurrence thereof, with such notice describing the same, and if applicable, the steps being taken by the Person(s) affected with respect thereto:

(i) Notice of Events of Default or Unmatured Events of Default. A statement of a Financial Officer of the Borrower setting forth details of any Event of Default or Unmatured Event of Default that has occurred and is continuing and the action which the Borrower proposes to take with respect thereto.

(ii) Representations and Warranties. The failure of any representation or warranty made or deemed to be made by the Borrower under this Agreement or any other Transaction Document to be true and correct in any material respect when made.

(iii) Litigation. The institution of any litigation, arbitration proceeding or governmental proceeding on the Borrower, the Servicer, the Performance Guarantor or any Originator, which with respect to any Person other than the Borrower, could reasonably be expected to have a Material Adverse Effect.

(iv) Adverse Claim. (A) Any Person shall obtain an Adverse Claim upon the Collateral or any portion thereof, (B) any Person other than the Borrower, the Servicer or the Administrative Agent shall obtain any rights or direct any action with respect to any Lock-Box Account (or related Lock-Box) or (C) any Obligor shall receive any change in payment instructions with respect to Pool Receivable(s) from a Person other than the Servicer or the Administrative Agent.

(v) Name Changes. At least thirty (30) days before any change in any Originator's or the Borrower's name, jurisdiction of organization or any other change requiring the amendment of UCC financing statements.

(vi) Change in Accountants or Accounting Policy. Any change in (i) the external accountants of the Borrower, the Servicer, any Originator or the Parent, (ii) any accounting policy of the Borrower or (iii) any material accounting policy of any Originator that is relevant to the transactions contemplated by this Agreement or any other Transaction Document (it being understood that any change to the manner in which any Originator accounts for the Pool Receivables shall be deemed "material" for such purpose).

(vii) Termination Event. The occurrence of a Purchase and Sale Termination Event under the Purchase and Sale Agreement.

(viii) Material Adverse Change. Promptly after the occurrence thereof, notice of any material adverse change in the business, operations, property or financial or other condition of the Borrower, the Servicer, the Performance Guarantor or any Originator.

(e) Conduct of Business. The Borrower will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and will do all things necessary to remain duly organized, validly existing and in good standing as a domestic organization in its jurisdiction of organization and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

(f) Compliance with Laws. The Borrower will comply with all Applicable Laws to which it may be subject if the failure to comply could reasonably be expected to have a Material Adverse Effect.

(g) Furnishing of Information and Inspection of Receivables. The Borrower will furnish or cause to be furnished to the Administrative Agent, the LC Bank and each Group Agent from time to time such information with respect to the Pool Receivables and the other Collateral as the Administrative Agent, the LC Bank or any Group Agent may reasonably request. The Borrower will, at the Borrower's expense, during regular business hours with prior written notice (i) permit the Administrative Agent, the LC Bank and each Group Agent or their respective agents or representatives to (A) examine and make copies of and abstracts from all books and records relating to the Pool Receivables or other Collateral, (B) visit the offices and properties of the Borrower for the purpose of examining such books and records and (C) discuss matters relating to the Pool Receivables, the other Collateral or the Borrower's performance hereunder or under the other Transaction Documents to which it is a party with any of the officers, directors, employees or independent public accountants of the Borrower having knowledge of such matters and (ii) without limiting the provisions of clause (i) above, during regular business hours, at the Borrower's expense, upon prior written notice from the Administrative Agent, permit certified public accountants or other auditors acceptable to the Administrative Agent to conduct a review of its books and records with respect to such Pool Receivables and other Collateral; provided, that the Borrower shall be required to reimburse the Administrative Agent for only one (1) such review pursuant to clause (ii) above in any twelve-month period, unless an Event of Default has occurred and is continuing.

(h) Payments on Receivables, Lock-Box Accounts. The Borrower (or the Servicer on its behalf) will, and will cause each Originator to, at all times, instruct all Obligor to deliver payments on the Pool Receivables to a Lock-Box Account or a Lock-Box. The Borrower (or the Servicer on its behalf) will, and will cause each Originator to, at all times, maintain such books and records necessary to identify Collections received from time to time on Pool Receivables and to segregate such Collections from other property of the Servicer and the Originators. If any payments on the Pool Receivables or other Collections are received by the Borrower, the Servicer or an Originator, it shall hold such payments in trust for the benefit of the Administrative Agent, the Group Agents and the other Secured Parties and promptly (but in any event within one (1) Business Day after receipt) remit such funds into a Lock-Box Account. The Borrower (or the Servicer on its behalf) will cause each Lock-Box Bank to comply with the terms of each applicable Lock-Box Agreement. The Borrower shall not permit funds other than Collections on Pool Receivables and other Collateral to be deposited into any Lock-Box Account. If such funds are nevertheless deposited into any Lock-Box Account, the Borrower (or the Servicer on its behalf) will within two (2) Business Days identify and transfer such funds to the appropriate Person entitled to such funds. The Borrower will not, and will not permit the Servicer, any Originator or any other Person to commingle Collections or other funds to which the Administrative Agent, any Group Agent or any other Secured Party is entitled, with any other funds. The Borrower shall only add a Lock-Box Account (or a related Lock-Box) or a Lock-Box Bank to those listed on Schedule II to this Agreement, if the Administrative Agent has received notice of such addition and an executed and acknowledged copy of a Lock-Box Agreement (or an amendment thereto) in form and substance acceptable to the Administrative Agent from the applicable Lock-Box Bank. The Borrower shall only terminate a Lock-Box Bank or close a Lock-Box Account (or a related Lock-Box) with the prior written consent of the Administrative Agent.

(i) Sales, Liens, etc. Except as otherwise provided herein, the Borrower will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Pool Receivable or other Collateral, or assign any right to receive income in respect thereof.

(j) Extension or Amendment of Pool Receivables. Except as otherwise permitted in Section 9.02, the Borrower will not, and will not permit the Servicer to, alter the delinquency status or adjust the Outstanding Balance or otherwise modify the terms of any Pool Receivable in any material respect, or amend, modify or waive, in any material respect, any term or condition of any related Contract in any manner which would or could reasonably be expected to affect any Pool Receivable. The Borrower shall at its expense, timely and fully perform and comply in all material respects with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables, and timely and fully comply with the Credit and Collection Policy with regard to each Pool Receivable and the related Contract to the extent failure to do so would or could reasonably be expected to adversely affect any Pool Receivable.

(k) Change in Credit and Collection Policy. The Borrower will not make any material change in the Credit and Collection Policy without the prior written consent of the Administrative Agent and the Majority Group Agents. Promptly following any change in the Credit and Collection Policy, the Borrower will deliver a copy of the updated Credit and Collection Policy to the Administrative Agent and each Lender.

(l) Fundamental Changes. The Borrower shall not, without the prior written consent of the Administrative Agent and the Majority Group Agents, permit itself (i) to merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person or (ii) to be directly owned by any Person other than Foresight. The Borrower shall provide the Administrative Agent with at least 30 days' prior written notice before making any change in the Borrower's name or location or making any other change in the Borrower's identity or corporate structure that could impair or otherwise render any UCC financing statement filed in connection with this Agreement or any other Transaction Document "seriously misleading" as such term (or similar term) is used in the applicable UCC; each notice to the Administrative Agent and the Group Agents pursuant to this sentence shall set forth the applicable change and the proposed effective date thereof.

(m) Books and Records. The Borrower shall maintain and implement (or cause the Servicer to maintain and implement) administrative and operating procedures (including an ability to recreate records evidencing Pool Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain (or cause the Servicer to keep and maintain) all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the collection of all Pool Receivables (including records adequate to permit the daily identification of each Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(n) Identifying of Records. The Borrower shall: (i) identify (or cause the Servicer to identify) its master data processing records relating to Pool Receivables and related Contracts with a legend that indicates that the Pool Receivables have been pledged in accordance with this Agreement and (ii) cause each Originator so to identify its master data processing records with such a legend.

(o) Change in Payment Instructions to Obligors. The Borrower shall not (and shall not permit the Servicer or any Sub-Servicer to) add, replace or terminate any Lock-Box Account (or any related Lock-Box) or make any change in its (or their) instructions to the Obligors regarding payments to be made to the Lock-Box Accounts (or any related Lock-Box), other than any instruction to remit payments to a different Lock-Box Account (or any related Lock-Box), unless the Administrative Agent shall have received (i) prior written notice of such addition, termination or change and (ii) a signed and acknowledged Lock-Box Agreement (or amendment thereto) with respect to such new Lock-Box Accounts (or any related Lock-Box), and the Administrative Agent shall have consented to such change in writing.

(p) Security Interest, Etc. The Borrower shall (and shall cause the Servicer to), at its expense, take all action necessary or reasonably desirable to establish and maintain a valid and enforceable first priority perfected security interest in the Collateral, in each case free and clear of any Adverse Claim, in favor of the Administrative Agent (on behalf of the Secured Parties), including taking such action to perfect, protect or more fully evidence the security interest of the Administrative Agent (on behalf of the Secured Parties) as the Administrative Agent or any Secured Party may reasonably request. In order to evidence the security interests of the Administrative Agent under this Agreement, the Borrower shall, from time to time take such action, or execute and deliver such instruments as may be necessary (including, without limitation, such actions as are reasonably requested by the Administrative Agent) to maintain and perfect, as a first-priority interest, the Administrative Agent's security interest in the Receivables, Related Security and Collections. The Borrower shall, from time to time and within the time limits established by law, prepare and present to the Administrative Agent for the Administrative Agent's authorization and approval, all financing statements, amendments, continuations or initial financing statements in lieu of a continuation statement, or other filings necessary to continue, maintain and perfect the Administrative Agent's security interest as a first-priority interest. The Administrative Agent's approval of such filings shall authorize the Borrower to file such financing statements under the UCC without the signature of the Borrower, any Originator or the Administrative Agent where allowed by Applicable Law. Notwithstanding anything else in the Transaction Documents to the contrary, the Borrower shall not have any authority to file a termination, partial termination, release, partial release, or any amendment that deletes the name of a debtor or excludes collateral of any such financing statements filed in connection with the Transaction Documents, without the prior written consent of the Administrative Agent.

(q) Certain Agreements. Without the prior written consent of the Administrative Agent and the Majority Group Agents, the Borrower will not (and will not permit any Originator or the Servicer to) amend, modify, waive, revoke or terminate any Transaction Document to which it is a party or any provision of the Borrower's organizational documents which requires the consent of the "Independent Director" (as such term is used in the Borrower's Certificate of Formation and Limited Liability Company Agreement).

(r) Restricted Payments. (i) Except pursuant to clause (ii) below, the Borrower will not: (A) purchase or redeem any of its membership interests, (B) declare or pay any dividend or set aside any funds for any such purpose, (C) prepay, purchase or redeem any Debt, (D) lend or advance any funds or (E) repay any loans or advances to, for or from any of its Affiliates (the amounts described in clauses (A) through (E) being referred to as “Restricted Payments”).

(ii) Subject to the limitations set forth in clause (iii) below, the Borrower may make Restricted Payments so long as such Restricted Payments are made only in one or more of the following ways: (A) the Borrower may make cash payments (including prepayments) on the Subordinated Notes in accordance with their respective terms (it being understood that the foregoing shall not restrict any adjustment to the balance of any Subordinated Note pursuant to Sections 3.2 or 3.3 of the Purchase and Sale Agreement as a result of the issuance or expiration of any Letter of Credit) and (B) the Borrower may declare and pay dividends if, both immediately before and immediately after giving effect thereto, the Borrower's Net Worth is not less than the Required Capital Amount.

(iii) The Borrower may make Restricted Payments only out of the funds, if any, it receives pursuant to Sections 4.01 of this Agreement; provided that the Borrower shall not pay, make or declare any Restricted Payment (including any dividend) if, after giving effect thereto, any Event of Default or Unmatured Event of Default shall have occurred and be continuing.

(s) Other Business. The Borrower will not: (i) engage in any business other than the transactions contemplated by the Transaction Documents, (ii) create, incur or permit to exist any Debt of any kind (or cause or permit to be issued for its account any letters of credit (excluding, for the avoidance of doubt, Letters of Credit issued hereunder) or bankers' acceptances) other than pursuant to this Agreement or the Subordinated Notes or (iii) form any Subsidiary or make any investments in any other Person.

(t) Use of Collections Available to the Borrower. The Borrower shall apply the Collections available to the Borrower to make payments in the following order of priority: (i) the payment of its obligations under this Agreement and each of the other Transaction Documents (other than the Subordinated Notes), (ii) the payment of accrued and unpaid interest on the Subordinated Notes and (iii) other legal and valid purposes.

(u) Further Assurances; Change in Name or Jurisdiction of Origination, etc. (i) The Borrower hereby authorizes and hereby agrees from time to time, at its own expense, promptly to execute (if necessary) and deliver all further instruments and documents, and to take all further actions, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or more fully evidence the security interest granted pursuant to this Agreement or any other Transaction Documents, or to enable the Administrative Agent (on behalf of the Secured Parties) to exercise and enforce the Secured Parties' rights and remedies under this Agreement and the other Transaction Document. Without limiting the foregoing, the Borrower hereby authorizes, and will, upon the request of the Administrative Agent, at the Borrower's own expense, execute (if necessary) and file such financing statements

or continuation statements (including as-extracted collateral filings), or amendments thereto, and such other instruments and documents, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or evidence any of the foregoing.

(ii) The Borrower authorizes the Administrative Agent to file financing statements, continuation statements and amendments thereto and assignments thereof, relating to the Receivables, the Related Security, the related Contracts, Collections with respect thereto and the other Collateral without the signature of the Borrower. A photocopy or other reproduction of this Agreement shall be sufficient as a financing statement where permitted by law.

(iii) The Borrower shall at all times be organized under the laws of the State of Delaware and shall not take any action to change its jurisdiction of organization without the prior written consent of the Administrative Agent and the Majority Group Agents.

(iv) The Borrower will not change its name, location, identity or corporate structure unless (x) the Borrower, at its own expense, shall have taken all action necessary or appropriate to perfect or maintain the perfection of the security interest under this Agreement (including, without limitation, the filing of all financing statements and the taking of such other action as the Administrative Agent may request in connection with such change or relocation) and (y) if requested by the Administrative Agent, the Borrower shall cause to be delivered to the Administrative Agent, an opinion, in form and substance satisfactory to the Administrative Agent as to such UCC perfection and priority matters as the Administrative Agent may request at such time.

(v) Anti-Money Laundering/International Trade Law Compliance. The Borrower will not become a Sanctioned Person. No Covered Entity, either in its own right or through any third party, will (a) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (b) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; (c) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (d) use the proceeds of any Credit Extension to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law. The funds used to repay each Credit Extension will not be derived from any unlawful activity. The Borrower shall comply with all Anti-Terrorism Laws. The Borrower shall promptly notify the Administrative Agent and each Lender in writing upon the occurrence of a Reportable Compliance Event. The Borrower has not used and will not use the proceeds of any Credit Extension to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country.

(w) Transaction Information. None of the Borrower, any Affiliate of the Borrower or any third party with which the Borrower or any Affiliate thereof has contracted, shall deliver, in writing or orally, to any Rating Agency, any Transaction Information without providing such Transaction Information to the applicable Group Agent prior to delivery to such

Rating Agency and will not participate in any oral communications with respect to Transaction Information with any Rating Agency without the participation of such Group Agent.

(x) Borrower's Net Worth. The Borrower shall not permit the Borrower's Net Worth to be less than the Required Capital Amount.

(y) Borrower's Tax Status. The Borrower will remain a wholly-owned subsidiary of a United States person (within the meaning of Section 7701(a)(30) of the Code) and not be subject to withholding under Section 1446 of the Code. No action will be taken that would cause the Borrower to (i) be treated other than as a "disregarded entity" within the meaning of U.S. Treasury Regulation § 301.7701-3 for U.S. federal income tax purposes or (ii) become an association taxable as a corporation or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

SECTION 8.02. Covenants of the Servicer. At all times from the Closing Date until the Final Payout Date:

(a) Financial Reporting. The Servicer will maintain a system of accounting established and administered in accordance with GAAP, and the Servicer shall furnish to the Administrative Agent, the LC Bank and each Group Agent:

(i) Compliance Certificates. (a) A compliance certificate promptly upon completion of the annual report of the Parent and in no event later than 90 days after the close of the Parent's fiscal year, in form and substance substantially similar to Exhibit G signed by a Financial Officer of the Servicer stating that no Event of Default or Unmatured Event of Default has occurred and is continuing, or if any Event of Default or Unmatured Event of Default has occurred and is continuing, stating the nature and status thereof and (b) within 30 days after the close of each fiscal quarter of the Servicer, a compliance certificate in form and substance substantially similar to Exhibit G signed by a Financial Officer of the Servicer stating that no Event of Default or Unmatured Event of Default has occurred and is continuing, or if any Event of Default or Unmatured Event of Default has occurred and is continuing, stating the nature and status thereof.

(ii) Information Packages. As soon as available and in any event not later than two (2) Business Days prior to each Settlement Date, an Information Package as of the most recently completed Fiscal Month.

(iii) Other Information. Such other information (including non-financial information) as the Administrative Agent, the LC Bank or any Group Agent may from time to time reasonably request, including any information available to the Borrower, the Servicer or any Originator as the Administrative Agent or any Group Agent may reasonably request.

(b) Notices. The Servicer will notify the Administrative Agent and each Group Agent in writing of any of the following events promptly upon (but in no event later than five (5) Business Days after) a Financial Officer or other officer learning of the occurrence thereof, with such notice describing the same, and if applicable, the steps being taken by the Person(s) affected with respect thereto:

(i) Notice of Events of Default or Unmatured Events of Default. A statement of a Financial Officer of the Servicer setting forth details of any Event of Default or Unmatured Event of Default that has occurred and is continuing and the action which the Servicer proposes to take with respect thereto.

(ii) Representations and Warranties. The failure of any representation or warranty made or deemed made by the Servicer under this Agreement or any other Transaction Document to be true and correct in any material respect when made.

(iii) Litigation. The institution of any litigation, arbitration proceeding or governmental proceeding: (i) asserting the invalidity of this Agreement or any of the other Transaction Documents; (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document; or (iii) seeking any determination or ruling that could materially and adversely affect the performance by the Servicer of its obligations under, or the validity or enforceability of, this Agreement or any of the other Transaction Documents.

(iv) Adverse Claim. (A) Any Person shall obtain an Adverse Claim upon the Collateral or any portion thereof, (B) any Person other than the Borrower, the Servicer or the Administrative Agent shall obtain any rights or direct any action with respect to any Lock-Box Account (or related Lock-Box) or (C) any Obligor shall receive any change in payment instructions with respect to Pool Receivable(s) from a Person other than the Servicer or the Administrative Agent.

(v) Name Changes. At least thirty (30) days before any change in any Originator's or the Borrower's name or any other change requiring the amendment of UCC financing statements, a notice setting forth such changes and the effective date thereof.

(vi) Change in Accountants or Accounting Policy. Any change in (i) the external accountants of the Borrower, the Servicer, any Originator or the Parent, (ii) any accounting policy of the Borrower or (iii) any material accounting policy of any Originator that is relevant to the transactions contemplated by this Agreement or any other Transaction Document (it being understood that any change to the manner in which any Originator accounts for the Pool Receivables shall be deemed "material" for such purpose).

(vii) Termination Event. The occurrence of a Purchase and Sale Termination Event.

(viii) Material Adverse Change. Promptly after the occurrence thereof, notice of any material adverse change in the business, operations, property or financial or other condition of any Originator, the Servicer, the Performance Guarantor or the Borrower.

(c) Conduct of Business. The Servicer will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted, and will do all things necessary to remain duly organized, validly existing

and in good standing as a domestic limited partnership in its jurisdiction of organization and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted if the failure to have such authority could reasonably be expected to have a Material Adverse Effect.

(d) Compliance with Laws. The Servicer will comply with all Applicable Laws to which it may be subject if the failure to comply could reasonably be expected to have a Material Adverse Effect.

(e) Furnishing of Information and Inspection of Receivables. The Servicer will furnish or cause to be furnished to the Administrative Agent, the LC Bank and each Group Agent from time to time such information with respect to the Pool Receivables and the other Collateral as the Administrative Agent, the LC Bank or any Group Agent may reasonably request. The Servicer will, at the Servicer's expense, during regular business hours with three (3) Business Days' prior written notice, (i) permit the Administrative Agent, the LC Bank and each Group Agent or their respective agents or representatives to (A) examine and make copies of and abstracts from all books and records relating to the Pool Receivables or other Collateral, (B) visit the offices and properties of the Servicer for the purpose of examining such books and records and (C) discuss matters relating to the Pool Receivables, the other Collateral or the Servicer's performance hereunder or under the other Transaction Documents to which it is a party with any of the officers, directors, employees or independent public accountants of the Servicer (provided that representatives of the Servicer are present during such discussions) having knowledge of such matters and (ii) without limiting the provisions of clause (i) above, during regular business hours, at the Servicer's expense, upon prior written notice from the Administrative Agent, permit certified public accountants or other auditors acceptable to the Administrative Agent to conduct a review of its books and records with respect to the Pool Receivables and other Collateral; provided, that the Servicer shall be required to reimburse the Administrative Agent for only one (1) such review pursuant to clause (ii) above in any twelve-month period unless an Event of Default has occurred and is continuing.

(f) Payments on Receivables, Lock-Box Accounts. The Servicer will at all times, instruct all Obligor to deliver payments on the Pool Receivables to a Lock-Box Account or a Lock-Box. The Servicer will, at all times, maintain such books and records necessary to identify Collections received from time to time on Pool Receivables and to segregate such Collections from other property of the Servicer and the Originators. If any payments on the Pool Receivables or other Collections are received by the Borrower, the Servicer or an Originator, it shall hold such payments in trust for the benefit of the Administrative Agent, the Group Agents and the other Secured Parties and promptly (but in any event within one (1) Business Day after receipt) remit such funds into a Lock-Box Account. The Servicer shall not permit funds other than Collections on Pool Receivables and other Collateral to be deposited into any Lock-Box Account. If such funds are nevertheless deposited into any Lock-Box Account, the Servicer will within two (2) Business Days identify and transfer such funds to the appropriate Person entitled to such funds. The Servicer will not, and will not permit the Borrower, any Originator or any other Person to commingle Collections or other funds to which the Administrative Agent, any Group Agent or any other Secured Party is entitled, with any other funds. The Servicer shall only add a Lock-Box Account (or a related Lock-Box), or a Lock-Box Bank to those listed on Schedule II to this Agreement, if the Administrative Agent has received notice of such addition

and an executed and acknowledged copy of a Lock-Box Agreement (or an amendment thereto) in form and substance acceptable to the Administrative Agent from the applicable Lock-Box Bank. The Servicer shall only terminate a Lock-Box Bank or close a Lock-Box Account (or a related Lock-Box) with the prior written consent of the Administrative Agent.

(g) Extension or Amendment of Pool Receivables. Except as otherwise permitted in Section 9.02, the Servicer will not alter the delinquency status or adjust the Outstanding Balance or otherwise modify the terms of any Pool Receivable in any material respect, or amend, modify or waive, in any material respect, any term or condition of any related Contract in any manner which would or could reasonably be expected to affect any Pool Receivable. The Servicer shall at its expense, timely and fully perform and comply in all material respects with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables, and timely and fully comply with the Credit and Collection Policy with regard to each Pool Receivable and the related Contract to the extent failure to do so would or could reasonably be expected to adversely affect any Pool Receivable.

(h) Change in Credit and Collection Policy. The Servicer will not make any material change in the Credit and Collection Policy without the prior written consent of the Administrative Agent and the Majority Group Agents. Promptly following any change in the Credit and Collection Policy, the Servicer will deliver a copy of the updated Credit and Collection Policy to the Administrative Agent and each Lender.

(i) Records. The Servicer will maintain and implement administrative and operating procedures (including an ability to recreate records evidencing Pool Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the collection of all Pool Receivables (including records adequate to permit the daily identification of each Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(j) Identifying of Records. The Servicer shall identify its master data processing records relating to Pool Receivables and related Contracts with a legend that indicates that the Pool Receivables have been pledged in accordance with this Agreement.

(k) Change in Payment Instructions to Obligors. The Servicer shall not (and shall not permit any Sub-Servicer to) add, replace or terminate any Lock-Box Account (or any related Lock-Box) or make any change in its instructions to the Obligors regarding payments to be made to the Lock-Box Accounts (or any related Lock-Box), other than any instruction to remit payments to a different Lock-Box Account (or any related Lock-Box), unless the Administrative Agent shall have received (i) prior written notice of such addition, termination or change and (ii) a signed and acknowledged Lock-Box Agreement (or an amendment thereto) with respect to such new Lock-Box Accounts (or any related Lock-Box) and the Administrative Agent shall have consented to such change in writing.

(l) Security Interest, Etc. The Servicer shall, at its expense, take all action necessary or reasonably desirable to establish and maintain a valid and enforceable first priority perfected security interest in the Collateral, in each case free and clear of any Adverse Claim in

favor of the Administrative Agent (on behalf of the Secured Parties), including taking such action to perfect, protect or more fully evidence the security interest of the Administrative Agent (on behalf of the Secured Parties) as the Administrative Agent or any Secured Party may reasonably request. In order to evidence the security interests of the Administrative Agent under this Agreement, the Servicer shall, from time to time take such action, or execute and deliver such instruments as may be necessary (including, without limitation, such actions as are reasonably requested by the Administrative Agent) to maintain and perfect, as a first-priority interest, the Administrative Agent's security interest in the Receivables, Related Security and Collections. The Servicer shall, from time to time and within the time limits established by law, prepare and present to the Administrative Agent for the Administrative Agent's authorization and approval, all financing statements, amendments, continuations or initial financing statements in lieu of a continuation statement, or other filings necessary to continue, maintain and perfect the Administrative Agent's security interest as a first-priority interest. The Administrative Agent's approval of such filings shall authorize the Servicer to file such financing statements under the UCC without the signature of the Borrower, any Originator or the Administrative Agent where allowed by Applicable Law. Notwithstanding anything else in the Transaction Documents to the contrary, the Servicer shall not have any authority to file a termination, partial termination, release, partial release, or any amendment that deletes the name of a debtor or excludes collateral of any such financing statements filed in connection with the Transaction Documents, without the prior written consent of the Administrative Agent.

(m) Further Assurances; Change in Name or Jurisdiction of Origination, etc. The Servicer hereby authorizes and hereby agrees from time to time, at its own expense, promptly to execute (if necessary) and deliver all further instruments and documents, and to take all further actions, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or more fully evidence the security interest granted pursuant to this Agreement or any other Transaction Document, or to enable the Administrative Agent (on behalf of the Secured Parties) to exercise and enforce their respective rights and remedies under this Agreement or any other Transaction Document. Without limiting the foregoing, the Servicer hereby authorizes, and will, upon the request of the Administrative Agent, at the Servicer's own expense, execute (if necessary) and file such financing statements or continuation statements, or amendments thereto, and such other instruments and documents, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or evidence any of the foregoing.

(n) Transaction Information. None of the Servicer, any Affiliate of the Servicer or any third party contracted by the Servicer or any Affiliate thereof, shall deliver, in writing or orally, to any Rating Agency, any Transaction Information without providing such Transaction Information to the applicable Group Agent prior to delivery to such Rating Agency, and will not participate in any oral communications with respect to Transaction Information with any Rating Agency without the participation of such Group Agent.

(o) Anti-Money Laundering/International Trade Law Compliance. The Servicer will not become a Sanctioned Person. No Covered Entity, either in its own right or through any third party, will (a) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (b) do business in or with, or derive any of its income from investments in or transactions with,

any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; (c) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (d) use the proceeds of any Credit Extension to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law. The funds used to repay each Credit Extension will not be derived from any unlawful activity. The Servicer shall comply with all Anti-Terrorism Laws. The Servicer shall promptly notify the Administrative Agent and each Lender in writing upon the occurrence of a Reportable Compliance Event.

(p) Mining Operations and Mineheads. The Servicer shall (and shall cause each applicable Originator to) promptly, and in any event within 10 days of any change, deletion or addition to the location of any Originator's Mining Properties or mineheads set forth on Schedule V to the Purchase and Sale Agreement, (i) notify the Administrative Agent of such change, deletion or addition, (ii) cause the filing or recording of such financing statements and amendments and/or releases to financing statements, mortgages or other instruments, if any, necessary to preserve and maintain the perfection and priority of the ownership and security interests of the Borrower and the Administrative Agent in the Collateral pursuant to the Purchase and Sale Agreement and this Agreement, in each case in form and substance satisfactory to the Administrative Agent and (iii) deliver to the Administrative Agent an updated Schedule V to the Purchase and Sale Agreement reflecting such change, deletion or addition; it being understood that no Receivable the related location of mining operations and/or mineheads of which is not as set forth on Schedule V to the Purchase and Sale Agreement as of the Closing Date shall be an Eligible Receivable until such time as each condition under this clause shall have been satisfied (and upon such satisfaction, the Purchase and Sale Agreement shall be deemed amended to reflect such updated Schedule V to the Purchase and Sale Agreement).

(q) Borrower's Tax Status. The Servicer shall not take or cause any action to be taken that could result in the Borrower (i) being treated other than as a "disregarded entity" within the meaning of U.S. Treasury Regulation § 301.7701-3 for U.S. federal income tax purposes or (ii) becoming an association taxable as a corporation or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes.

SECTION 8.03. Separate Existence of the Borrower. Each of the Borrower and the Servicer hereby acknowledges that the Secured Parties, the Group Agents and the Administrative Agent are entering into the transactions contemplated by this Agreement and the other Transaction Documents in reliance upon the Borrower's identity as a legal entity separate from any Originator, the Servicer, the Performance Guarantor and their Affiliates. Therefore, each of the Borrower and Servicer shall take all steps specifically required by this Agreement or reasonably required by the Administrative Agent or any Group Agent to continue the Borrower's identity as a separate legal entity and to make it apparent to third Persons that the Borrower is an entity with assets and liabilities distinct from those of the Performance Guarantor, the Originators, the Servicer and any other Person, and is not a division of the Performance Guarantor, the Originators, the Servicer, its Affiliates or any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the other covenants set forth herein, each of the Borrower and the Servicer shall take such actions as shall be required in order that:

(a) Special Purpose Entity. The Borrower will be a special purpose company whose primary activities are restricted in its Certificate of Formation to: (i) purchasing or otherwise acquiring from the Originators, owning, holding, collecting, granting security interests or selling interests in, the Collateral, (ii) entering into agreements for the selling, servicing and financing of the Receivables Pool (including the Transaction Documents) and (iii) conducting such other activities as it deems necessary or appropriate to carry out its primary activities.

(b) No Other Business or Debt. The Borrower shall neither (i) engage in any business or activity except as set forth in this Agreement nor (ii) incur any indebtedness or liability other than as expressly permitted by the Transaction Documents.

(c) Independent Director. Not fewer than one member of the Borrower's board of directors (the "Independent Director") shall be a natural person who (i) has never been, and shall at no time be, an equityholder, director, officer, manager, member, partner, officer, employee or associate, or any relative of the foregoing, of any member of the Parent Group (as hereinafter defined) (other than his or her service as an Independent Director of the Borrower or an independent director of any other bankruptcy-remote special purpose entity formed for the sole purpose of securitizing, or facilitating the securitization of, financial assets of any member or members of the Parent Group), (ii) is not a customer or supplier of any member of the Parent Group (other than his or her service as an Independent Director of the Borrower or an independent director of any other bankruptcy-remote special purpose entity formed for the sole purpose of securitizing, or facilitating the securitization of, financial assets of any member or members of the Parent Group), (iii) is not any member of the immediate family of a person described in (i) or (ii) above, and (iv) has (x) prior experience as an independent director for a corporation or limited liability company whose organizational or charter documents required the unanimous consent of all independent directors thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy and (y) at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities. For purposes of this clause (c), "Parent Group" shall mean (i) the Parent, the Servicer, the Performance Guarantor and each Originator, (ii) each person that directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, five percent (5%) or more of the membership interests in the Parent, (iii) each person that controls, is controlled by or is under common control with the Parent and (iv) each of such person's officers, directors, managers, joint venturers and partners. For the purposes of this definition, "control" of a person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise. A person shall be deemed to be an "associate" of (A) a corporation or organization of which such person is an officer, director, partner or manager or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities, (B) any trust or other estate in which such person serves as trustee or in a similar capacity and (C) any relative or spouse of a person described in clause (A) or (B) of this sentence, or any relative of such spouse.

The Borrower shall (A) give written notice to the Administrative Agent of the election or appointment, or proposed election or appointment, of a new Independent Director of the Borrower, which notice shall be given not later than ten (10) Business Days prior to the date such appointment or election would be effective (except when such election or appointment is necessary to fill a vacancy caused by the death, disability, or incapacity of the existing Independent Director, or the failure of such Independent Director to satisfy the criteria for an Independent Director set forth in this clause (c), in which case the Borrower shall provide written notice of such election or appointment within one (1) Business Day) and (B) with any such written notice, certify to the Administrative Agent that the Independent Director satisfies the criteria for an Independent Director set forth in this clause (c).

The Borrower's Limited Liability Company Agreement shall provide that: (A) the Borrower's board of directors shall not approve, or take any other action to cause the filing of, a voluntary bankruptcy petition with respect to the Borrower unless the Independent Director shall approve the taking of such action in writing before the taking of such action and (B) such provision and each other provision requiring an Independent Director cannot be amended without the prior written consent of the Independent Director.

The Independent Director shall not at any time serve as a trustee in bankruptcy for the Borrower, the Parent, the Performance Guarantor, any Originator, the Servicer or any of their respective Affiliates.

(d) Organizational Documents. The Borrower shall maintain its organizational documents in conformity with this Agreement, such that it does not amend, restate, supplement or otherwise modify its ability to comply with the terms and provisions of any of the Transaction Documents, including, without limitation, Section 8.01(p).

(e) Conduct of Business. The Borrower shall conduct its affairs strictly in accordance with its organizational documents and observe all necessary, appropriate and customary company formalities, including, but not limited to, holding all regular and special members' and board of directors' meetings appropriate to authorize all company action, keeping separate and accurate minutes of its meetings, passing all resolutions or consents necessary to authorize actions taken or to be taken, and maintaining accurate and separate books, records and accounts, including, but not limited to, payroll and intercompany transaction accounts.

(f) Compensation. Any employee, consultant or agent of the Borrower will be compensated from the Borrower's funds for services provided to the Borrower, and to the extent that Borrower shares the same officers or other employees as the Servicer (or any other Affiliate thereof), the salaries and expenses relating to providing benefits to such officers and other employees shall be fairly allocated among such entities, and each such entity shall bear its fair share of the salary and benefit costs associated with such common officers and employees. The Borrower will not engage any agents other than its attorneys, auditors and other professionals, and a servicer and any other agent contemplated by the Transaction Documents for the Receivables Pool, which servicer will be fully compensated for its services by payment of the Servicing Fee.

(g) Service and Costs. The Borrower will contract with the Servicer to perform for the Borrower all operations required on a daily basis to service the Receivables Pool. The Borrower will not incur any indirect or overhead expenses for items shared with the Servicer (or any other Affiliate thereof) that are not reflected in the Servicing Fee. To the extent, if any, that the Borrower (or any Affiliate thereof) shares items of expenses not reflected in the Servicing Fee, such as legal, auditing and other professional services, such expenses will be allocated to the extent practical on the basis of actual use or the value of services rendered, and otherwise on a basis reasonably related to the actual use or the value of services rendered.

(h) Operating Expenses. The Borrower's operating expenses will not be paid by the Servicer, the Parent, the Performance Guarantor, any Originator or any Affiliate thereof.

(i) Stationary. The Borrower will have its own separate stationary.

(j) Books and Records. The Borrower's books and records will be maintained separately from those of the Servicer, the Parent, the Performance Guarantor, the Originators and any of their Affiliates and in a manner such that it will not be difficult or costly to segregate, ascertain or otherwise identify the assets and liabilities of the Borrower.

(k) Disclosure of Transactions. All financial statements of the Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliate thereof that are consolidated to include the Borrower will disclose that (i) the Borrower's sole business consists of the purchase or acceptance through capital contributions of the Receivables and Related Rights from the Originators and the subsequent retransfer of or granting of a security interest in such Receivables and Related Rights to the Administrative Agent pursuant to this Agreement, (ii) the Borrower is a separate legal entity with its own separate creditors who will be entitled, upon its liquidation, to be satisfied out of the Borrower's assets prior to any assets or value in the Borrower becoming available to the Borrower's equity holders and (iii) the assets of the Borrower are not available to pay creditors of the Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliate thereof.

(l) Segregation of Assets. The Borrower's assets will be maintained in a manner that facilitates their identification and segregation from those of the Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliates thereof.

(m) Corporate Formalities. The Borrower will strictly observe limited liability company formalities in its dealings with the Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliates thereof, and funds or other assets of the Borrower will not be commingled with those of the Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliates thereof except as permitted by this Agreement in connection with servicing the Pool Receivables. The Borrower shall not maintain joint bank accounts or other depository accounts to which the Servicer, the Parent, the Performance Guarantor, the Originators or any Affiliate thereof (other than the Servicer solely in its capacity as such) has independent access. The Borrower is not named, and has not entered into any agreement to be named, directly or indirectly, as a direct or contingent beneficiary or loss payee on any insurance policy with respect to any loss relating to the property of the Servicer, the Parent, the Performance Guarantor, the Originators or any Subsidiaries or other Affiliates thereof. The Borrower will pay

to the appropriate Affiliate the marginal increase or, in the absence of such increase, the market amount of its portion of the premium payable with respect to any insurance policy that covers the Borrower and such Affiliate.

(n) Arm's-Length Relationships. The Borrower will maintain arm's-length relationships with the Servicer, the Parent, the Performance Guarantor, the Originators and any Affiliates thereof. Any Person that renders or otherwise furnishes services to the Borrower will be compensated by the Borrower at market rates for such services it renders or otherwise furnishes to the Borrower. Neither the Borrower on the one hand, nor the Servicer, the Parent, the Performance Guarantor, any Originator or any Affiliate thereof, on the other hand, will be or will hold itself out to be responsible for the debts of the other or the decisions or actions respecting the daily business and affairs of the other. The Borrower, the Servicer, the Parent, the Performance Guarantor, the Originators and their respective Affiliates will immediately correct any known misrepresentation with respect to the foregoing, and they will not operate or purport to operate as an integrated single economic unit with respect to each other or in their dealing with any other entity.

(o) Allocation of Overhead. To the extent that Borrower, on the one hand, and the Servicer, the Parent, the Performance Guarantor, any Originator or any Affiliate thereof, on the other hand, have offices in the same location, there shall be a fair and appropriate allocation of overhead costs between them, and the Borrower shall bear its fair share of such expenses, which may be paid through the Servicing Fee or otherwise.

ARTICLE IX

ADMINISTRATION AND COLLECTION OF RECEIVABLES

SECTION 9.01. Appointment of the Servicer.

(a) The servicing, administering and collection of the Pool Receivables shall be conducted by the Person designated from time to time as the Servicer in accordance with this Section 9.01. Until the Administrative Agent gives notice to Foresight (in accordance with this Section 9.01) of the designation of a new Servicer, Foresight 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 an Event of Default, the Administrative Agent may (with the consent of the Majority Group Agents) and shall (at the direction of the Majority Group Agents) designate as Servicer any Person (including itself) to succeed Foresight 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) above, Foresight agrees that it will terminate its activities as Servicer hereunder in a manner that the Administrative Agent reasonably determines will facilitate the transition of the performance of such activities to the new Servicer, and Foresight shall cooperate with and assist such new Servicer. Such cooperation shall include access to and transfer of records (including all Contracts) related to Pool Receivables and use by the new Servicer of all licenses (or the

obtaining of new licenses), hardware or software necessary or reasonably desirable to collect the Pool Receivables and the Related Security .

(c) Foresight acknowledges that, in making its decision to execute and deliver this Agreement , the Administrative Agent and each member in each Group have relied on Foresight's agreement to act as Servicer hereunder. Accordingly, Foresight agrees that it will not voluntarily resign as Servicer without the prior written consent of the Administrative Agent and the Majority Group Agents .

(d) The Servicer may delegate its duties and obligations hereunder to any subservicer (each a " Sub-Servicer "); provided, that, in each such delegation: (i) 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 Borrower, the Administrative Agent , each Lender and each Group Agent shall have the right to look solely to the Servicer for performance, (iv) the terms of any agreement with any Sub-Servicer shall provide that the Administrative Agent 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) and (v) if such Sub-Servicer is not an Affiliate of the Parent, the Administrative Agent and the Majority Group Agents shall have consented in writing in advance to such delegation.

SECTION 9.02. Duties of the Servicer.

(a) The Servicer shall take or cause to be taken all such action as may be necessary or reasonably advisable to service, administer and collect each Pool Receivable from time to time, all in accordance with this Agreement and all Applicable Laws, with reasonable care and diligence, and in accordance with the Credit and Collection Policy and consistent with the past practices of the Originators . The Servicer shall set aside, for the accounts of each Group, the amount of Collections to which each such Group is entitled in accordance with Article IV hereof. The Servicer may, in accordance with the Credit and Collection Policy and consistent with past practices of the Originators , take such action, including modifications, waivers or restructurings of Pool Receivables and related Contracts, as the Servicer may reasonably determine to be appropriate to maximize Collections thereof or reflect adjustments expressly permitted under the Credit and Collection Policy or as expressly required under Applicable Laws or the applicable Contract ; provided, that for purposes of this Agreement : (i) such action shall not, and shall not be deemed to, 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 or limit the rights of any Secured Party under this Agreement or any other Transaction Document and (iii) if an Event of Default has occurred and is continuing, the Servicer may take such action only upon the prior written consent of the Administrative Agent . The Borrower shall deliver to the Servicer and the Servicer shall hold for the benefit of the Administrative Agent (individually and for the benefit of each Group), 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 an Event of Default has occurred and is continuing, the Administrative Agent

may direct the Servicer to commence or settle any legal action to enforce collection of any Pool Receivable that is a Defaulted Receivable or to foreclose upon or repossess any Related Security with respect to any such Defaulted Receivable .

(b) The Servicer shall, as soon as practicable following actual receipt of collected funds, turn over to the Borrower the collections of any indebtedness that is not a Pool Receivable , less, if Foresight 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 Foresight or an Affiliate thereof, shall, as soon as practicable upon demand, deliver to the Borrower 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. Promptly following the Final Payout date, the Servicer shall deliver to the Borrower all books, records and related materials that the Borrower previously provided to the Servicer , or that have been obtained by the Servicer , in connection with this Agreement .

SECTION 9.03. Lock-Box Account Arrangements. Prior to the Closing Date , the Borrower shall have entered into Lock-Box Agreements with all of the Lock-Box Banks and delivered executed counterparts of each to the Administrative Agent . Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may (with the consent of the Majority Group Agents) and shall (upon the direction of the Majority Group Agents) at any time thereafter give notice to each Lock-Box Bank that the Administrative Agent is exercising its rights under the Lock-Box Agreements to do any or all of the following: (a) to have the exclusive ownership and control of the Lock-Box Accounts transferred to the Administrative Agent (for the benefit of the Secured Parties) and to exercise exclusive dominion and control over the funds deposited therein, (b) to have the proceeds that are sent to the respective Lock-Box Accounts redirected pursuant to the Administrative Agent 's instructions rather than deposited in the applicable Lock-Box Account and (c) to take any or all other actions permitted under the applicable Lock-Box Agreement . The Borrower hereby agrees that if the Administrative Agent at any time takes any action set forth in the preceding sentence, the Administrative Agent shall have exclusive control (for the benefit of the Secured Parties) of the proceeds (including Collections) of all Pool Receivables and the Borrower hereby further agrees to take any other action that the Administrative Agent may reasonably request to transfer such control . Any proceeds of Pool Receivables received by the Borrower or the Servicer thereafter shall be sent immediately to, or as otherwise instructed by, the Administrative Agent .

SECTION 9.04. Enforcement Rights.

(a) At any time following the occurrence and during the continuation of an Event of Default:

(i) the Administrative Agent (at the Borrower 's expense) may direct the Obligors that payment of all amounts payable under any Pool Receivable is to be made directly to the Administrative Agent or its designee;

(ii) the Administrative Agent may instruct the Borrower or the Servicer to give notice of the Secured Parties' interest in Pool Receivables to each Obligor , which notice shall direct that payments be made directly to the Administrative Agent or its designee (on behalf of the Secured Parties), and the Borrower or the Servicer , as the case may be, shall give such notice at the expense of the Borrower or the Servicer , as the case may be; provided , that if the Borrower or the Servicer , as the case may be, fails to so notify each Obligor within two (2) Business Days following instruction by the Administrative Agent , the Administrative Agent (at the Borrower 's or the Servicer 's, as the case may be, expense) may so notify the Obligors ;

(iii) the Administrative Agent 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 Administrative Agent or its designee (for the benefit of the Secured Parties) at a place selected by the Administrative Agent and (B) segregate all cash, checks and other instruments received by it from time to time constituting Collections in a manner reasonably acceptable to the Administrative Agent and, promptly upon receipt, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the Administrative Agent or its designee;

(iv) notify the Lock-Box Banks that the Borrower and the Servicer will no longer have any access to the Lock-Box Accounts;

(v) the Administrative Agent may (or, at the direction of the Majority Group Agents shall) replace the Person then acting as Servicer; and

(vi) the Administrative Agent may collect any amounts due from an Originator under the Purchase and Sale Agreement or the Performance Guarantor under the Performance Guaranty .

(b) The Borrower hereby authorizes the Administrative Agent (on behalf of the Secured Parties), and irrevocably appoints the Administrative Agent as its attorney-in-fact with full power of substitution and with full authority in the place and stead of the Borrower , which appointment is coupled with an interest, to take any and all steps in the name of the Borrower and on behalf of the Borrower necessary or desirable, in the reasonable determination of the Administrative Agent , after the occurrence and during the continuation of an Event of Default, to collect any and all amounts or portions thereof due under any and all Collateral , including endorsing the name of the Borrower on checks and other instruments representing Collections and enforcing such Collateral . 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.

(c) The Servicer hereby authorizes the Administrative Agent (on behalf of the Secured Parties), and irrevocably appoints the Administrative Agent as its attorney-in-fact with full power of substitution and with full authority in the place and stead of the Servicer, which appointment is coupled with an interest, to take any and all steps in the name of the Servicer and on behalf of the Servicer necessary or desirable, in the reasonable determination of the Administrative Agent, after the occurrence and during the continuation of an Event of Default, to collect any and all amounts or portions thereof due under any and all Collateral, including endorsing the name of the Servicer on checks and other instruments representing Collections and enforcing such Collateral. 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 9.05. Responsibilities of the Borrower.

(a) Anything herein to the contrary notwithstanding, the Borrower 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 Administrative Agent, or any other Credit Party of their respective rights hereunder shall not relieve the Borrower 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 Credit Parties shall have any obligation or liability with respect to any Collateral, nor shall any of them be obligated to perform any of the obligations of the Borrower, the Servicer or any Originator thereunder.

(b) Foresight 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, Foresight shall conduct the data-processing functions of the administration of the Receivables and the Collections thereon in substantially the same way that Foresight conducted such data-processing functions while it acted as the Servicer. In connection with any such processing functions, the Borrower shall pay to Foresight its reasonable out-of-pocket costs and expenses from the Borrower's own funds (subject to the priority of payments set forth in Section 4.01).

SECTION 9.06. Servicing Fee.

(a) Subject to clause (b) below, the Borrower shall pay the Servicer 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. Accrued Servicing Fees shall be payable from Collections to the extent of available funds in accordance with Section 4.01.

(b) If the Servicer ceases to be Foresight or an Affiliate thereof, the Servicing Fee shall be the greater of: (i) the amount calculated pursuant to clause (a) above 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.

ARTICLE X

EVENTS OF DEFAULT

SECTION 10.01. Events of Default. If any of the following events (each an “Event of Default”) shall occur:

- (a) (i) the Borrower, any Originator, the Performance Guarantor or the Servicer shall fail to perform or observe any term, covenant or agreement under this Agreement or any other Transaction Document (other than any such failure which would constitute an Event of Default under clause (ii) or (iii) of this paragraph (a)), and such failure, solely to the extent capable of cure, shall continue for ten (10) Business Days, (ii) the Borrower, any Originator, the Performance Guarantor or the Servicer shall fail to make when due (x) any payment or deposit to be made by it under this Agreement or any other Transaction Document and such failure shall continue unremedied for two (2) Business Days or (iii) Foresight shall resign as Servicer, and no successor Servicer reasonably satisfactory to the Administrative Agent shall have been appointed;
- (b) any representation or warranty made or deemed made by the Borrower, any Originator, the Performance Guarantor or the Servicer (or any of their respective officers) under or in connection with this Agreement or any other Transaction Document or any information or report delivered by the Borrower, any Originator, the Performance Guarantor or the Servicer pursuant to this Agreement or any other Transaction Document, shall prove to have been incorrect or untrue in any material respect when made or deemed made or delivered;
- (c) the Borrower or the Servicer shall fail to deliver an Information Package pursuant to this Agreement, and such failure shall remain unremedied for two (2) Business Days;
- (d) this Agreement or any security interest granted pursuant to this Agreement or any other Transaction Document shall for any reason cease to create, or for any reason cease to be, a valid and enforceable first priority perfected security interest in favor of the Administrative Agent with respect to the Collateral, free and clear of any Adverse Claim;
- (e) the Borrower, any Originator, the Performance Guarantor or the Servicer shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any Insolvency Proceeding shall be instituted by or against the Borrower, any Originator, the Performance Guarantor or the Servicer and, in the case of any such proceeding instituted against such Person (but not instituted by such Person), either such proceeding shall remain undismissed or unstayed for a period of sixty (60) consecutive days, or any of the actions sought in such proceeding (including the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower, any Originator, the Performance Guarantor or the Servicer shall take any corporate or organizational action to authorize any of the actions set forth above in this paragraph;

(f) (i) the average for three consecutive Fiscal Months of: (A) the Default Ratio shall exceed 3.0%, (B) the Delinquency Ratio shall exceed 4.0% or (C) the Dilution Ratio shall exceed 2.5% or (ii) the Days' Sales Outstanding shall exceed 35 days;

(g) a Change in Control shall occur;

(h) a Borrowing Base Deficit shall occur, and shall not have been cured within two (2) Business Days;

(i) (i) the Borrower shall fail to pay any principal of or premium or interest on any of its Debt when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement, mortgage, indenture or instrument relating to such Debt (whether or not such failure shall have been waived under the related agreement); (ii) any Originator, the Performance Guarantor or the Servicer, or any of their respective Subsidiaries, individually or in the aggregate, shall fail to pay any principal of or premium or interest on any of its Debt that is outstanding in a principal amount of at least \$30,000,000 in the aggregate when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period (not to exceed 30 days), if any, specified in the agreement, mortgage, indenture or instrument relating to such Debt (whether or not such failure shall have been waived under the related agreement); (iii) any other event shall occur or condition shall exist under any agreement, mortgage, indenture or instrument relating to any such Debt (as referred to in clause (i) or (ii) of this paragraph) and shall continue after the applicable grace period, if any, specified in such agreement, mortgage, indenture or instrument (whether or not such failure shall have been waived under the related agreement), if the effect of such event or condition is to give the applicable debtholders the right (whether acted upon or not) to accelerate the maturity of such Debt (as referred to in clause (i) or (ii) of this paragraph) or to terminate the commitment of any lender thereunder, or (iv) any such Debt (as referred to in clause (i) or (ii) of this paragraph) shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to repay, redeem, purchase or defease such Debt shall be required to be made or the commitment of any lender thereunder terminated, in each case before the stated maturity thereof;

(j) the Performance Guarantor shall fail to perform any of its obligations under the Performance Guaranty;

(k) the Borrower shall fail (x) at any time (other than for ten (10) Business Days following notice of the death or resignation of any Independent Director) to have an Independent Director who satisfies each requirement and qualification specified in Section 8.03(c) of this Agreement for Independent Directors, on the Borrower's board of directors or (y) to timely notify the Administrative Agent of any replacement or appointment of any director that is to serve as an Independent Director on the Borrower's board of directors as required pursuant to Section 8.03(c) of this Agreement;

(l) there shall have occurred any event which materially adversely impairs, in the reasonable discretion of Administrative Agent, the collectibility of the Pool Receivables generally or any material portion thereof and such event shall not have been cured within two (2) Business Days after the date that the Borrower or the Servicer has knowledge or has received notice thereof;

(m) any Letter of Credit is drawn upon and is not fully reimbursed by the Borrower and such failure to reimburse shall continue unremedied for two (2) Business Days;

(n) either (i) the Internal Revenue Service shall file notice of a lien pursuant to Section 6323 of the Code with regard to any assets of the Borrower, any Originator or the Parent or (ii) the PBGC shall, or shall indicate its intention to, file notice of a lien pursuant to Section 4068 of ERISA with regard to any of the assets of the Borrower, the Servicer, any Originator or the Parent;

(o) (i) the occurrence of a Reportable Event; (ii) the adoption of an amendment to a Pension Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code; (iii) the existence with respect to any Multiemployer Plan of an "accumulated funding deficiency" (as defined in Section 431 of the Code or Section 304 of ERISA), whether or not waived; (iv) the failure to satisfy the minimum funding standard under Section 412 of the Code with respect to any Pension Plan (v) the incurrence of any liability under Title IV of ERISA with respect to the termination of any Pension Plan or the withdrawal or partial withdrawal of any of the Borrower, any Originator, the Servicer, the Parent or any of their respective ERISA Affiliates from any Multiemployer Plan; (vi) the receipt by any of the Borrower, any Originator, the Servicer, the Parent or any of their respective ERISA Affiliates from the PBGC or any plan administrator of any notice relating to the intention to terminate any Pension Plan or Multiemployer Plan or to appoint a trustee to administer any Pension Plan or Multiemployer Plan; (vii) the receipt by the Borrower, any Originator, the Servicer, the Parent or any of their respective ERISA Affiliates of any notice concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; (viii) the occurrence of a prohibited transaction with respect to any of the Borrower, any Originator, the Servicer, the Parent or any of their respective ERISA Affiliates (pursuant to Section 4975 of the Code); (ix) the occurrence or existence of any other similar event or condition with respect to a Pension Plan or a Multiemployer Plan, with respect to each of clause (i) through (ix), either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(p) a Material Adverse Effect shall occur with respect to the Borrower or the Performance Guarantor;

(q) a Purchase and Sale Termination Event shall occur under the Purchase and Sale Agreement;

(r) the Borrower shall be required to register as an "investment company" within the meaning of the Investment Company

Act;

(s) any material provision of this Agreement or any other Transaction Document shall cease to be in full force and effect or any of the Borrower, any Originator, the Performance Guarantor or the Servicer shall so state in writing; or

(t) one or more judgments or decrees shall be entered against the Borrower, any Originator, the Performance Guarantor or the Servicer, or any Affiliate of any of the foregoing involving in the aggregate a liability (not paid or to the extent not covered by a reputable and solvent insurance company) and such judgments and decrees either shall be final and non-appealable or shall not be vacated, discharged or stayed or bonded pending appeal for any period of 30 consecutive days, and the aggregate amount of all such judgments equals or exceeds \$30,000,000 (or solely with respect to the Borrower, \$12,500);

then, and in any such event, the Administrative Agent may (or, at the direction of the Majority Group Agents shall) by notice to the Borrower (x) declare the Termination Date to have occurred (in which case the Termination Date shall be deemed to have occurred), (y) declare the Final Maturity Date to have occurred (in which case the Final Maturity Date shall be deemed to have occurred) and (z) declare the Aggregate Capital and all other Borrower Obligations to be immediately due and payable (in which case the Aggregate Capital and all other Borrower Obligations shall be immediately due and payable); provided that, automatically upon the occurrence of any event (without any requirement for the giving of notice) described in subsection (e) of this Section 10.01 with respect to the Borrower, the Termination Date shall occur and the Aggregate Capital and all other Borrower Obligations shall be immediately due and payable. Upon any such declaration or designation or upon such automatic termination, the Administrative Agent and the other Secured Parties shall have, in addition to the rights and remedies which they may have under this Agreement and the other Transaction Documents, all other rights and remedies provided after default under the UCC and under other Applicable Law, which rights and remedies shall be cumulative. Any proceeds from liquidation of the Collateral shall be applied in the order of priority set forth in Section 4.01.

ARTICLE XI

THE ADMINISTRATIVE AGENT

SECTION 11.01. Authorization and Action. Each Credit Party hereby appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall not have any duties other than those expressly set forth in the Transaction Documents, and no implied obligations or liabilities shall be read into any Transaction Document, or otherwise exist, against the Administrative Agent. The Administrative Agent does not assume, nor shall it be deemed to have assumed, any obligation to, or relationship of trust or agency with, the Borrower or any Affiliate thereof or any Credit Party except for any obligations expressly set forth herein. Notwithstanding any provision of this Agreement or any other Transaction Document, in no event shall the Administrative Agent ever be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to any provision of any Transaction Document or Applicable Law.

SECTION 11.02. Administrative Agent's Reliance, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as Administrative Agent under or in connection with this Agreement (including, without limitation, the Administrative Agent's servicing, administering or collecting Pool Receivables in the event it replaces the Servicer in such capacity pursuant to Section 9.01), in the absence of its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Administrative Agent: (a) may consult with legal counsel (including counsel for any Credit Party or the Servicer), independent certified public accountants and other experts selected by it 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; (b) makes no warranty or representation to any Credit Party (whether written or oral) and shall not be responsible to any Credit Party for any statements, warranties or representations (whether written or oral) made by any other party in or in connection with this Agreement; (c) 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 any Credit Party or to inspect the property (including the books and records) of any Credit Party; (d) shall not be responsible to any Credit Party for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (e) shall be entitled to rely, and shall be fully protected in so relying, upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by facsimile) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 11.03. Administrative Agent and Affiliates. With respect to any Credit Extension or interests therein owned by any Credit Party that is also the Administrative Agent, such Credit Party shall have the same rights and powers under this Agreement as any other Credit Party and may exercise the same as though it were not the Administrative Agent. The Administrative Agent and any of its Affiliates may generally engage in any kind of business with the Borrower or any Affiliate thereof and any Person who may do business with or own securities of the Borrower or any Affiliate thereof, all as if the Administrative Agent were not the Administrative Agent hereunder and without any duty to account therefor to any other Secured Party.

SECTION 11.04. Indemnification of Administrative Agent. Each Committed Lender agrees to indemnify the Administrative Agent (to the extent not reimbursed by the Borrower or any Affiliate thereof), ratably according to the respective Percentage of such Committed Lender, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any other Transaction Document or any action taken or omitted by the Administrative Agent under this Agreement or any other Transaction Document; provided that no Committed Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct.

SECTION 11.05. Delegation of Duties. The Administrative Agent 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 Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

SECTION 11.06. Action or Inaction by Administrative Agent. The Administrative Agent shall in all cases be fully justified in failing or refusing to take action under any Transaction Document unless it shall first receive such advice or concurrence of the Group Agents or the Majority Group Agents, as the case may be, and assurance of its indemnification by the Committed Lenders, as it deems appropriate. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Transaction Document in accordance with a request or at the direction of the Group Agents or the Majority Group Agents, as the case may be, and such request or direction and any action taken or failure to act pursuant thereto shall be binding upon all Credit Parties. The Credit Parties and the Administrative Agent agree that unless any action to be taken by the Administrative Agent under a Transaction Document (i) specifically requires the advice or concurrence of all Group Agents or (ii) may be taken by the Administrative Agent alone or without any advice or concurrence of any Group Agent, then the Administrative Agent may take action based upon the advice or concurrence of the Majority Group Agents.

SECTION 11.07. Notice of Events of Default; Action by Administrative Agent. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Unmatured Event of Default or Event of Default unless the Administrative Agent has received notice from any Credit Party or the Borrower stating that an Unmatured Event of Default or Event of Default has occurred hereunder and describing such Unmatured Event of Default or Event of Default. If the Administrative Agent receives such a notice, it shall promptly give notice thereof to each Group Agent, whereupon each Group Agent shall promptly give notice thereof to its respective Conduit Lender(s), Related Committed Lender(s) and LC Participant(s). The Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, concerning an Unmatured Event of Default or Event of Default or any other matter hereunder as the Administrative Agent deems advisable and in the best interests of the Secured Parties.

SECTION 11.08. Non-Reliance on Administrative Agent and Other Parties. Each Credit Party expressly acknowledges that neither the Administrative Agent nor any of its directors, officers, agents or employees has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Borrower or any Affiliate thereof, shall be deemed to constitute any representation or warranty by the Administrative Agent. Each Credit Party represents and warrants to the Administrative Agent that, independently and without reliance upon the Administrative Agent or any other Credit Party and based on such documents and information as it has deemed appropriate, it has made and will continue to make its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Borrower, each Originator, the Performance Guarantor or the Servicer and the Pool Receivables and its own decision to enter into this Agreement and to take, or omit, action under any Transaction Document. Except for items expressly required to be delivered under any Transaction Document by the Administrative Agent to any Credit Party, the Administrative Agent shall not have any duty or responsibility to provide any Credit Party with any information concerning the Borrower, any Originator, the Performance Guarantor or the Servicer that comes into the possession of the

Administrative Agent or any of its directors, officers, agents, employees, attorneys-in-fact or Affiliates.

SECTION 11.09. Successor Administrative Agent.

(a) The Administrative Agent may, upon at least thirty (30) days' notice to the Borrower, the Servicer and each Group Agent, resign as Administrative Agent. Except as provided below, such resignation shall not become effective until a successor Administrative Agent is appointed by the Majority Group Agents as a successor Administrative Agent and has accepted such appointment. If no successor Administrative Agent shall have been so appointed by the Majority Group Agents, within thirty (30) days after the departing Administrative Agent's giving of notice of resignation, the departing Administrative Agent may, on behalf of the Secured Parties, appoint a successor Administrative Agent as successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Group Agents within sixty (60) days after the departing Administrative Agent's giving of notice of resignation, the departing Administrative Agent may, on behalf of the Secured Parties, petition a court of competent jurisdiction to appoint a successor Administrative Agent.

(b) Upon such acceptance of its appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall succeed to and become vested with all the rights and duties of the resigning Administrative Agent, and the resigning Administrative Agent shall be discharged from its duties and obligations under the Transaction Documents. After any resigning Administrative Agent's resignation hereunder, the provisions of this Article XI and Article XIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent.

ARTICLE XII

THE GROUP AGENTS

SECTION 12.01. Authorization and Action. Each Credit Party that belongs to a Group hereby appoints and authorizes the Group Agent for such Group to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to such Group Agent by the terms hereof, together with such powers as are reasonably incidental thereto. No Group Agent shall have any duties other than those expressly set forth in the Transaction Documents, and no implied obligations or liabilities shall be read into any Transaction Document, or otherwise exist, against any Group Agent. No Group Agent assumes, nor shall it be deemed to have assumed, any obligation to, or relationship of trust or agency with the Borrower or any Affiliate thereof, any Lender except for any obligations expressly set forth herein. Notwithstanding any provision of this Agreement or any other Transaction Document, in no event shall any Group Agent ever be required to take any action which exposes such Group Agent to personal liability or which is contrary to any provision of any Transaction Document or Applicable Law.

SECTION 12.02. Group Agent's Reliance, Etc. No Group Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as a Group Agent under or in connection with this Agreement or any other

Transaction Documents in the absence of its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, a Group Agent: (a) may consult with legal counsel (including counsel for the Administrative Agent, the Borrower or the Servicer), independent certified public accountants and other experts selected by it 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; (b) makes no warranty or representation to any Credit Party (whether written or oral) and shall not be responsible to any Credit Party for any statements, warranties or representations (whether written or oral) made by any other party in or in connection with this Agreement or any other Transaction Document; (c) 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 or any other Transaction Document on the part of the Borrower or any Affiliate thereof or any other Person or to inspect the property (including the books and records) of the Borrower or any Affiliate thereof; (d) shall not be responsible to any Credit Party for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Transaction Documents or any other instrument or document furnished pursuant hereto; and (e) shall be entitled to rely, and shall be fully protected in so relying, upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by facsimile) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 12.03. Group Agent and Affiliates. With respect to any Credit Extension or interests therein owned by any Credit Party that is also a Group Agent, such Credit Party shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not a Group Agent. A Group Agent and any of its Affiliates may generally engage in any kind of business with the Borrower or any Affiliate thereof and any Person who may do business with or own securities of the Borrower or any Affiliate thereof or any of their respective Affiliates, all as if such Group Agent were not a Group Agent hereunder and without any duty to account therefor to any other Secured Party.

SECTION 12.04. Indemnification of Group Agents. Each Committed Lender in any Group agrees to indemnify the Group Agent for such Group (to the extent not reimbursed by the Borrower or any Affiliate thereof), ratably according to the proportion of the Percentage of such Committed Lender to the aggregate Percentages of all Committed Lenders in such Group, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against such Group Agent in any way relating to or arising out of this Agreement or any other Transaction Document or any action taken or omitted by such Group Agent under this Agreement or any other Transaction Document; provided that no Committed Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Group Agent's gross negligence or willful misconduct.

SECTION 12.05. Delegation of Duties. Each Group Agent 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. No Group Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

SECTION 12.06. Notice of Events of Default. No Group Agent shall be deemed to have knowledge or notice of the occurrence of any Unmatured Event of Default or Event of Default unless such Group Agent has received notice from the Administrative Agent, any other Group Agent, any other Credit Party, the Servicer or the Borrower stating that an Unmatured Event of Default or Event of Default has occurred hereunder and describing such Unmatured Event of Default or Event of Default. If a Group Agent receives such a notice, it shall promptly give notice thereof to the Credit Parties in its Group and to the Administrative Agent (but only if such notice received by such Group Agent was not sent by the Administrative Agent). A Group Agent may take such action concerning an Unmatured Event of Default or Event of Default as may be directed by Committed Lenders in its Group representing a majority of the Commitments in such Group (subject to the other provisions of this Article XII), but until such Group Agent receives such directions, such Group Agent may (but shall not be obligated to) take such action, or refrain from taking such action, as such Group Agent deems advisable and in the best interests of the Conduit Lenders and Committed Lenders in its Group.

SECTION 12.07. Non-Reliance on Group Agent and Other Parties. Each Credit Party expressly acknowledges that neither the Group Agent for its Group nor any of such Group Agent's directors, officers, agents or employees has made any representations or warranties to it and that no act by such Group Agent hereafter taken, including any review of the affairs of the Borrower or any Affiliate thereof, shall be deemed to constitute any representation or warranty by such Group Agent. Each Credit Party represents and warrants to the Group Agent for its Group that, independently and without reliance upon such Group Agent, any other Group Agent, the Administrative Agent or any other Credit Party and based on such documents and information as it has deemed appropriate, it has made and will continue to make its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Borrower or any Affiliate thereof and the Receivables and its own decision to enter into this Agreement and to take, or omit, action under any Transaction Document. Except for items expressly required to be delivered under any Transaction Document by a Group Agent to any Credit Party in its Group, no Group Agent shall have any duty or responsibility to provide any Credit Party in its Group with any information concerning the Borrower or any Affiliate thereof that comes into the possession of such Group Agent or any of its directors, officers, agents, employees, attorneys-in-fact or Affiliates.

SECTION 12.08. Successor Group Agent. Any Group Agent may, upon at least thirty (30) days' notice to the Administrative Agent, the Borrower, the Servicer and the Credit Parties in its Group, resign as Group Agent for its Group. Such resignation shall not become effective until a successor Group Agent is appointed by the Lender(s) in such Group. Upon such acceptance of its appointment as Group Agent for such Group hereunder by a successor Group Agent, such successor Group Agent shall succeed to and become vested with all the rights and duties of the resigning Group Agent, and the resigning Group Agent shall be discharged from its duties and obligations under the Transaction Documents. After any resigning Group Agent's resignation hereunder, the provisions of this Article XII and Article XIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was a Group Agent.

SECTION 12.09. Reliance on Group Agent. Unless otherwise advised in writing by a Group Agent or by any Credit Party in such Group Agent's Group, each party to this Agreement may assume that (i) such Group Agent is acting for the benefit and on behalf of each of the

Credit Parties in its Group, as well as for the benefit of each assignee or other transferee from any such Person and (ii) each action taken by such Group Agent has been duly authorized and approved by all necessary action on the part of the Credit Parties in its Group.

ARTICLE XIII

INDEMNIFICATION

SECTION 13.01. Indemnities by the Borrower.

(a) Without limiting any other rights that the Administrative Agent, the Credit Parties, the Affected Persons and their respective assigns, officers, directors, agents and employees (each, a “Borrower Indemnified Party”) may have hereunder or under Applicable Law, the Borrower hereby agrees to indemnify each Borrower Indemnified Party from and against any and all claims, losses and liabilities (including Attorney Costs) (all of the foregoing being collectively referred to as “Borrower Indemnified Amounts”) arising out of or resulting from this Agreement or any other Transaction Document or the use of proceeds of the Credit Extensions or the security interest in respect of any Pool Receivable or any other Collateral; excluding, however, (a) Borrower Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Borrower Indemnified Amounts resulted from the gross negligence or willful misconduct by the Borrower Indemnified Party seeking indemnification and (b) Taxes that are covered by Section 5.03. Without limiting or being limited by the foregoing, the Borrower shall pay on demand (it being understood that if any portion of such payment obligation is made from Collections, such payment will be made at the time and in the order of priority set forth in Section 4.01), to each Borrower Indemnified Party any and all amounts necessary to indemnify such Borrower Indemnified Party from and against any and all Borrower Indemnified Amounts relating to or resulting from any of the following (but excluding Borrower Indemnified Amounts and Taxes described in clauses (a) and (b) above):

(i) any Pool Receivable which the Borrower or the Servicer includes as an Eligible Receivable as part of the Net Receivables Pool Balance but which is not an Eligible Receivable at such time;

(ii) any representation, warranty or statement made or deemed made by the Borrower (or any of its respective officers) under or in connection with this Agreement, any of the other Transaction Documents, any Information Package or any other information or report delivered by or on behalf of the Borrower pursuant hereto which shall have been untrue or incorrect when made or deemed made;

(iii) the failure by the Borrower to comply with any Applicable Law with respect to any Pool Receivable or the related Contract; or the failure of any Pool Receivable or the related Contract to conform to any such Applicable Law;

(iv) the failure to vest in the Administrative Agent a first priority perfected security interest in all or any portion of the Collateral, in each case free and clear of any Adverse Claim;

(v) the failure to have filed, or any delay in filing, financing statements (including as-extracted collateral filings), financing statement amendments, continuation statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other Applicable Laws with respect to any Pool Receivable and the other Collateral and Collections in respect thereof, whether at the time of any Credit Extension or at any subsequent time;

(vi) any dispute, claim or defense (other than discharge in bankruptcy) of an Obligor to the payment of any Pool Receivable (including, without limitation, a defense based on such Pool 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 or relating to collection activities with respect to such Pool Receivable;

(vii) any failure of the Borrower to perform any its duties or obligations in accordance with the provisions hereof and of each other Transaction Document related to Pool Receivables or to timely and fully comply with the Credit and Collection Policy in regard to each Pool Receivable;

(viii) any products liability, environmental or other claim arising out of or in connection with any Pool Receivable or other merchandise, goods or services which are the subject of or related to any Pool Receivable;

(ix) the commingling of Collections of Pool Receivables at any time with other funds;

(x) any investigation, litigation or proceeding (actual or threatened) related to this Agreement or any other Transaction Document or the use of proceeds of any Credit Extensions or in respect of any Pool Receivable or other Collateral or any related Contract;

(xi) any failure of the Borrower to comply with its covenants, obligations and agreements contained in this Agreement or any other Transaction Document;

(xii) any setoff with respect to any Pool Receivable;

(xiii) any claim brought by any Person other than a Borrower Indemnified Party arising from any activity by the Borrower or any Affiliate of the Borrower in servicing, administering or collecting any Pool Receivable;

(xiv) the failure by the Borrower to pay when due any taxes, including, without limitation, sales, excise or personal property taxes;

(xv) any failure of a Lock-Box Bank to comply with the terms of the applicable Lock-Box Agreement or any amounts payable by the Administrative Agent to a Lock-Box Bank under any Lock-Box Agreement;

(xvi) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Pool Receivable (including, without limitation, a defense based on such Pool 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 of goods or the rendering of services related to such Pool 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;

(xvii) any action taken by the Administrative Agent as attorney-in-fact for the Borrower, any Originator or the Servicer pursuant to this Agreement or any other Transaction Document;

(xviii) the use of proceeds of any Credit Extension or the usage of any Letter of Credit; or

(xix) any reduction in Capital as a result of the distribution of Collections if all or a portion of such distributions shall thereafter be rescinded or otherwise must be returned for any reason.

(b) Notwithstanding anything to the contrary in this Agreement, solely for purposes of the Borrower's indemnification obligations in clauses (ii), (iii), (vii) and (xi) of this Article XIII, any representation, warranty or covenant qualified by the occurrence or non-occurrence of a material adverse effect or similar concepts of materiality shall be deemed to be not so qualified.

(c) If for any reason the foregoing indemnification is unavailable to any Borrower Indemnified Party or insufficient to hold it harmless, then the Borrower shall contribute to such Borrower Indemnified Party the amount paid or payable by such Borrower Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of the Borrower and its Affiliates on the one hand and such Borrower Indemnified Party on the other hand in the matters contemplated by this Agreement as well as the relative fault of the Borrower and its Affiliates and such Borrower Indemnified Party with respect to such loss, claim, damage or liability and any other relevant equitable considerations. The reimbursement, indemnity and contribution obligations of the Borrower under this Section shall be in addition to any liability which the Borrower may otherwise have, shall extend upon the same terms and conditions to each Borrower Indemnified Party, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Borrower and the Borrower Indemnified Parties.

(d) Any indemnification or contribution under this Section shall survive the termination of this Agreement.

SECTION 13.02. Indemnification by the Servicer.

(a) The Servicer hereby agrees to indemnify and hold harmless the Borrower, the Administrative Agent, the Credit Parties, the Affected Persons and their respective assigns, officers, directors, agents and employees (each, a "Servicer Indemnified Party"), from and

against any loss, liability, expense, damage or injury suffered or sustained by reason of any acts, omissions or alleged acts or omissions arising out of activities of the Servicer pursuant to this Agreement or any other Transaction Document, including any judgment, award, settlement, Attorney Costs and other costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim (all of the foregoing being collectively referred to as, “Servicer Indemnified Amounts”); excluding (i) Servicer Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Servicer Indemnified Amounts resulted from the gross negligence or willful misconduct by the Servicer Indemnified Party seeking indemnification, (ii) Taxes that are covered by Section 5.03 and (iii) Servicer Indemnified Amounts to the extent the same includes losses in respect of Pool Receivables that are uncollectible solely on account of the insolvency, bankruptcy, lack of creditworthiness or other financial inability to pay of the related Obligor. Without limiting or being limited by the foregoing, the Servicer shall pay on demand, to each Servicer Indemnified Party any and all amounts necessary to indemnify such Servicer Indemnified Party from and against any and all Servicer Indemnified Amounts relating to or resulting from any of the following (but excluding Servicer Indemnified Amounts described in clauses (i), (ii) and (iii) above):

(i) any representation, warranty or statement made or deemed made by the Servicer (or any of its respective officers) under or in connection with this Agreement, any of the other Transaction Documents, any Information Package or any other information or report delivered by or on behalf of the Servicer pursuant hereto which shall have been untrue or incorrect when made or deemed made;

(ii) the failure by the Servicer to comply with any Applicable Law with respect to any Pool Receivable or the related Contract; or the failure of any Pool Receivable or the related Contract to conform to any such Applicable Law;

(iii) the commingling of Collections of Pool Receivables at any time with other funds; or

(iv) any failure of the Servicer to comply with its covenants, obligations and agreements contained in this Agreement or any other Transaction Document.

(b) If for any reason the foregoing indemnification is unavailable to any Servicer Indemnified Party or insufficient to hold it harmless, then the Servicer shall contribute to the amount paid or payable by such Servicer Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of the Servicer and its Affiliates on the one hand and such Servicer Indemnified Party on the other hand in the matters contemplated by this Agreement as well as the relative fault of the Servicer and its Affiliates and such Servicer Indemnified Party with respect to such loss, claim, damage or liability and any other relevant equitable considerations. The reimbursement, indemnity and contribution obligations of the Servicer under this Section shall be in addition to any liability which the Servicer may otherwise have, shall extend upon the same terms and conditions to Servicer Indemnified Party, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Servicer and the Servicer Indemnified Parties.

- (c) Any indemnification or contribution under this Section shall survive the termination of this Agreement.

ARTICLE XIV

MISCELLANEOUS

SECTION 14.01. Amendments, Etc.

(a) No failure on the part of any Credit Party 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. No amendment or waiver of any provision of this Agreement or consent to any departure by any of the Borrower or any Affiliate thereof shall be effective unless in a writing signed by the Administrative Agent and the Majority Group Agents (and, in the case of any amendment, also signed by the Borrower), and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that (A) no amendment, waiver or consent shall, unless in writing and signed by the Servicer, affect the rights or duties of the Servicer under this Agreement; (B) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent and each Group Agent:

(i) change (directly or indirectly) the definitions of, Borrowing Base Deficit, Defaulted Receivable, Delinquent Receivable, Eligible Receivable, Facility Limit, Final Maturity Date, Net Receivables Pool Balance or Total Reserves contained in this Agreement, or increase the then existing Concentration Percentage for any Obligor or change the calculation of the Borrowing Base;

(ii) reduce the amount of Capital or Interest that is payable on account of any Loan or with respect to any other Credit Extension or delay any scheduled date for payment thereof;

(iii) change any Event of Default;

(iv) release all or a material portion of the Collateral from the Administrative Agent's security interest created hereunder;

(v) release the Performance Guarantor from any of its obligations under the Performance Guaranty or terminate the Performance Guaranty;

(vi) change any of the provisions of this Section 14.01 or the definition of "Majority Group Agents"; or

(vii) change the order of priority in which Collections are applied pursuant to Section 4.01.

Notwithstanding the foregoing, (A) no amendment, waiver or consent shall increase any Committed Lender's or LC Participant's Commitment hereunder without the consent of such

Committed Lender or LC Participant, as applicable and (B) no amendment, waiver or consent shall reduce any Fees payable by the Borrower to any member of any Group or delay the dates on which any such Fees are payable, in either case, without the consent of the Group Agent for such Group.

SECTION 14.02. Notices, Etc.. All notices and other communications hereunder shall, unless otherwise stated herein, be in writing (which shall not include facsimile communication, but shall include email communication) and delivered, to each party hereto, at its address set forth under its name on Schedule III hereto or at such other address as shall be designated by such party in a written notice to the other parties hereto. Notices and communications shall be effective when received.

SECTION 14.03. Assignability; Addition of Lenders.

(a) Assignment by Conduit Lenders. This Agreement and the rights of each Conduit Lender hereunder (including each Loan made by it hereunder) shall be assignable by such Conduit Lender and its successors and permitted assigns (i) to any Program Support Provider of such Conduit Lender without prior notice to or consent from the Borrower or any other party, or any other condition or restriction of any kind, (ii) to any other Lender with prior notice to the Borrower but without consent from the Borrower or (iii) with the prior written consent of the Borrower (such consent not to be unreasonably withheld, conditioned or delayed; provided, however, that such consent shall not be required if an Event of Default or Unmatured Event of Default has occurred and is continuing), to any other Eligible Assignee. Each assignor of a Loan or any interest therein may, in connection with the assignment or participation, disclose to the assignee or Participant any information relating to the Borrower and its Affiliates, including the Receivables, furnished to such assignor by or on behalf of the Borrower and its Affiliates or by the Administrative Agent; provided that, prior to any such disclosure, the assignee or Participant agrees to preserve the confidentiality of any confidential information relating to the Borrower and its Affiliates received by it from any of the foregoing entities in a manner consistent with Section 14.06(b).

(b) Assignment by Committed Lenders. Each Committed Lender may assign to any Eligible Assignee or to any other Committed Lender all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and any Loan or interests therein owned by it); provided, however that

- (i) except for an assignment by a Committed Lender to either an Affiliate of such Committed Lender or any other Committed Lender, each such assignment shall require the prior written consent of the Borrower (such consent not to be unreasonably withheld, conditioned or delayed; provided, however, that such consent shall not be required if an Event of Default or an Unmatured Event of Default has occurred and is continuing);
- (ii) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement;

(iii) the amount being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance Agreement with respect to such assignment) shall in no event be less than the lesser of (x) \$5,000,000 and (y) all of the assigning Committed Lender's Commitment; and

(iv) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance Agreement.

Upon such execution, delivery, acceptance and recording from and after the effective date specified in such Assignment and Acceptance Agreement, (x) the assignee thereunder shall be a party to this Agreement, and to the extent that rights and obligations under this Agreement have been assigned to it pursuant to such Assignment and Acceptance Agreement, have the rights and obligations of a Committed Lender hereunder and (y) the assigning Committed Lender shall, to the extent that rights and obligations have been assigned by it pursuant to such Assignment and Acceptance Agreement, relinquish such rights and be released from such obligations under this Agreement (and, in the case of an Assignment and Acceptance Agreement covering all or the remaining portion of an assigning Committed Lender's rights and obligations under this Agreement, such Committed Lender shall cease to be a party hereto).

(c) Register. The Administrative Agent shall, acting solely for this purpose as an agent of the Borrower, maintain at its address referred to on Schedule III of this Agreement (or such other address of the Administrative Agent notified by the Administrative Agent to the other parties hereto) a copy of each Assignment and Acceptance Agreement delivered to and accepted by it and a register for the recordation of the names and addresses of the Committed Lenders and the Conduit Lenders, the Commitment of each Committed Lender and the aggregate outstanding Capital (and stated interest) of the Loans of each Conduit Lender and Committed Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Servicer, the Administrative Agent, the Group Agents, and the other Credit Parties may treat each Person whose name is recorded in the Register as a Committed Lender or Conduit Lender, as the case may be, under this Agreement for all purposes of this Agreement. The Register shall be available for inspection by the Borrower, the Servicer, the LC Bank, any Group Agent, any Conduit Lender or any Committed Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Procedure. Upon its receipt of an Assignment and Acceptance Agreement executed and delivered by an assigning Committed Lender and an Eligible Assignee or assignee Committed Lender, the Administrative Agent shall, if such Assignment and Acceptance Agreement has been duly completed, (i) accept such Assignment and Acceptance Agreement, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower and the Servicer.

(e) Participations. Each Committed Lender may sell participations to one or more Eligible Assignees (each, a "Participant") in or to all or a portion of its rights and/or obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the interests in the Loans owned by it); provided, however, that

(i) such Committed Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, and

(ii) such Committed Lender shall remain solely responsible to the other parties to this Agreement for the performance of such obligations.

The Administrative Agent, the Group Agents, the LC Bank, the LC Participants, the Conduit Lenders, the other Committed Lenders, the Borrower and the Servicer shall have the right to continue to deal solely and directly with such Committed Lender in connection with such Committed Lender's rights and obligations under this Agreement.

(f) Participant Register. Each Committed 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 this Agreement (the "Participant Register"); provided that no Committed 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 this Agreement) 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 Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Committed 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 Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(g) Assignments by Agents. This Agreement and the rights and obligations of the Administrative Agent and each Group Agent herein shall be assignable by the Administrative Agent or such Group Agent, as the case may be, and its successors and assigns; provided that in the case of an assignment to a Person that is not an Affiliate of the Administrative Agent or such Group Agent, so long as no Event of Default or Unmatured Event of Default has occurred and is continuing, such assignment shall require the Borrower's consent (not to be unreasonably withheld, conditioned or delayed).

(h) Assignments by the Borrower or the Servicer. Neither the Borrower nor, except as provided in Section 9.01, the Servicer may assign any of its respective rights or obligations hereunder or any interest herein without the prior written consent of the Administrative Agent, the LC Bank and each Group Agent (such consent to be provided or withheld in the sole discretion of such Person).

(i) Addition of Lenders or Groups. The Borrower may, with written notice to the Administrative Agent and each Group Agent, add additional Persons as Lenders (by creating a new Group) or cause an existing Lender or LC Participant to increase its Commitment; provided, however, that the Commitment of any existing Lender or LC Participant may only be increased with the prior written consent of such Lender or LC Participant. Each new Lender or

LC Participant (or Group) shall become a party hereto, by executing and delivering to the Administrative Agent and the Borrower, an assumption agreement (each, an “Assumption Agreement”) in the form of Exhibit C hereto (which Assumption Agreement shall, in the case of any new Lender or LC Participant, be executed by each Person in such new Lender’s Group).

(j) Pledge to a Federal Reserve Bank. Notwithstanding anything to the contrary set forth herein, (i) any Lender, Program Support Provider or any of their respective Affiliates may at any time pledge or grant a security interest in all or any portion of its interest in, to and under this Agreement (including, without limitation, rights to payment of Capital and Interest) and any other Transaction Document to secure its obligations to a Federal Reserve Bank, without notice to or the consent of the Borrower, the Servicer, any Affiliate thereof or any Credit Party; provided, however, that that no such pledge shall relieve such assignor of its obligations under this Agreement.

(k) Pledge to a Security Trustee. Notwithstanding anything to the contrary set forth herein, (i) any Lender, Program Support Provider or any of their respective Affiliates may at any time pledge or grant a security interest in all or any portion of its interest in, to and under this Agreement (including, without limitation, rights to payment of Capital and Interest) and any other Transaction Document to a security trustee in connection with the funding by such Person of Loans, without notice to or the consent of the Borrower, the Servicer, any Affiliate thereof or any Credit Party; provided, however, that that no such pledge shall relieve such assignor of its obligations under this Agreement.

SECTION 14.04. Costs and Expenses. In addition to the rights of indemnification granted under Section 13.01 hereof, the Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses in connection with the preparation, negotiation, execution, delivery and administration of this Agreement, any Program Support Agreement (or any supplement or amendment thereof) related to this Agreement and the other Transaction Documents (together with all amendments, restatements, supplements, consents and waivers, if any, from time to time hereto and thereto), including, without limitation, (i) the reasonable Attorney Costs for the Administrative Agent and the other Credit Parties and any of their respective Affiliates with respect thereto and with respect to advising the Administrative Agent and the other Credit Parties and their respective Affiliates as to their rights and remedies under this Agreement and the other Transaction Documents and (ii) reasonable accountants’, auditors’ and consultants’ fees and expenses for the Administrative Agent and the other Credit Parties and any of their respective Affiliates and the fees and charges of any nationally recognized statistical rating agency incurred in connection with the administration and maintenance of this Agreement or advising the Administrative Agent or any other Credit Party as to their rights and remedies under this Agreement or as to any actual or reasonably claimed breach of this Agreement or any other Transaction Document. In addition, the Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses (including reasonable Attorney Costs), of the Administrative Agent and the other Credit Parties and their respective Affiliates, incurred in connection with the enforcement of any of their respective rights or remedies under the provisions of this Agreement and the other Transaction Documents.

SECTION 14.05. No Proceedings: Limitation on Payments.

(a) Each of the Borrower, the Administrative Agent, the Servicer, each Group Agent, the LC Bank, each LC Participant, each Lender and each assignee of a Loan or any interest agrees that it will not institute against, or join any other Person in instituting against, any Conduit Lender any Insolvency Proceeding so long as any Notes or other senior indebtedness issued by such Conduit Lender shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such Notes or other senior indebtedness shall have been outstanding.

(b) Each of the Servicer, each Group Agent, each Lender and each assignee of a Loan or any interest therein, hereby covenants and agrees that it will not institute against, or join any other Person in instituting against, the Borrower any Insolvency Proceeding until one year and one day after the Final Payout Date; provided, that the Administrative Agent may take any such action in its sole discretion following the occurrence of an Event of Default.

(c) Notwithstanding any provisions contained in this Agreement to the contrary, a Conduit Lender shall not, and shall be under no obligation to, pay any amount, if any, payable by it pursuant to this Agreement or any other Transaction Document unless (i) such Conduit Lender has received funds which may be used to make such payment and which funds are not required to repay such Conduit Lender's Notes when due and (ii) after giving effect to such payment, either (x) such Conduit Lender 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 Lender's securitization program or (y) all of such Conduit Lender's Notes are paid in full. Any amount which any Conduit Lender does not pay pursuant to the operation of the preceding sentence shall not constitute a claim (as defined in Section 101 of the Bankruptcy Code) against or company obligation of such Conduit Lender for any such insufficiency unless and until such Conduit Lender satisfies the provisions of clauses (i) and (ii) above. The provisions of this Section 14.05 shall survive any termination of this Agreement.

SECTION 14.06. Confidentiality.

(a) Each of the Borrower and the Servicer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Agreement or the Fee Letter (including any fees payable in connection with this Agreement, the Fee Letter or any other Transaction Document or the identity of the Administrative Agent or any other Credit Party), except as the Administrative Agent and each Group Agent may have consented to in writing prior to any proposed disclosure; provided, however, that it may disclose such information (i) to its Advisors and Representatives, (ii) to the extent such information has become available to the public other than as a result of a disclosure by or through the Borrower, the Servicer or their Advisors and Representatives or (iii) to the extent it should be (A) required by Applicable Law, or in connection with any legal or regulatory proceeding or (B) requested by any Governmental Authority to disclose such information; provided, that, in the case of clause (iii) above, the Borrower and the Servicer will use reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by Applicable Law) notify the Administrative Agent and the affected Credit Party of its intention to make any such disclosure prior to making such disclosure. Each of the Borrower and the Servicer agrees to be responsible for any breach of this Section by its Representatives and Advisors and agrees that its Representatives and Advisors will be advised

by it of the confidential nature of such information and shall agree to comply with this Section. Notwithstanding the foregoing, it is expressly agreed that each of the Borrower, the Servicer and their respective Affiliates may publish a press release or otherwise publicly announce the existence and principal amount of the Commitments under this Agreement and the transactions contemplated hereby; provided that the Administrative Agent shall be provided a reasonable opportunity to review such press release or other public announcement prior to its release and provide comment thereon; and provided, further, that no such press release shall name or otherwise identify the Administrative Agent, any other Credit Party or any of their respective Affiliates without such Person's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing, the Borrower consents to the publication by the Administrative Agent or any other Credit Party of a tombstone or similar advertising material relating to the financing transactions contemplated by this Agreement.

(b) Each of the Administrative Agent and each other Credit Party, severally and with respect to itself only, agrees to hold in confidence, and not disclose to any Person, any confidential and proprietary information concerning the Borrower, the Servicer and their respective Affiliates and their businesses or the terms of this Agreement (including any fees payable in connection with this Agreement or the other Transaction Documents), except as the Borrower or the Servicer may have consented to in writing prior to any proposed disclosure; provided, however, that it may disclose such information (i) to its Advisors and Representatives and to any related Program Support Provider, (ii) to its assignees and Participants and potential assignees and Participants and their respective counsel if they agree in writing to hold it confidential, (iii) to the extent such information has become available to the public other than as a result of a disclosure by or through it or its Representatives or Advisors or any related Program Support Provider, (iv) to any nationally recognized statistical rating organization in connection with obtaining or maintaining the rating of any Conduit Lender's Notes or as contemplated by 17 CFR 240.17g-5(a)(3), (v) at the request of a bank examiner or other regulatory authority or in connection with an examination of any of the Administrative Agent, any Group Agent or any Lender or their respective Affiliates or Program Support Providers or (vi) to the extent it should be (A) required by Applicable Law, or in connection with any legal or regulatory proceeding or (B) requested by any Governmental Authority to disclose such information; provided, that, in the case of clause (vi) above, the Administrative Agent, each Group Agent and each Lender will use reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by Applicable Law) notify the Borrower and the Servicer of its making any such disclosure as promptly as reasonably practicable thereafter. Each of the Administrative Agent, each Group Agent and each Lender, severally and with respect to itself only, agrees to be responsible for any breach of this Section by its Representatives, Advisors and Program Support Providers and agrees that its Representatives, Advisors and Program Support Providers will be advised by it of the confidential nature of such information and shall agree to comply with this Section.

(c) As used in this Section, (i) "Advisors," means, with respect to any Person, such Person's accountants, attorneys and other confidential advisors and (ii) "Representatives," means, with respect to any Person, such Person's Affiliates, Subsidiaries, directors, managers, officers, employees, members, investors, financing sources, insurers, professional advisors, representatives and agents; provided that such Persons shall not be deemed to Representatives of a Person unless (and solely to the extent that) confidential information is furnished to such Person.

(d) Notwithstanding the foregoing, to the extent not inconsistent with applicable securities laws, each party hereto (and each of its employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure (as defined in Section 1.6011-4 of the Treasury Regulations) of the transactions contemplated by the Transaction Documents and all materials of any kind (including opinions or other tax analyses) that are provided to such Person relating to such tax treatment and tax structure.

SECTION 14.07. GOVERNING LAW. THIS AGREEMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF, EXCEPT TO THE EXTENT THAT THE PERFECTION, THE EFFECT OF PERFECTION OR PRIORITY OF THE INTERESTS OF ADMINISTRATIVE AGENT OR ANY LENDER IN THE COLLATERAL IS GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK).

SECTION 14.08. 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 14.09. Integration; Binding Effect; Survival of Termination. This Agreement and the other Transaction Documents contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until the Final Payout Date; provided, however, that the provisions of Sections 3.08, 3.09, 3.10, 5.01, 5.02, 5.03, 11.04, 11.06, 12.04, 13.01, 13.02, 14.04, 14.05, 14.06, 14.09, 14.11 and 14.13 shall survive any termination of this Agreement.

SECTION 14.10. CONSENT TO JURISDICTION. (a) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO (I) WITH RESPECT TO THE BORROWER AND THE SERVICER, THE EXCLUSIVE JURISDICTION, AND (II) WITH RESPECT TO EACH OF THE OTHER PARTIES HERETO, THE NON-EXCLUSIVE JURISDICTION, IN EACH CASE, OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, AND EACH PARTY HERETO HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING (I) IF BROUGHT BY THE BORROWER, THE SERVICER OR ANY AFFILIATE THEREOF, SHALL BE HEARD AND DETERMINED, AND (II) IF BROUGHT BY ANY OTHER PARTY TO THIS AGREEMENT

OR ANY OTHER TRANSACTION DOCUMENT, MAY BE HEARD AND DETERMINED, IN EACH CASE, IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. NOTHING IN THIS SECTION 14.10 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER CREDIT PARTY TO BRING ANY ACTION OR PROCEEDING AGAINST THE BORROWER OR THE SERVICER OR ANY OF THEIR RESPECTIVE PROPERTY IN THE COURTS OF OTHER JURISDICTIONS. EACH OF THE BORROWER AND THE SERVICER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. THE PARTIES HERETO AGREE 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.

(b) EACH OF THE BORROWER AND THE SERVICER CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO IT AT ITS ADDRESS SPECIFIED IN SECTION 14.02. NOTHING IN THIS SECTION 14.10 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER CREDIT PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 14.11. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT.

SECTION 14.12. Ratable Payments. If any Credit Party, whether by setoff or otherwise, has payment made to it with respect to any Borrower Obligations in a greater proportion than that received by any other Credit Party entitled to receive a ratable share of such Borrower Obligations, such Credit Party agrees, promptly upon demand, to purchase for cash without recourse or warranty a portion of such Borrower Obligations held by the other Credit Parties so that after such purchase each Credit Party will hold its ratable proportion of such Borrower Obligations; provided that if all or any portion of such excess amount is thereafter recovered from such Credit Party, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

SECTION 14.13. Limitation of Liability.

(a) No claim may be made by the Borrower or any Affiliate thereof or any other Person against any Credit Party or their respective Affiliates, members, directors, officers, employees, incorporators, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or any other Transaction Document, or any act, omission or event occurring in connection herewith or therewith; and each of the Borrower and the Servicer hereby waives, releases, and agrees not to sue upon any claim

for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor. None of the Credit Parties and their respective Affiliates shall have any liability to the Borrower or any Affiliate thereof or any other Person asserting claims on behalf of or in right of the Borrower or any Affiliate thereof in connection with or as a result of this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby, except to the extent that any losses, claims, damages, liabilities or expenses incurred by the Borrower or any Affiliate thereof result from the breach of contract, gross negligence or willful misconduct of such Credit Party in performing its duties and obligations hereunder and under the other Transaction Documents to which it is a party.

(b) The obligations of the Administrative Agent and each of the other Credit Parties under this Agreement and each of 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 this Agreement or any other Transaction Document against any member, director, officer, employee or incorporator of any such Person.

SECTION 14.14. Intent of the Parties. The Borrower has structured this Agreement with the intention that the Loans and the obligations of the Borrower hereunder will be treated under United States federal, and applicable state, local and foreign tax law as debt (the “Intended Tax Treatment”). The Borrower, the Servicer, the Administrative Agent and the other Credit Parties agree to file no tax return, or take any action, inconsistent with the Intended Tax Treatment unless required by law. Each assignee and each Participant acquiring an interest in a Credit Extension, by its acceptance of such assignment or participation, agrees to comply with the immediately preceding sentence.

SECTION 14.15. USA Patriot Act. Each of the Administrative Agent and each of the other Credit Parties hereby notifies the Borrower and the Servicer that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the “PATRIOT Act”), the Administrative Agent and the other Credit Parties may be required to obtain, verify and record information that identifies the Borrower, the Originators, the Servicer and the Performance Guarantor, which information includes the name, address, tax identification number and other information regarding the Borrower, the Originators, the Servicer and the Performance Guarantor that will allow the Administrative Agent and the other Credit Parties to identify the Borrower, the Originators, the Servicer and the Performance Guarantor in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act. Each of the Borrower and the Servicer agrees to provide the Administrative Agent and each other Credit 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 PATRIOT Act.

SECTION 14.16. Right of Setoff. Each Credit Party is hereby authorized (in addition to any other rights it may have), at any time during the continuance of an Event of Default, 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 Credit Party (including by any branches or agencies of such Credit Party) to, or for the account of, the Borrower against amounts owing by the Borrower hereunder or to, or for the account of, the

Servicer against amounts owing by the Servicer hereunder; provided that such Credit Party shall notify the Borrower or the Servicer, as applicable, promptly following such setoff.

SECTION 14.17. 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 14.18. 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 draftsman 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.

SECTION 14.19. Captions and Cross References. The various captions (including the table of contents) in this Agreement are provided solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Agreement. Unless otherwise indicated, references in this Agreement to any Section, Schedule or Exhibit are to such Section Schedule or Exhibit to this Agreement, as the case may be, and references in any Section, subsection, or clause to any subsection, clause or subclause are to such subsection, clause or subclause of such Section, subsection or clause.

[Signature Pages Follow]

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.

FORESIGHT RECEIVABLES LLC

By: /s/ Oscar Martinez
Name: Oscar Martinez
Title Chief Financial Officer

FORESIGHT ENERGY LLC, as the Servicer

By: /s/ Oscar Martinez
Name: Oscar Martinez
Title Senior Vice President & Chief Financial Officer

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: / s/ Mark Falcione
Name: Mark Falcione
Title: Executive Vice President

PNC BANK, NATIONAL ASSOCIATION,
as LC Bank and as Group Agent for the PNC Group

By: / s/ Mark Falcione
Name: Mark Falcione
Title: Executive Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Committed Lender

By: / s/ Mark Falcione
Name: Mark Falcione
Title: Executive Vice President

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK ,
as a Committed Lender

By: / s/ Sam Pilcer
Name: Sam Pilcer
Title: Managing Director

By: / s/ Michael Regan
Name: Michael Regan
Title: Managing Director

ATLANTIC ASSET SECURITIZATION LLC,
as a Conduit Lender

By: / s/ Sam Pilcer
Name: Sam Pilcer
Title: Managing Director

By: / s/ Michael Regan
Name: Michael Regan
Title: Managing Director

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK ,
as a Group Agent for the Atlantic Group

By: / s/ Sam Pilcer
Name: Sam Pilcer
Title: Managing Director

By: / s/ Michael Regan
Name: Michael Regan
Title: Managing Director

EXHIBIT A
Form of [Loan Request] [LC Request]

[Letterhead of Borrower]

[Date]

[Administrative Agent]

[Group Agents]

Re: [Loan Request] [LC Request]

Ladies and Gentlemen:

Reference is hereby made to that certain Receivables Financing Agreement, dated as of January 13, 2015 among Foresight Receivables LLC (the “Borrower”), Foresight Energy LLC, as Servicer (the “Servicer”), the Lenders party thereto, the Group Agents party thereto, the LC Participants party thereto and PNC Bank, National Association, as Administrative Agent (in such capacity, the “Administrative Agent”) and as the LC Bank (as amended, supplemented or otherwise modified from time to time, the “Agreement”). Capitalized terms used in this [Loan Request] [LC Request] and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

[This letter constitutes a Loan Request pursuant to Section 2.02(a) of the Agreement. The Borrower hereby request a Loan in the amount of [\$_____] to be made on [_____, 20__] (of which \$[_____] will be funded by the PNC Group and \$[_____] will be funded by the [_____] Group. The proceeds of such Loan should be deposited to [Account number], at [Name, Address and ABA Number of Bank]. After giving effect to such Loan, the Aggregate Capital will be [\$_____.])

[This letter constitutes an LC Request pursuant to Section 3.02(a) of the Agreement. The Borrower hereby request that the LC Bank issue a Letter of Credit with a face amount of [\$_____] on [_____, 20__]. After giving effect to such issuance, the LC Participation Amount will be [\$_____].

The Borrower hereby represents and warrants as of the date hereof, and after giving effect to such Credit Extension, as follows:

(i) the representations and warranties of the Borrower and the Servicer contained in Sections 7.01 and 7.02 of the Agreement are true and correct in all material respects on and as of the date of such Credit Extension as though made on and as of such date unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date;

(ii) no Event of Default or Unmatured Event of Default has occurred and is continuing, and no Event of Default or Unmatured Event of Default would result from such Credit Extension;

(iii) no Borrowing Base Deficit exists or would exist after giving effect to such Credit Extension; and

(iv) the Termination Date has not occurred.

Exhibit A-1

IN WITNESS WHEREOF, the undersigned has executed this letter by its duly authorized officer as of the date first above written.

Very truly yours,

FORESIGHT RECEIVABLES LLC

By:

Name:

Title:

Exhibit A-2

EXHIBIT B
[Form of Assignment and Acceptance Agreement]

Dated as of _____, 20__

Section 1.

Commitment assigned:	\$(_____)
Assignor's remaining Commitment:	\$(_____)
Capital allocable to Commitment assigned:	\$(_____)
Assignor's remaining Capital:	\$(_____)
Interest (if any) allocable to Capital assigned:	\$(_____)
Interest (if any) allocable to Assignor's remaining Capital:	\$(_____)

Section 2.

Effective Date of this Assignment and Acceptance Agreement: [_____]

Upon execution and delivery of this Assignment and Acceptance Agreement by the assignee and the assignor and the satisfaction of the other conditions to assignment specified in Section 14.03(b) of the Agreement (as defined below), from and after the effective date specified above, the assignee shall become a party to, and, to the extent of the rights and obligations thereunder being assigned to it pursuant to this Assignment and Acceptance Agreement, shall have the rights and obligations of a Committed Lender under that certain Receivables Financing Agreement, dated as of January 13, 2015 among Foresight Receivables LLC, Foresight Energy LLC, as Servicer, the Lenders party thereto, the Group Agents party thereto, the LC Participants party thereto and PNC Bank, National Association, as Administrative Agent and as the LC Bank (as amended, supplemented or otherwise modified from time to time, the "Agreement").

(Signature Pages Follow)

Exhibit B-1

ASSIGNOR: [_____]

By:
Name:
Title

ASSIGNEE: [_____]

By:
Name:
Title:

[Address]

Accepted as of date first above
written:

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By:
Name:
Title:

FORESIGHT RECEIVABLES LLC,
as Borrower

By:
Name:
Title:

EXHIBIT C
[Form of Assumption Agreement]

THIS ASSUMPTION AGREEMENT (this “ Agreement ”), dated as of [_____, ____], is among Foresight Receivables LLC (the “ Borrower ”), [_____, ____], as conduit lender (the “ [_____] Conduit Lender ”), [_____, ____], as the Related Committed Lender (the “ [_____] Committed Lender ” and together with the Conduit Lender, the “ [_____] Lenders ”), and [_____, ____], as group agent for the [_____] Lenders (the “ [_____] Group Agent ” and together with the [_____] Lenders, the “ [_____] Group ”).

BACKGROUND

The Borrower and various others are parties to a certain Receivables Financing Agreement, dated as of January 13, 2015 (as amended through the date hereof and as the same may be amended, amended and restated, supplemented or otherwise modified from time to time, the “ Receivables Financing Agreement ”). Capitalized terms used and not otherwise defined herein have the respective meaning assigned to such terms in the Receivables Financing Agreement .

NOW, THEREFORE, the parties hereto hereby agree as follows:

SECTION 1. This letter constitutes an Assumption Agreement pursuant to Section 14.03(i) of the Receivables Financing Agreement. The Borrower desires [the [_____] Lenders] [the [_____] Committed Lender] to [become a Group] [increase its existing Commitment] under the Receivables Financing Agreement, and upon the terms and subject to the conditions set forth in the Receivables Financing Agreement, the [[_____] Lenders] [[_____] Committed Lender] agree[s] to [become Lenders within a Group thereunder] [increase its Commitment to the amount set forth as its “Commitment” under the signature of such [_____] Committed Lender hereto].

The Borrower hereby represents and warrants to the [_____] Lenders and the [_____] Group Agent as of the date hereof, as follows:

- (i) the representations and warranties of the Borrower contained in Section 7.01 of the Receivables Financing Agreement are true and correct on and as of such date as though made on and as of such date;
- (ii) no Event of Default or Unmatured Event of Default has occurred and is continuing, or would result from the assumption contemplated hereby; and
- (iii) the Termination Date shall not have occurred.

SECTION 2. Upon execution and delivery of this Agreement by the Borrower and each member of the [_____] Group, satisfaction of the other conditions with respect to the addition of a Group specified in Section 14.03(i) of the Receivables Financing Agreement (including the written consent of the Administrative Agent and the Majority Group Agents) and receipt by the Administrative Agent of counterparts of this Agreement (whether by facsimile or otherwise)

executed by each of the parties hereto, [the [_____] Lenders shall become a party to, and have the rights and obligations of Lenders under, the Receivables Financing Agreement and the “Commitment” with respect to the Committed Lenders in such Group as shall be as set forth under the signature of each such Committed Lender hereto] [the [_____] Committed Lender shall increase its Commitment to the amount set forth as the “Commitment” under the signature of the [_____] Committed Lender hereto].

SECTION 3. Each party hereto hereby covenants and agrees that it will not institute against, or join any other Person in instituting against, any Conduit Lender, 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 commercial paper notes or other senior indebtedness issued by such Conduit Lender is paid in full. The covenant contained in this paragraph shall survive any termination of the Receivables Financing Agreement.

SECTION 4. THIS AGREEMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF). This Agreement may not be amended or supplemented except pursuant to a writing signed by each of the parties hereto and may not be waived except pursuant to a writing signed by the party to be charged. This Agreement may be executed in counterparts, and by the different parties on different counterparts, each of which shall constitute an original, but all together shall constitute one and the same agreement.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers as of the date first above written.

[_____], as a Conduit Lender

By:
Name Printed:
Title:
[Address]

[_____], as a Committed Lender

By:
Name Printed:
Title:
[Address]
[Commitment]

[_____], as Group Agent for [_____]

By:
Name Printed:
Title:
[Address]

FORESIGHT RECEIVABLES LLC,
as Borrower

By:
Name Printed:
Title:

EXHIBIT D
[Form of Letter of Credit Application]

(Attached)

Exhibit D

EXHIBIT E
Credit and Collection Policy

(Attached)

Exhibit D

EXHIBIT F
Form of Information Package
(Attached)

Exhibit F

EXHIBIT G
Form of Compliance Certificate

To: PNC Bank, National Association, as Administrative Agent

This Compliance Certificate is furnished pursuant to that certain Receivables Financing Agreement, dated as of January 13, 2015 among Foresight Receivables LLC (the “Borrower”), Foresight Energy LLC, as Servicer (the “Servicer”), the Lenders party thereto, the Group Agents party thereto, the LC Participants party thereto and PNC Bank, National Association, as Administrative Agent (in such capacity, the “Administrative Agent”) and as the LC Bank (as amended, supplemented or otherwise modified from time to time, the “Agreement”). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected _____ of the Servicer.
2. I have reviewed the terms of the Agreement and each of the other Transaction Documents and I have made, or have caused to be made under my supervision, a detailed review of the transactions and condition of the Borrower during the accounting period covered by the attached financial statements.
3. The examinations described in paragraph 2 above did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Event of Default or an Unmatured Event of Default, as each such term is defined under the Agreement, during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate[, except as set forth in paragraph 5 below].
4. Schedule I attached hereto sets forth financial statements of the Parent and its Subsidiaries for the period referenced on such Schedule I.
- [5. Described below are the exceptions, if any, to paragraph 3 above by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which Borrower has taken, is taking, or proposes to take with respect to each such condition or event:]

Exhibit G-1

The foregoing certifications are made and delivered this _____ day of _____, 20____.

FORESIGHT ENERGY LLC

By:
Name:
Title:

Exhibit G-2

SCHEDULE I TO COMPLIANCE CERTIFICATE

A. Schedule of Compliance as of _____, 20__ with Section 8.02(a) of the Agreement. Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

This schedule relates to the month ended: _____.

B. The following financial statements of the Parent and its Subsidiaries for the period ending on _____, 20__, are attached hereto:

Exhibit G-1

EXHIBIT H
Form of Reduction Notice

[Letterhead of Borrower]

[Date]

[Administrative Agent]

[Group Agents]

Re: Reduction Notice

Ladies and Gentlemen:

Reference is hereby made to that certain Receivables Financing Agreement, dated as of January 13, 2015 among Foresight Receivables LLC (the “Borrower”), Foresight Energy LLC, as Servicer (the “Servicer”), the Lenders party thereto, the Group Agents party thereto, the LC Participants party thereto and PNC Bank, National Association, as Administrative Agent (in such capacity, the “Administrative Agent”) and as the LC Bank (as amended, supplemented or otherwise modified from time to time, the “Agreement”). Capitalized terms used in this Reduction Notice and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

Pursuant to Section 2.02(d) of the Agreement, the Borrower hereby irrevocably notifies you that it will repay a portion of the Capital of the Lenders (the “Repayment”) in an amount equal to [\$_____] (the “Repayment Amount”) on [____, 20__] (the “Repayment Date”). After giving effect to the Repayment, the Aggregate Capital will be [\$_____] on the Repayment Date.

The allocation of the Repayment Amount will be ratable among the Lenders (based on the aggregate outstanding Capital of each Lender at such time). Each Lender’s share of the Repayment Amount is as following:

\$_____ for PNC Bank, National Association;

\$_____ for Crédit Agricole Corporate and Investment Bank; and

\$_____ for Atlantic Asset Securitization LLC.

Exhibit H-1

IN WITNESS WHEREOF, the undersigned has executed this letter by its duly authorized officer as of the date first above written.

Very truly yours,

FORESIGHT RECEIVABLES LLC

By:
Name:
Title:

Exhibit H-2

EXHIBIT I
Closing Memorandum

(Attached)

Exhibit I

SCHEDULE I
Commitments

PNC's Group		
<u>Party</u>	<u>Capacity</u>	<u>Commitment</u>
PNC	Committed Lender	\$50,000,000
PNC	LC Participant	\$50,000,000
PNC	LC Bank	N/A
PNC	Group Agent	N/A

Atlantic's Group		
<u>Party</u>	<u>Capacity</u>	<u>Commitment</u>
Atlantic	Conduit Lender	N/A
Credit Agricole	Committed Lender	\$20,000,000
Credit Agricole	LC Participant	\$20,000,000
Credit Agricole	Group Agent	N/A

SCHEDULE II
Lock-Boxes, Lock-Box Accounts and Lock-Box Banks

Account Name: Foresight Receivables, LLC
Account Number: 01221216973
Bank: Huntington National Bank
900 Lee Street
Charleston, WV 25301

Schedule II-1

SCHEDULE III
Notice Addresses

(A) in the case of the Borrower, at the following address:

Foresight Receivables LLC
One Metropolitan Square
211 North Broadway, Suite 2600
St. Louis, Missouri 63102
Attention: Oscar A. Martinez
Telephone: 314-932-6102

(B) in the case of the Servicer, at the following address:

Foresight Energy LLC
One Metropolitan Square
211 North Broadway, Suite 2600
St. Louis, Missouri 63102
Attention: Oscar A. Martinez
Telephone: 314-932-6102

(C) in the case of PNC, at the following address:

PNC Bank, National Association
Three PNC Plaza
225 Fifth Avenue
Pittsburgh, PA 15222
Telephone: (412) 768-3090
Facsimile: (412) 762-9184
Attention: Robyn Reeher

(D) in the case of Credit Agricole, at the following address:

Credit Agricole Corporate and Investment Bank New York
1301 Avenue of the Americas
New York, NY 10019
Attention: Deric Bradford / Sunny Gulrajani
Telephone: (212) 261-3470 / 7845
Fax: (917) 849-5584
E-mail: conduitsec@ca-cib.com and conduit.funding@ca-cib.com

(E) in the case of Atlantic, at the following address:

Atlantic Asset Securitization
c/o Credit Agricole Corporate and Investment Bank New York
1301 Avenue of the Americas
New York, NY 10019
Attention: Deric Bradford / Sunny Gulrajani
Telephone: (212) 261-3470 / 7845
Fax: (917) 849-5584
E-mail: conduitsec@ca-cib.com and conduit.funding@ca-cib.com

(with a copy to Credit Agricole)

(F) in the case of any other Person, at the address for such Person specified in the other Transaction Documents; in each case, or at such other address as shall be designated by such Person in a written notice to the other parties to this Agreement.

Schedule III-2

EXECUTION COPY

PURCHASE AND SALE AGREEMENT

Dated as of January 13, 2015

among

VARIOUS ENTITIES LISTED ON SCHEDULE I HERETO,
as Originators,

FORESIGHT ENERGY LLC,
as Servicer,

and

FORESIGHT RECEIVABLES LLC,
as Buyer

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This PURCHASE AND SALE AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this “Agreement”), dated as of January 13, 2015, is entered into among the various entities listed on Schedule I hereto or that become parties hereto from time to time pursuant to Section 4.3 hereof (the “Originators” and each, an “Originator”), FORESIGHT ENERGY LLC, as initial Servicer (as defined below) (“Foresight”), and FORESIGHT RECEIVABLES LLC, a Delaware limited liability company (the “Buyer”).

DEFINITIONS

Unless otherwise indicated herein, capitalized terms used and not otherwise defined in this Agreement are defined in the Receivables Financing Agreement, dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “Receivables Financing Agreement”), among the Buyer, as borrower, Foresight, as initial Servicer (in such capacity, the “Servicer”), the Persons from time to time party thereto as Lenders, as Group Agents and as LC Participants, and PNC Bank, National Association, as Administrative Agent and as LC Bank. All references hereto to months are to calendar months unless otherwise expressly indicated. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9. Unless the context otherwise requires, “or” means “and/or,” and “including” (and with correlative meaning “include” and “includes”) means including without limiting the generality of any description preceding such term.

BACKGROUND

1. The Buyer is a special purpose limited liability company, all of the issued and outstanding membership interests of which are owned by Foresight.
2. The Originators generate Receivables in the ordinary course of their businesses.
3. The Originators, in order to finance their respective businesses, wish to sell Receivables and the Related Rights to the Buyer, and the Buyer is willing to purchase such Receivables and the Related Rights from the Originators, on the terms and subject to the conditions set forth herein.
4. The Originators and the Buyer intend each such transaction to be a true sale of Receivables and the Related Rights by each Originator to the Buyer, providing the Buyer with the full benefits of ownership of the Receivables, and the Originators and the Buyer do not intend the transactions hereunder to be characterized as a loan from the Buyer to any Originator.
5. The Buyer intends to pledge the Receivables and the Related Rights to the Administrative Agent pursuant to the Receivables Financing Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I
AGREEMENT TO PURCHASE AND SELL

SECTION 1.1 Agreement To Purchase and Sell. On the terms and subject to the conditions set forth in this Agreement, each Originator, severally and for itself, agrees to sell to the Buyer, and the Buyer agrees to purchase from such Originator, from time to time on or after the Closing Date, but before the Purchase and Sale Termination Date (as defined in Section 1.4), all of such Originator's right, title and interest in and to:

- (a) each Receivable of such Originator that existed and was owing to such Originator at the closing of such Originator's business on the Cut-Off Date (defined below);
- (b) each Receivable generated by such Originator from and including the Cut-Off Date to but excluding the Purchase and Sale Termination Date;
- (c) all of such Originator's interest in any goods (including returned goods), and documentation of title evidencing the shipment or storage of any goods (including returned goods), the sale of which gave rise to such Receivable;
- (d) all instruments and chattel paper that may evidence such Receivable;
- (e) all other security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all UCC financing statements or similar filings relating thereto;
- (f) solely to the extent applicable to such Receivable, all of such Originator's rights, interests and claims under the related Contracts and all guaranties, indemnities, insurance and other agreements (including the related Contract) or arrangements of whatever character from time to time supporting or securing payment of such Receivable or otherwise relating to such Receivable, whether pursuant to the Contract related to such Receivable or otherwise;
- (g) all books and records of such Originator to the extent related to any of the foregoing, and all rights, remedies, powers, privileges, title and interest (but not obligations) in and to each Lock-Box and all Lock-Box Accounts, into which any Collections or other proceeds with respect to such Receivables may be deposited, and any related investment property acquired with any such Collections or other proceeds (as such term is defined in the applicable UCC); and
- (h) all Collections and other proceeds (as defined in the UCC) of any of the foregoing that are or were received by such Originator on or after the Cut-Off Date, including, without limitation, all funds which either are received by such Originator, the Buyer or the Servicer from or on behalf of the Obligors in payment of any amounts owed (including, without limitation, invoice price, finance charges, interest and all other charges) in respect of any of the above Receivables or are applied to such amounts owed by the Obligors (including, without limitation, any insurance payments that such

Originator, the Buyer or the Servicer applies in the ordinary course of its business to amounts owed in respect of any of the above Receivables, and net proceeds of sale or other disposition of repossessed goods or other collateral or property of the Obligor in respect of any of the above Receivables or any other parties directly or indirectly liable for payment of such Receivables).

All purchases hereunder shall be made without recourse, but shall be made pursuant to, and in reliance upon, the representations, warranties and covenants of the Originators set forth in this Agreement. No obligation or liability to any Obligor on any Receivable is intended to be assumed by the Buyer hereunder, and any such assumption is expressly disclaimed. The property, proceeds and rights described in clauses (c) through (h) above are herein referred to as the “Related Rights”, and the Buyer’s foregoing agreement to purchase Receivables and Related Rights is herein called the “Purchase Facility.”

As used herein, “Cut-Off Date” means (a) with respect to each Originator party hereto on the date hereof, November 30, 2014, and (b) with respect to any Originator that first becomes a party hereto after the date hereof, the calendar day prior to the date on which such Originator becomes a party hereto or such other date as the Buyer and such Originator agree to in writing.

SECTION 1.2 Timing of Purchases.

(a) Closing Date Purchases. Effective on the Closing Date, each Originator hereby sells to the Buyer, and the Buyer hereby purchases, such Originator’s entire right, title and interest in, to and under (i) each Receivable that existed and was owing to such Originator on the Cut-Off Date, (ii) each Receivable generated by such Originator from and including the Cut-Off Date, to and including the Closing Date, and (iii) all Related Rights with respect thereto.

(b) Subsequent Purchases. After the Closing Date, until the Purchase and Sale Termination Date, each Receivable and the Related Rights generated by each Originator shall be, and shall be deemed to have been, sold by such Originator to the Buyer immediately (and without further action) upon the creation of such Receivable.

SECTION 1.3 Consideration for Purchases. On the terms and subject to the conditions set forth in this Agreement, the Buyer agrees to make Purchase Price payments to the Originators in accordance with Article III.

SECTION 1.4 Purchase and Sale Termination Date. The “Purchase and Sale Termination Date” shall be the earlier to occur of (a) the date the Purchase Facility is terminated pursuant to Section 8.2(a) and (b) the Final Payout Date.

SECTION 1.5 Intention of the Parties. It is the express intent of each Originator and the Buyer that each conveyance by such Originator to the Buyer pursuant to this Agreement of the Receivables, including without limitation, all Receivables, if any, constituting general intangibles as defined in the UCC, and all Related Rights be construed as a valid and perfected sale and absolute assignment (without recourse except as provided herein) of such Receivables and Related Rights by such Originator to the Buyer (rather than the grant of a security interest to secure a debt or other obligation of such Originator) and that the right, title and interest in and to such Receivables and Related Rights conveyed to the Buyer be prior to the rights of and

enforceable against all other Persons at any time, including, without limitation, lien creditors, secured lenders, purchasers and any Person claiming through such Originator. However, if, contrary to the mutual intent of the parties, any conveyance of Receivables, including without limitation any Receivables constituting general intangibles as defined in the UCC, and all Related Rights is not construed to be both a valid and perfected sale and absolute assignment of such Receivables and Related Rights, and a conveyance of such Receivables and Related Rights that is prior to the rights of and enforceable against all other Persons at any time, including without limitation lien creditors, secured lenders, purchasers and any Person claiming through such Originator, then, it is the intent of such Originator and the Buyer that (i) this Agreement also shall be deemed to be, and hereby is, a security agreement within the meaning of the UCC and (ii) such Originator shall be deemed to have granted to the Buyer as of the date of this Agreement, and such Originator hereby grants to the Buyer a security interest in, to and under all of such Originator's right, title and interest in and to: (A) the Receivables and the Related Rights now existing and hereafter created by such Originator transferred or purported to be transferred hereunder, (B) all monies due or to become due and all amounts received with respect thereto and (C) all books and records of such Originator to the extent related to any of the foregoing.

ARTICLE II
PURCHASE REPORT; CALCULATION OF PURCHASE PRICE

SECTION 2.1 Purchase Report. On the Closing Date and on each date when an Information Package is due to be delivered under the Receivables Financing Agreement (each such date, a “Monthly Purchase Report Date”), the Servicer shall deliver to the Buyer and each Originator a report in substantially the form of Exhibit A (each such report being herein called a “Purchase Report”) setting forth, among other things:

- (a) Receivables purchased by the Buyer from each Originator on the Closing Date (in the case of the Purchase Report to be delivered with respect to the Closing Date);
- (b) Receivables purchased by the Buyer from each Originator during the Fiscal Month immediately preceding such Monthly Purchase Report Date (in the case of each subsequent Purchase Report); and
- (c) the calculations of reductions of the Purchase Price for any Receivables as provided in Section 3.4(a) and (b).

SECTION 2.2 Calculation of Purchase Price. The “Purchase Price” to be paid to each Originator in accordance with the terms of Article III for the Receivables and the Related Rights that are purchased hereunder from such Originator shall be determined in accordance with the following formula:

PP

=

OB x FMVD

where:

PP

=

Purchase Price for each Receivable as calculated on the relevant Payment Date.

OB = The Outstanding Balance of such Receivable on the relevant Payment Date.

FMVD = Fair Market Value Discount, as measured on such Payment Date, which is equal to the quotient (expressed as percentage) of (a) divided by (b) the sum of (i) one, plus (ii) the product of (A) the Prime Rate on such Payment Date, times (B) a fraction, the numerator of which is the Days' Sales Outstanding (calculated as of the last day of the Fiscal Month immediately preceding such Payment Date) and the denominator of which is 365 or 366, as applicable.

"Payment Date" means (i) the Closing Date and (ii) each Business Day thereafter that the Originators are open for business.

"Prime Rate" means a per annum rate equal to the "U.S. Prime Rate" as published in the "Money Rates" section of The Wall Street Journal or if such information ceases to be published in The Wall Street Journal, such other publication as determined by the Administrative Agent in its sole discretion.

ARTICLE III PAYMENT OF PURCHASE PRICE

SECTION 3.1 Initial Purchase Price Payment. On the terms and subject to the conditions set forth in this Agreement, the Buyer agrees to pay to each Originator the Purchase Price for the purchase to be made from such Originator on the Closing Date (i) to the extent the Buyer has cash available therefor, partially in cash (in an amount to be agreed between the Buyer and such Originator and set forth in the initial Purchase Report) and (ii) the remainder by issuing a promissory note in the form of Exhibit B to such Originator (each such promissory note, as it may be amended, supplemented, endorsed or otherwise modified from time to time, together with all promissory notes issued from time to time in substitution therefor or renewal thereof in accordance with the Transaction Documents, each being herein called a "Subordinated Note") with an initial principal amount equal to the remaining Purchase Price payable to such Originator not paid in cash.

SECTION 3.2 Subsequent Purchase Price Payments. On each Payment Date subsequent to the Closing Date, on the terms and subject to the conditions set forth in this Agreement, the Buyer shall pay to each Originator the Purchase Price for the Receivables and the Related Rights generated by such Originator on such Payment Date:

(a) First, in cash to the extent the Buyer has cash available therefor (and such payment is not prohibited under the Receivables Financing Agreement); and

(b) Second, to the extent any portion of the Purchase Price remains unpaid, the principal amount outstanding under the applicable Subordinated Note shall be automatically increased by an amount equal to the lesser of (x) such remaining unpaid portion of such Purchase Price and (y) the maximum increase in the principal balance of

the applicable Subordinated Note that could be made without rendering the Buyer's Net Worth less than the Required Capital Amount;

provided, however, that if more than one Originator is selling Receivables to the Buyer on the date of such purchase, the Buyer shall make cash payments among the Originators in such a way as to minimize to the greatest extent practicable the aggregate principal amounts outstanding under the Subordinated Notes.

"Net Worth" has the meaning set forth under "Borrower's Net Worth" in the Receivables Financing Agreement.

For the avoidance of doubt, no portion of the Purchase Price shall be deemed to remain unpaid for purposes of the foregoing to the extent that a Letter of Credit has been issued and applied as a credit against the Purchase Price pursuant to Section 3.3.

All amounts paid by the Buyer to any Originator shall be allocated first to the payment of accrued and unpaid interest on the Subordinated Note of such Originator and second to the repayment of the principal outstanding on the Subordinated Note of such Originator to the extent of such outstanding principal thereof as of the date of such payment before such amounts may be allocated for any other purpose. The Servicer shall make all appropriate record keeping entries with respect to each of the Subordinated Notes to reflect the foregoing payments and payments and reductions made pursuant to Sections 3.3 and 3.4, and the Servicer's books and records shall constitute rebuttable presumptive evidence of the principal amount of, and accrued interest on, each of the Subordinated Notes at any time. Each Originator hereby irrevocably authorizes the Servicer to mark the Subordinated Notes "CANCELED" and to return such Subordinated Notes to the Buyer upon the final payment thereof after the occurrence of the Purchase and Sale Termination Date.

SECTION 3.3 Letters of Credit

(a) Any Originator may request that the Purchase Price for Receivables sold on a Payment Date be paid by the Buyer procuring the issuance of a Letter of Credit by the LC Bank. Upon the request of an Originator, and on the terms and conditions for issuing Letters of Credit under the Receivables Financing Agreement (including any limitations therein on the amount of any such issuance), the Buyer agrees to cause the LC Bank to issue, on the Payment Dates specified by such Originator, Letters of Credit on behalf of the Buyer (and, if applicable, on behalf of, or for the account of, such Originator or an Affiliate of such Originator that is acceptable to the LC Bank in its sole discretion) in favor of the beneficiaries elected by such Originator or Affiliate of such Originator, with the consent of the Buyer. The aggregate stated amount of the Letters of Credit being issued on any Payment Date on behalf of such Originator or an Affiliate of such Originator shall constitute a credit against the aggregate Purchase Price otherwise payable by the Buyer to such Originator on such Payment Date pursuant to Section 3.2. To the extent that the aggregate stated amount of the Letters of Credit being issued on any Payment Date exceeds the aggregate Purchase Price payable by the Buyer to such Originator on such Payment Date, such excess shall be deemed to be (i) a reduction in the outstanding principal balance of (and, to the extent necessary, the accrued but unpaid interest on) the Subordinated Note payable to such Originator, to the extent the outstanding principal balance (and accrued

interest) is greater than such excess and/or (ii) a reduction in the Purchase Price payable on the Payment Dates immediately following the date any such Letter of Credit is issued. In the event that any such Letter of Credit issued pursuant to this Section 3.3 (i) expires or is cancelled or otherwise terminated with all or any portion of its stated amount undrawn, (ii) has its stated amount decreased (for a reason other than a drawing having been made thereunder) or (iii) the Buyer's Reimbursement Obligation in respect thereof is reduced for any reason other than by virtue of a payment made in respect of a drawing thereunder, then an amount equal to such undrawn amount or such reduction, as the case may be, shall either be paid in cash to such Originator on the next Payment Date or, if the Buyer does not then have cash available therefor, shall be deemed to be added to the outstanding principal balance of the Subordinated Note payable to such Originator. Under no circumstances shall such Originator (or any Affiliate thereof (other than the Buyer)) have any reimbursement or recourse obligations in respect of any Letter of Credit.

(b) In the event that an Originator requests that any purchases be paid for by the issuance of a Letter of Credit hereunder, such Originator shall on a timely basis provide the Buyer with such information as is necessary for the Buyer to obtain such Letter of Credit from the LC Bank, and shall notify the Buyer, the Servicer, each LC Participant and the Administrative Agent of the allocations described in clause (a) above. Such allocations shall be binding on the Buyer and such Originator, absent manifest error.

(c) The Originators agree to be bound by the terms of each applicable Letter of Credit Application referenced in the Receivables Financing Agreement and that 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, in each case subject to the terms and conditions set forth in the Receivables Financing Agreement.

SECTION 3.4 Settlement as to Specific Receivables and Dilution.

(a) If, (i) on the day of purchase of any Receivable from an Originator hereunder, any of the representations or warranties set forth in Sections 5.1(o), (s), (u), (v) or (ee) are not true with respect to such Receivable or (ii) as a result of any action or inaction (other than solely as a result of the failure to collect such Receivable due to a discharge in bankruptcy or similar insolvency proceeding or other credit related reasons with respect to the relevant Obligor) of such Originator, on any subsequent day, any of such representations or warranties set forth in Sections 5.1(o), (s), (u), (v) or (ee) is no longer true with respect to such Receivable, then the Purchase Price for such Receivable shall be reduced by an amount equal to the Outstanding Balance of such Receivable and shall be accounted to such Originator as provided in clause (c) below; provided, that if the Buyer thereafter receives payment on account of Collections due with respect to such Receivable, the Buyer promptly shall deliver such funds to such Originator.

(b) If, on any day, the Outstanding Balance of any Receivable purchased hereunder is either (i) reduced or canceled as a result of (A) any defective, rejected or returned goods or services, any cash or other discount, or any failure by an Originator to deliver any goods or

perform any services or otherwise perform under the underlying Contract or invoice, (B) any change in or cancellation of any of the terms of such Contract or invoice or any other adjustment by an Originator, the Servicer or the Buyer which reduces the amount payable by the Obligor on the related Receivable, (C) any rebates, warranties, allowances or charge-backs or (D) any setoff or credit in respect of any claim by the Obligor thereof (whether such claim arises out of the same or a related transaction or an unrelated transaction), or (ii) subject to any specific dispute, offset, counterclaim or defense whatsoever (except the discharge in bankruptcy of the Obligor thereof), then the Purchase Price with respect to such Receivable shall be reduced by the amount of such net reduction or dispute and shall be accounted to such Originator as provided in clause (c) below.

(c) Any reduction in the Purchase Price of any Receivable pursuant to clause (a) or (b) above shall be applied as a credit for the account of the Buyer against the Purchase Price of Receivables subsequently purchased by the Buyer from such Originator hereunder; provided, however if there have been no purchases of Receivables from such Originator (or insufficiently large purchases of Receivables) to create a Purchase Price sufficient to so apply such credit against, the amount of such credit:

(i) to the extent of any outstanding principal balance under the Subordinated Note payable to such Originator, shall be deemed to be a payment under, and shall be deducted from the principal amount outstanding under, the Subordinated Note payable to such Originator; and

(ii) after making any deduction pursuant to clause (i) above, shall be paid in cash to the Buyer by such Originator in the manner and for application as described in the following proviso:

provided, further, that at any time (x) when an Event of Default or Unmatured Event of Default exists under the Receivables Financing Agreement or (y) on or after the Purchase and Sale Termination Date, the amount of any such credit shall be paid by such Originator to the Buyer in cash by deposit of immediately available funds into a Lock-Box Account for application by the Servicer to the same extent as if Collections of the applicable Receivable in such amount had actually been received on such date.

ARTICLE IV CONDITIONS OF PURCHASES; ADDITIONAL ORIGINATORS

SECTION 4.1 Conditions Precedent to Initial Purchase. The initial purchase hereunder is subject to the condition precedent that the Buyer, the Administrative Agent (as the Buyer's assignee) and each Lender shall have received, on or before the Closing Date, the following, each (unless otherwise indicated) dated the Closing Date, and each in form and substance satisfactory to the Buyer and the Administrative Agent (as the Buyer's assignee):

(a) a copy of the resolutions or unanimous written consent of the board of directors or other governing body of each Originator approving this Agreement and the other Transaction Documents to be executed and delivered by it and the transactions

contemplated hereby and thereby, certified by the Secretary or Assistant Secretary of such Originator;

(b) good standing certificates for each Originator issued as of a recent date acceptable to the Buyer and the Administrative Agent (as the Buyer's assignee) by the Secretary of State (or similar official) of the jurisdiction of such Originator's organization or formation and each other jurisdiction where such Originator is required to be qualified to transact business, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect;

(c) a certificate of the Secretary or Assistant Secretary of each Originator certifying the names and true signatures of the officers authorized on such Person's behalf to sign this Agreement and the other Transaction Documents to be executed and delivered by it (on which certificate the Servicer, the Buyer, the Administrative Agent (as the Buyer's assignee) and each Lender may conclusively rely until such time as the Servicer, the Buyer, the Administrative Agent (as the Buyer's assignee) and each Lender shall receive from such Person a revised certificate meeting the requirements of this clause (c));

(d) the certificate of formation or other organizational document of each Originator (including all amendments and modifications thereto) duly certified by the Secretary of State of the jurisdiction of such Originator's organization as of a recent date, together with a copy of the limited liability company agreement or other governing documents of such Originator (including all amendments and modifications thereto), as applicable, each duly certified by the Secretary or an Assistant Secretary of such Originator;

(e) proper financing statements (Form UCC-1) that have been duly authorized and name each Originator as the debtor/seller and the Buyer as the buyer/assignor (and the Administrative Agent, for the benefit of the Lenders, as secured party/assignee) of the Receivables generated by such Originator as may be necessary or, in the Buyer's or the Administrative Agent's reasonable opinion, desirable under the UCC of all appropriate jurisdictions to perfect the Buyer's ownership or security interest in such Receivables and the Related Rights in which an ownership or security interest has been assigned to it hereunder;

(f) a written search report from a Person reasonably satisfactory to the Buyer and the Administrative Agent (as the Buyer's assignee) listing all effective financing statements that name the Originators as debtors or sellers and that are filed in all jurisdictions in which filings may be made against such Person pursuant to the applicable UCC, together with copies of such financing statements (none of which, except for those described in the foregoing clause (e) (and/or released or terminated, as the case may be, prior to the date hereof), shall cover any Receivable or any Related Rights which are to be sold to the Buyer hereunder), and tax and judgment lien search reports (including, without limitation, liens of the PBGC) from a Person satisfactory to the Buyer and the Administrative Agent (as the Buyer's assignee) showing no evidence of such liens filed against any Originator;

- (g) favorable opinions of counsel to the Originators, in form and substance reasonably satisfactory to the Buyer and the Administrative Agent;
- (h) a copy of a Subordinated Note in favor of each Originator, duly executed by the Buyer; and
- (i) evidence (i) of the execution and delivery by each of the parties thereto of each of the other Transaction Documents to be executed and delivered by it in connection herewith and (ii) that each of the conditions precedent to the execution, delivery and effectiveness of such other Transaction Documents has been satisfied to the Buyer's and the Administrative Agent's (as the Buyer's assignee) satisfaction.

SECTION 4.2 Certification as to Representations and Warranties. Each Originator, by accepting the Purchase Price related to each purchase of Receivables generated by such Originator, shall be deemed to have certified that the representations and warranties of such Originator contained in Article V, as from time to time amended in accordance with the terms hereof, are true and correct in all material respects (unless such representation or warranty contains a materiality qualification and, in such case, such representation and warranty shall be true and correct as made) on and as of such day, with the same effect as though made on and as of such day (except for representations and warranties which apply to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (unless such representation or warranty contains a materiality qualification and, in such case, such representation and warranty shall be true and correct as made) as of such earlier date).

SECTION 4.3 Additional Originators. Additional Persons may be added as Originators hereunder, with the prior written consent of the Buyer, the Administrative Agent and each Lender (which consents may be granted or withheld in their sole discretion); provided that the following conditions are satisfied or waived in writing by the Administrative Agent and each Lender on or before the date of such addition:

- (a) the Servicer shall have given the Buyer, the Administrative Agent and each Lender at least thirty days' prior written notice of such proposed addition and the identity of the proposed additional Originator and shall have provided such other information with respect to such proposed additional Originator as the Buyer, the Administrative Agent or any Lender may reasonably request;
- (b) such proposed additional Originator shall have executed and delivered to the Buyer, the Administrative Agent and each Lender an agreement substantially in the form attached hereto as Exhibit C (a "Joinder Agreement");
- (c) such proposed additional Originator shall have delivered to the Buyer, the Administrative Agent (as the Buyer's assignee) and each Lender each of the documents with respect to such Originator described in Section 4.1, in each case in form and substance satisfactory to the Buyer, the Administrative Agent (as the Buyer's assignee) and each Lender;
- (d) no Purchase and Sale Termination Event or Unmatured Purchase and Sale Termination Event shall have occurred and be continuing; and

- (e) no Event of Default or Unmatured Event of Default shall have occurred and be continuing.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE ORIGINATORS

SECTION 5.1 Representations and Warranties. In order to induce the Buyer to enter into this Agreement and to make purchases hereunder, each Originator hereby represents and warrants with respect to itself that each representation and warranty concerning it or the Receivables sold by it hereunder that is contained in the Receivables Financing Agreement is true and correct, and hereby makes the representations and warranties set forth in this Article V:

(a) Organization and Good Standing. Such Originator is duly organized and validly existing, in good standing under the laws of its State of organization and has full power and authority under its organizational documents and under the laws of its State of organization to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted.

(b) Due Qualification. Such Originator is duly qualified to do business, is in good standing as a foreign entity and has obtained all necessary licenses and approvals in all jurisdictions in which the conduct of its business requires such qualification, licenses or approvals, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Power and Authority; Due Authorization. Such Originator (i) has all necessary power and authority to (A) execute and deliver this Agreement and the other Transaction Documents to which it is a party, (B) perform its obligations under this Agreement and the other Transaction Documents to which it is a party and (C) grant a security interest in the Receivables and the Related Rights to the Buyer on the terms and subject to the conditions herein provided and (ii) has duly authorized by all necessary action such grant and the execution, delivery and performance of, and the consummation of the transactions provided for in, this Agreement and the other Transaction Documents to which it is a party.

(d) Binding Obligations. This Agreement and each of the other Transaction Documents to which such Originator is a party constitutes legal, valid and binding obligations of such Originator, enforceable against such Originator in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) No Conflict or Violation. The execution, delivery and performance of, and the consummation of the transactions contemplated by, this Agreement and the other Transaction Documents to which such Originator is a party, and the fulfillment of the terms hereof and thereof, will not (i) conflict with, result in any breach of any of the

terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under its organizational documents or any indenture, sale agreement, credit agreement, loan agreement, security agreement, mortgage, deed of trust, or other agreement or instrument to which such Originator is a party or by which it or any of its properties is bound, (ii) result in the creation or imposition of any Adverse Claim upon any of the Receivables or the Related Rights pursuant to the terms of any such indenture, credit agreement, loan agreement, security agreement, mortgage, deed of trust, or other agreement or instrument other than this Agreement and the other Transaction Documents or (iii) conflict with or violate any Applicable Law.

(f) Litigation and Other Proceedings. (i) There is no action, suit, proceeding or investigation pending or, to the best knowledge of such Originator, threatened, against such Originator before any Governmental Authority and (ii) such Originator is not subject to any order, judgment, decree, injunction, stipulation or consent order of or with any Governmental Authority that, in the case of either of the foregoing clauses (i) and (ii), (A) asserts the invalidity of this Agreement or any other Transaction Document, (B) seeks to prevent the sale of any Receivable or Related Right by such Originator to the Buyer, the ownership or acquisition by the Buyer of any Receivables or Related Right or the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document, (C) seeks any determination or ruling that could materially and adversely affect the performance by such Originator of its obligations under, or the validity or enforceability of, this Agreement or any other Transaction Document or (D) individually or in the aggregate for all such actions, suits, proceedings and investigations could reasonably be expected to have a Material Adverse Effect.

(g) Governmental Approvals. Except where the failure to obtain or make such authorization, consent, order, approval or action could not reasonably be expected to have a Material Adverse Effect, all authorizations, consents, orders and approvals of, or other actions by, any Governmental Authority that are required to be obtained by such Originator in connection with the sale of the Receivables and Related Rights to the Buyer hereunder or the due execution, delivery and performance by such Originator of this Agreement or any other Transaction Document to which it is a party and the consummation by such Originator of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party have been obtained or made and are in full force and effect.

(h) Margin Regulations. Such Originator is not engaged, principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meanings of Regulations T, U and X of the Board of Governors of the Federal Reserve System).

(i) Solvency. After giving effect to the transactions contemplated by this Agreement and the other Transaction Documents, such Originator is Solvent.

(j) Names and Location. Except as described in Schedule III, such Originator has not used any corporate names, trade names or assumed names since the date occurring five calendar years prior to the Closing Date other than its name set forth on the

signature pages hereto. Such Originator is “located” (as such term is defined in the applicable UCC) in the jurisdiction specified in Schedule I and since the date occurring five calendar years prior to the Closing Date, has not been “located” (as such term is defined in the applicable UCC) in any other jurisdiction (except as specified in Schedule I). The office(s) where such Originator keeps its records concerning the Receivables is at the address(es) set forth on Schedule II.

(k) Investment Company Act. Such Originator is not, and is not controlled by, an “investment company” registered or required to be registered under the Investment Company Act.

(l) No Material Adverse Effect. Since September 30, 2014, there has been no Material Adverse Effect with respect to such Originator.

(m) Accuracy of Information. All certificates, reports, Purchase Reports, statements, documents and other information furnished to the Buyer, Administrative Agent or any other Credit Party by or on behalf of such Originator pursuant to any provision of this Agreement or any other Transaction Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Agreement or any other Transaction Document, are, at the time the same are so furnished, complete and correct in all material respects on the date the same are furnished to the Buyer, Administrative Agent or such other Credit Party, and do not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading.

(n) Anti-Money Laundering/International Trade Law Compliance. Such Originator is not a Sanctioned Person. Such Originator, either in its own right or through any third party, (i) does not have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (ii) does no business in or with, and does not derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; or (iii) does not engage in any dealings or transactions prohibited by any Anti-Terrorism Law.

(o) Perfection Representations.

(i) This Agreement creates a valid and continuing ownership or security interest (as defined in the applicable UCC) in the Originator’s right, title and interest in, to and under the Receivables and Related Rights which (A) security interest has been perfected and is enforceable against creditors of and purchasers from such Originator and (B) will be free of all Adverse Claims.

(ii) The Receivables constitute “accounts” or “general intangibles” within the meaning of Section 9-102 of the UCC.

(iii) Such Originator owns and has good and marketable title to the Receivables and Related Rights being sold or purportedly sold by it hereunder free and clear of any Adverse Claim of any Person.

(iv) All appropriate financing statements, financing statement amendments and continuation statements have been filed in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect (and continue the perfection of) the sale of such Receivables and Related Rights from each Originator to the Buyer pursuant to this Agreement.

(v) Other than the ownership or security interest granted to the Buyer pursuant to this Agreement, such Originator has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Receivables or Related Rights except as permitted by this Agreement and the other Transaction Documents. Such Originator has not authorized the filing of and is not aware of any financing statements filed against such Originator that include a description of collateral covering the Receivables and Related Rights other than any financing statement (i) in favor of the Administrative Agent or (ii) that has been terminated or amended to reflect the release of any security interest in the Receivables and Related Rights. Such Originator is not aware of any judgment lien, ERISA lien or tax lien filings against such Originator.

(vi) Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations contained in this Section 5.1(o) shall be continuing and remain in full force and effect until the Final Payout Date.

(p) Location of Mining Operations. The location of each Originator's mining operations and names of each minehead relating thereto are as set forth on Schedule V hereto. Each Receivable of such Originator (other than as set forth on Schedule V) arose from the sale at such minehead of minerals in which such Originator had an interest before extraction, which minerals were located in the real property described on Schedule V, as such Schedule V may be amended or supplemented in accordance with Section 6.1(l) (such property being referred to hereunder, as the "Mined Properties").

(q) Compliance with Law. Such Originator has complied with all Applicable Laws to which it may be subject, except to the extent that any failure to so comply could not reasonably be expected to have a Material Adverse Effect.

(r) Bulk Sales Act. No transaction contemplated by this Agreement requires compliance by such Originator with any bulk sales act or similar law.

(s) Eligible Receivables. Each Receivable sold, transferred or assigned hereunder is an Eligible Receivable on the date of such sale, transfer or assignment.

(t) Servicing Programs. No license or approval is required for the Buyer's or Administrative Agent's use of any software or other computer program used by such Originator, Servicer or any Sub-Servicer in the servicing of the Receivables, other than those which have been obtained and are in full force and effect, or those the failure of which to obtain would not reasonably be expected to have a Material Adverse Effect.

(u) Valid Sale. Each sale of Receivables and the Related Rights made by such Originator pursuant to this Agreement shall constitute a valid sale, transfer and

assignment of Receivables and Related Rights to the Buyer, enforceable against creditors of, and purchasers from, such Originator, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(v) Good Title. Immediately preceding its sale, transfer or assignment of each Receivable hereunder, such Originator was the owner of such Receivable sold or purported to be sold free and clear of any Adverse Claims, and each such sale, transfer or assignment hereunder constitutes a valid sale, transfer and assignment of all of such Originator's right, title and interest in, to and under the Receivables sold by it, free and clear of any Adverse Claims. On or before the date hereof and before the generation by such Originator of any new Receivable to be sold or otherwise conveyed hereunder, all financing statements and other documents, if any, required to be recorded or filed in order to perfect and protect the Buyer's ownership interest in such Receivable against all creditors of and purchasers from such Originator will have been duly filed in each filing office necessary for such purpose, and all filing fees and taxes, if any, payable in connection with such filings shall have been paid in full. Upon the creation of each new Receivable sold or otherwise conveyed or purported to be conveyed hereunder and on the Closing Date for then existing Receivables, the Buyer shall have a valid and perfected first priority ownership or security interest in each Receivable sold to it hereunder, free and clear of any Adverse Claim.

(w) Financial Condition. The consolidated balance sheets of the Parent and its consolidated Subsidiaries as of September 30, 2014 and the related statements of income and shareholders' equity of the Parent and its consolidated Subsidiaries for the fiscal quarter then ended, copies of which have been furnished to the Buyer, Administrative Agent and the Lenders, present fairly in all material respects the consolidated financial position of such Originator and its consolidated Subsidiaries for the period ended on such date, all in accordance with GAAP, subject to normal year-end and audit adjustments, and except for the absence of footnotes.

(x) Taxes. Such Originator has (i) timely filed all tax returns (federal, state and local) required to be filed by it and (ii) paid, or caused to be paid, all taxes, assessments and other governmental charges, if any, other than taxes, assessments and other governmental charges being contested in good faith by appropriate proceedings and as to which adequate reserves have been provided in accordance with GAAP.

(y) Opinions. The facts regarding such Originator, the Receivables sold by it hereunder, the Related Security and the related matters set forth or assumed in each of the opinions of counsel delivered in connection with this Agreement and the Transaction Documents are true and correct in all material respects.

(z) Reliance on Separate Legal Identity. Such Originator acknowledges that each of the Lenders and the Administrative Agent are entering into the Transaction

Documents to which they are parties in reliance upon the Buyer's identity as a legal entity separate from such Originator.

(aa) Other Transaction Documents. Each representation and warranty made by such Originator under each other Transaction Document to which it is a party is true and correct in all material respects as of the date when made.

(bb) Credit and Collection Policy. Such Originator has complied in all material respects with the Credit and Collection Policy with regard to each Receivable and related Contract sold, transferred or assigned by it hereunder.

(cc) Adverse Change in Receivables. Since September 30, 2014, there has been no material adverse change in either the collectibility or the payment history of the Receivables originated by such Originator.

(dd) No Fraudulent Conveyance. No sale, transfer or assignment hereunder constitutes a fraudulent transfer or conveyance under any United States federal or applicable state bankruptcy or insolvency laws or is otherwise void or voidable under such or similar laws or principles or for any other reason.

(ee) Mortgages Covering As-Extracted Collateral. There are no mortgages that are effective as financing statements covering as-extracted collateral and that name any Originator (or, if such Originator is not the "record owner" of the underlying property, any "record owner" with respect to such as-extracted collateral, as such term is used in the UCC) as grantor, debtor or words of similar effect filed or recorded in any jurisdiction, other than any mortgage that has been terminated or amended to reflect the release of any security interest in the Receivables and Related Rights.

(ff) Ordinary Course of Business. Each remittance of Collections by such Originator to the Buyer under this Agreement will have been (i) in payment of a debt incurred by such Originator in the ordinary course of business or financial affairs of such Originator and the Buyer and (ii) made in the ordinary course of business or financial affairs of such Originator and the Buyer.

(gg) Nature of Pool Receivables. All Pool Receivables sold or purportedly sold by such Originator hereunder: (i) were originated by such Originator in the ordinary course of its business, (ii) were sold to Buyer for fair consideration and reasonably equivalent value and (iii) represent all, or a portion of the purchase price of merchandise, insurance or services within the meaning of Section 3(c)(5)(A) of the Investment Company Act.

(hh) Transaction Information. None of such Originator, any Affiliate of such Originator or any third party with which such Originator or any Affiliate thereof has contracted, has delivered, in writing or orally, to any Rating Agency, or monitoring a rating of, any Notes, any Transaction Information without providing such Transaction Information to the applicable Group Agent prior to delivery to such Rating Agency and has not participated in any oral communications with respect to Transaction Information with any Rating Agency without the participation of such Group Agent.

SECTION 5.2 Reaffirmation of Representations and Warranties by each Originator. Each Originator, by accepting the Purchase Price related to each purchase of Receivables generated by such Originator, shall be deemed to have certified that all representations and warranties set forth in this Article V are true and correct in all material respects (unless such representation or warranty contains a materiality qualification and, in such case, such representation or warranty shall be true and correct as made) on and as of such day (except for representations and warranties which apply as to an earlier date (in which case such representations and warranties shall be true and correct as of such earlier date)).

Notwithstanding any other provision of this Agreement or any other Transaction Document, the representations contained in this Article V shall be continuing, and remain in full force and effect until the Final Payout Date.

ARTICLE VI COVENANTS OF THE ORIGINATORS

SECTION 6.1 Covenants. From the date hereof until the Final Payout Date, each Originator will, unless the Administrative Agent and the Buyer shall otherwise consent in writing, perform the following covenants:

(a) Existence. Such Originator shall remain duly organized and validly existing in good standing under the laws of its State of organization, and shall obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement, the other Transaction Documents and the Receivables and Related Rights.

(b) Financial Reporting. Each Originator will maintain a system of accounting established and administered in accordance with GAAP, and each Originator shall furnish to the Buyer, the Administrative Agent and each Lender such information as the Buyer, the Administrative Agent or any Lender may from time to time reasonably request relating to such system.

(c) Notices. Such Originator will notify the Buyer, Administrative Agent and each Group Agent in writing of any of the following events promptly upon (but in no event later than five (5) Business Days after) a Financial Officer or other officer learning of the occurrence thereof, with such notice describing the same, and if applicable, the steps being taken by the Person(s) affected with respect thereto:

(i) Notice of Purchase and Sale Termination Event, Unmatured Purchase and Sale Termination Event, Event of Default or Unmatured Event of Default. A statement of a Financial Officer of such Originator setting forth details of any Purchase and Sale Termination Event, Unmatured Purchase and Sale Termination Event, Event of Default or Unmatured Event of Default that has occurred and is continuing and the action which such Originator proposes to take with respect thereto.

(ii) Representations and Warranties. The failure of any representation or warranty made or deemed to be made by such Originator under this Agreement or any other Transaction Document to be true and correct in any material respect when made.

(iii) Litigation. The institution of any litigation, arbitration proceeding or governmental proceeding in respect of such Originator, the Buyer, the Servicer, the Performance Guarantor, or any other Originator, which with respect to any Person other than the Buyer could reasonably be expected to have a Material Adverse Effect.

(iv) Adverse Claim. (A) Any Person shall obtain an Adverse Claim upon Receivables or Related Rights or any portion thereof, (B) any Person other than the Buyer, the Servicer or the Administrative Agent shall obtain any rights or direct any action with respect to any Lock-Box Account (or related Lock-Box) or (C) any Obligor shall receive any change in payment instructions with respect to Pool Receivable (s) from a Person other than the Servicer or the Administrative Agent.

(v) Name Changes. Any change in such Originator's name, jurisdiction of organization or any other change requiring the amendment of UCC financing statements.

(vi) Change in Accountants or Accounting Policy. Any change in (i) the external accountants of such Originator, the Servicer, any other Originator or the Parent or (ii) any material accounting policy of such Originator that is relevant to the transactions contemplated by this Agreement or any other Transaction Document (it being understood that any change to the manner in which such Originator accounts for the Receivables shall be deemed "material" for such purpose).

(vii) Material Adverse Change. Any material adverse change in the business, operations, property or financial or other condition of such Originator, the Buyer, any other Originator, the Servicer or the Performance Guarantor .

(d) Conduct of Business. Such Originator will carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is currently conducted and will do all things necessary to remain duly organized, validly existing and in good standing as a domestic organization in its jurisdiction of organization and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted if the failure to have such authority could reasonably be expected to have a Material Adverse Effect.

(e) Compliance with Laws. Such Originator will comply with all Applicable Laws to which it may be subject if the failure to comply could reasonably be expected to have a Material Adverse Effect.

(f) Furnishing of Information and Inspection of Receivables. Such Originator will furnish or cause to be furnished to the Buyer, Administrative Agent and each Group Agent from time to time such information with respect to the Receivables and the Related Rights as the Administrative Agent or any Group Agent may reasonably request. Such Originator will, at such Originator's expense, during regular business hours with three (3) Business Days' prior written notice (i) permit the Administrative Agent and each Group Agent or their respective agents or representatives to (A) examine and make copies of and abstracts from all books and records relating to the Pool Receivables and the Related Rights, (B) visit the offices and properties of such Originator for the purpose of examining such books and records and (C) discuss matters relating to the Pool Receivables and the Related Rights or such Originator's performance hereunder or under the other Transaction Documents to which it is a party with any of the officers, directors, employees or independent public accountants of such Originator having knowledge of such matters and (ii) without limiting the provisions of clause (i) above, during regular business hours, at such Originator's expense, upon prior written notice from the Administrative Agent, permit certified public accountants or other auditors acceptable to the Buyer and the Administrative Agent to conduct a review of its books and records with respect to such Pool Receivables and the Related Rights; provided, that such Originator shall be required to reimburse the Buyer and Administrative Agent for only one (1) such review pursuant to clause (ii) above in any twelve-month period, unless an Event of Default has occurred and is continuing.

(g) Payments on Receivables, Lock-Box Accounts. Such Originator (or the Servicer on its behalf) will, at all times, instruct all Obligors to deliver payments on the Pool Receivables to a Lock-Box Account or a Lock-Box. Such Originator (or the Servicer on its behalf) will, at all times, maintain such books and records necessary to identify Collections received from time to time on Pool Receivables and to segregate such Collections from other property of the Servicer and the other Originators. If any payments on the Pool Receivables or other Collections are received by such Originator, it shall hold such payments in trust for the benefit of the Buyer, the Administrative Agent, the Group Agents and the other Secured Parties and promptly (but in any event within one (1) Business Day after receipt) remit such funds into a Lock-Box Account. Such Originator (or the Servicer on its behalf) will cause each Lock-Box Bank to comply with the terms of each applicable Lock-Box Agreement. Such Originator shall not permit funds other than Collections on Pool Receivables and other Collateral to be deposited into any Lock-Box Account. If such funds are nevertheless deposited into any Lock-Box Account, such Originator (or the Servicer on its behalf) will within two (2) Business Days identify and transfer such funds to the appropriate Person entitled to such funds. Such Originator will not, and will not permit the Servicer, any other Originator or any other Person to commingle Collections or other funds to which the Administrative Agent or any other Secured Party is entitled with any other funds. Such Originator shall only add a Lock-Box Account (or a related Lock-Box) or a Lock-Box Bank to those listed in the Receivables Financing Agreement, if the Administrative Agent has received notice of such addition and an executed and acknowledged copy of a Lock-Box Agreement (or an amendment thereto) in form and substance acceptable to the Administrative Agent from the applicable Lock-Box Bank. Such Originator shall only terminate a Lock-Box Bank

or close a Lock-Box Account (or a related Lock-Box) with the prior written consent of the Administrative Agent.

(h) Sales, Liens, etc. Except as otherwise provided herein, such Originator will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Pool Receivable or other Related Rights, or assign any right to receive income in respect thereof.

(i) Extension or Amendment of Pool Receivables. Except as otherwise permitted by the Receivables Financing Agreement, such Originator will not, and will not permit the Servicer to, alter the delinquency status or adjust the Outstanding Balance or otherwise modify the terms of any Pool Receivable in any material respect, or amend, modify or waive, in any respect which would or could reasonably be expected to affect any Pool Receivable or Related Rights, any term or condition of any related Contract. Such Originator shall at its expense, timely and fully perform and comply in all material respects with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables, and timely and fully comply with the Credit and Collection Policy with regard to each Pool Receivable and the related Contract.

(j) Fundamental Changes. Such Originator shall not make any change in its name or location of organization or any other change in its identity or corporate structure that could impair or otherwise render any UCC financing statement filed in connection with this Agreement or the Receivables Financing Agreement “seriously misleading” as such term (or similar term) is used in the applicable UCC, in each case, unless the Buyer, the Administrative Agent and each Lender have each (A) received 30 days’ prior notice thereof, (B) consented in writing thereto (such consent not to be unreasonably withheld), (C) received executed copies of all documents, certificates and opinions (including, without limitation, opinions relating to bankruptcy and UCC matters) as the Buyer or the Administrative Agent shall reasonably request and (D) been reasonably satisfied that all other action to perfect and protect the interests of the Buyer and the Administrative Agent, on behalf of the Lenders, in and to the Receivables to be sold by it hereunder and other Related Rights, as reasonably requested by the Buyer or the Administrative Agent shall have been taken by, and at the expense of, such Originator (including the filing of any UCC financing statements, the receipt of certificates and other requested documents from public officials and all such other actions required pursuant to Section 7.3).

(k) Books and Records. Such Originator shall maintain and implement (or cause the Servicer to maintain and implement) administrative and operating procedures (including an ability to recreate records evidencing Pool Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain (or cause the Servicer to keep and maintain) all documents, books, records, computer tapes and disks and other information reasonably necessary or advisable for the collection of all Pool Receivables (including records adequate to permit the daily identification of each Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(l) Mining Operations and Mineheads. Promptly, and in any event within 30 days of any change, deletion or addition to the location of such Originator's Mined Properties or mineheads set forth on Schedule V hereto, (i) notify the Buyer and Administrative Agent of such change, deletion or addition, (ii) cause the filing or recording of such financing statements and amendments to financing statements necessary to preserve and maintain the perfection and priority of each of the security interests in the Receivables, in favor of the Buyer and Administrative Agent (for the benefit of the Secured Parties), created pursuant to this Agreement and the Receivables Financing Agreement, as applicable, in each case in form and substance satisfactory to the Administrative Agent and (iii) deliver to the Buyer and Administrative Agent an updated Schedule V hereto reflecting such change, deletion or addition; it being understood that no Receivable, the related location of mining operations and/or mineheads of which is not as set forth on Schedule V hereto as of such date of determination shall be an Eligible Receivable until such time as each condition under this clause (l) shall have been satisfied (and upon such satisfaction, this Agreement shall be deemed amended to reflect such updated Schedule V hereto).

(m) Change in Payment Instructions to Obligors. Such Originator shall not (and shall not permit the Servicer or any Sub-Servicer to) add, replace or terminate any Lock-Box Account (or any related Lock-Box) or make any change in its (or their) instructions to the Obligors regarding payments to be made to the Lock-Box Accounts (or any related Lock-Box), other than any instruction to remit payments to a different Lock-Box Account (or any related Lock-Box), unless the Administrative Agent shall have received (i) prior written notice of such addition, termination or change and (ii) a signed and acknowledged Lock-Box Agreement (or amendment thereto) with respect to such new Lock-Box Accounts (or any related Lock-Box), and the Administrative Agent shall have consented to such change in writing.

(n) Security Interest, Etc. Such Originator shall (and shall cause the Servicer to), at its expense, take all action necessary or reasonably desirable to establish and maintain a valid and enforceable first priority perfected security interest in the Receivables and the Related Rights, in each case free and clear of any Adverse Claim, in favor of the Administrative Agent (on behalf of the Secured Parties), including taking such action to perfect, protect or more fully evidence the ownership or security interest of the Buyer and the security interest of the Administrative Agent (on behalf of the Secured Parties) as the Administrative Agent or any Secured Party may reasonably request. In order to evidence the security interests of the Administrative Agent under this Agreement, such Originator shall, from time to time take such action, or execute and deliver such instruments as may be necessary (including, without limitation, such actions as are reasonably requested by the Administrative Agent) to maintain and perfect, as a first-priority interest, the Administrative Agent's security interest in the Receivables, Related Security and Collections. Such Originator shall, from time to time and within the time limits established by law, prepare and present to the Administrative Agent for the Administrative Agent's authorization and approval, all financing statements, amendments, continuations or initial financing statements in lieu of a continuation statement, or other filings necessary to continue, maintain and perfect the Administrative Agent's security interest as a first-priority interest. The Administrative Agent's approval

of such filings shall authorize such Originator to file such financing statements under the UCC without the signature of such Originator, any other Originator or the Administrative Agent where allowed by Applicable Law. Notwithstanding anything else in the Transaction Documents to the contrary, such Originator shall not have any authority to file a termination, partial termination, release, partial release, or any amendment that deletes the name of a debtor or excludes collateral of any such financing statements filed in connection with the Transaction Documents, without the prior written consent of the Administrative Agent.

(o) Change in Credit and Collection Policy. Such Originator will not make any material change in the Credit and Collection Policy without prior written consent of the Administrative Agent and the Majority Group Agents. Promptly following any change in the Credit and Collection Policy, such Originator will deliver a copy of the updated Credit and Collection Policy to the Buyer, Administrative Agent and each Lender.

(p) Identifying of Records. Such Originator shall identify (or cause the Servicer to identify) its master data processing records relating to Pool Receivables and related Contracts with a legend that indicates that the Pool Receivables have been pledged in accordance with this Agreement and the Receivables Financing Agreement.

(q) Further Assurances. Such Originator hereby authorizes and hereby agrees from time to time, at its own expense, promptly to execute (if necessary) and deliver all further instruments and documents, and to take all further actions, that may be necessary or desirable, or that the Buyer or the Administrative Agent may reasonably request, to perfect, protect or more fully evidence purchases made hereunder and/or the security interest granted pursuant to the Receivables Financing Agreement or any other Transaction Document, or to enable the Buyer or the Administrative Agent (on behalf of the Secured Parties) to exercise and enforce their respective rights and remedies under this Agreement or any other Transaction Document. Without limiting the foregoing, such Originator hereby authorizes, and will, upon the request of the Buyer or the Administrative Agent, at such Originator's own expense, execute (if necessary) and file such financing statements or continuation statements (including as-extracted collateral filings), or amendments thereto, and such other instruments and documents, that may be necessary or desirable, or that the Buyer or Administrative Agent may reasonably request, to perfect, protect or evidence any of the foregoing.

(r) Mergers, Acquisitions, Sales, etc. No Originator shall (i) be a party to any merger, consolidation or other restructuring, except a merger, consolidation or other restructuring where the Buyer, the Administrative Agent and each Lender have each (A) received 30 days' prior notice thereof, (B) consented in writing thereto (such consent not to be unreasonably withheld), (C) received executed copies of all documents, certificates and opinions (including, without limitation, opinions relating to bankruptcy and UCC matters) as the Buyer or the Administrative Agent shall reasonably request and (D) been reasonably satisfied that all other action to perfect and protect the interests of the Buyer and the Administrative Agent, on behalf of the Lenders, in and to the Receivables to be sold by it hereunder and other Related Rights, as reasonably requested

by the Buyer or the Administrative Agent shall have been taken by, and at the expense of, such Originator (including the filing of any UCC financing statements, the receipt of certificates and other requested documents from public officials and all such other actions required pursuant to Section 7.3) or (ii) directly or indirectly sell, transfer, assign, convey or lease (A) whether in one or a series of transactions, all or substantially all of its assets or (B) any Receivables or any interest therein (other than pursuant to this Agreement).

(s) Frequency of Billing. Such Originator shall prepare and deliver (or cause to be prepared and delivered) invoices with respect to all Receivables in accordance with the Credit and Collection Policies, but in any event no less frequently than as required under the Contract related to such Receivable.

(t) Receivables Not to Be Evidenced by Promissory Notes or Chattel Paper. No Originator shall take any action to cause or permit any Receivable created, acquired or originated by it to become evidenced by any "instrument" or "chattel paper" (as defined in the applicable UCC) without the prior written consent of the Buyer and the Administrative Agent.

(u) Insurance. Such Originator will maintain in effect, at such Originator's expense, such casualty and liability insurance as such Originator deems appropriate in its good faith business judgment.

(v) Subordinated Notes, Etc. Such Originator will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Subordinated Note.

(w) Anti-Money Laundering/International Trade Law Compliance. Such Originator will not become a Sanctioned Person. Such Originator will not, either in its own right or through any third party, (a) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (b) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; (c) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (d) use the proceeds from any sale of Receivables hereunder to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law.

SECTION 6.2 Separateness Covenants. Each Originator hereby acknowledges that this Agreement and the other Transaction Documents are being entered into in reliance upon the Buyer's identity as a legal entity separate from such Originator and its Affiliates. Therefore, from and after the date hereof, each Originator shall take all reasonable steps necessary to make it apparent to third Persons that the Buyer is an entity with assets and liabilities distinct from those of such Originator and any other Person, and is not a division of such Originator, its Affiliates or any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the other covenants set forth herein, such Originator shall take such actions as shall be required in order that:

- (a) such Originator shall not be involved in the day to day management of the Buyer;
- (b) such Originator shall maintain separate corporate records and books of account from the Buyer and otherwise will observe corporate formalities and have a separate area from the Buyer for its business (which may be located at the same address as the Buyer, and, to the extent that it and the Buyer have offices in the same location, there shall be a fair and appropriate allocation of overhead costs between them, and each shall bear its fair share of such expenses);
- (c) the financial statements and books and records of such Originator shall be prepared after the date of creation of the Buyer to reflect and shall reflect the separate existence of the Buyer; provided, that the Buyer's assets and liabilities may be included in a consolidated financial statement issued by an Affiliate of the Buyer; provided, however, that any such consolidated financial statement or the notes thereto shall make clear that the Buyer's assets are not available to satisfy the obligations of such Affiliate;
- (d) except as permitted by the Receivables Financing Agreement, (i) such Originator shall maintain its assets (including, without limitation, deposit accounts) separately from the assets (including, without limitation, deposit accounts) of the Buyer and (ii) the Buyer's assets, and records relating thereto, have not been, are not, and shall not be, commingled with those of the Buyer;
- (e) such Originator shall not act as an agent for the Buyer (except in the capacity of Servicer or a Sub-Servicer in accordance with the Transaction Documents);
- (f) such Originator shall not conduct any of the business of the Buyer in its own name (except in the capacity of Servicer or a Sub-Servicer in accordance with the Transaction Documents);
- (g) such Originator shall not pay any liabilities of the Buyer out of its own funds or assets;
- (h) such Originator shall maintain an arm's-length relationship with the Buyer;
- (i) such Originator shall not assume or guarantee or become obligated for the debts of the Buyer or hold out its credit as being available to satisfy the obligations of the Buyer;
- (j) such Originator shall not acquire obligations of the Buyer (other than the Subordinated Notes);
- (k) such Originator shall allocate fairly and reasonably overhead or other expenses that are properly shared with the Buyer, including, without limitation, shared office space;

- (l) such Originator shall identify and hold itself out as a separate and distinct entity from the Buyer;
- (m) such Originator shall correct any known misunderstanding respecting its separate identity from the Buyer;
- (n) such Originator shall not enter into, or be a party to, any transaction with the Buyer, except in the ordinary course of its business and on terms which are intrinsically fair and not less favorable to it than would be obtained in a comparable arm's-length transaction with an unrelated third party;
- (o) such Originator shall not pay the salaries of the Buyer's employees, if any; and
- (p) to the extent not already covered in paragraphs (a) through (o) above, such Originator shall comply and/or act in accordance with all of the other separateness covenants set forth in Section 8.03 of the Receivables Financing Agreement.

ARTICLE VII
ADDITIONAL RIGHTS AND OBLIGATIONS
IN RESPECT OF RECEIVABLES

SECTION 7.1 Rights of the Buyer. Each Originator hereby authorizes the Buyer, the Servicer or their respective designees or assignees under this Agreement or the Receivables Financing Agreement (including, without limitation, the Administrative Agent) to take any and all steps in such Originator's name necessary or desirable, in their respective determination, to collect all amounts due under any and all Receivables sold or otherwise conveyed or purported to be conveyed by it hereunder, including, without limitation, endorsing the name of such Originator on checks and other instruments representing Collections and enforcing such Receivables and the provisions of the related Contracts that concern payment and/or enforcement of rights to payment; provided, however, the Administrative Agent shall not take any of the foregoing actions unless a Purchase and Sale Termination Event or an Event of Default has occurred and is continuing.

SECTION 7.2 Responsibilities of the Originators. Anything herein to the contrary notwithstanding:

- (a) Each Originator shall perform its obligations hereunder, and the exercise by the Buyer or its designee of its rights hereunder shall not relieve such Originator from such obligations.
- (b) None of the Buyer, the Servicer (other than in its capacity as an Originator), the Lenders, the Group Agents or the Administrative Agent shall have any obligation or liability to any Obligor or any other third Person with respect to any Receivables, Contracts related thereto or any other related agreements, nor shall the Buyer, the Servicer (other than in its capacity as an Originator), the Group Agents, the Lenders or the Administrative Agent be obligated to perform any of the obligations of such Originator thereunder.

(c) Each Originator hereby grants to the Buyer and the Administrative Agent an irrevocable power-of-attorney, with full power of substitution, coupled with an interest, during the occurrence and continuation of an Event of Default to take in the name of such Originator all steps necessary or advisable to endorse, negotiate or otherwise realize on any writing or other right of any kind held or transmitted by such Originator or transmitted or received by the Buyer or the Administrative Agent (whether or not from such Originator) in connection with any Receivable sold or otherwise conveyed or purported to be conveyed by it hereunder or Related Right.

SECTION 7.3 Further Action Evidencing Purchases. Each Originator agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action that the Buyer, the Servicer, the Administrative Agent or any Lender may reasonably request in order to perfect, protect or more fully evidence the Receivables and Related Rights purchased by the Buyer hereunder, or to enable the Buyer to exercise or enforce any of its rights hereunder or under any other Transaction Document. Without limiting the generality of the foregoing, upon the request of the Buyer, the Administrative Agent or any Lender, such Originator will execute (if applicable), authorize and file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate.

Each Originator hereby authorizes the Buyer or its designee or assignee (including, without limitation, the Administrative Agent) to file one or more financing or continuation statements, and amendments thereto and assignments thereof, relative to all or any of the Receivables and Related Rights sold or otherwise conveyed or purported to be conveyed by it hereunder and now existing or hereafter generated by such Originator. If any Originator fails to perform any of its agreements or obligations under this Agreement, the Buyer or its designee or assignee (including, without limitation, the Administrative Agent) may (but shall not be required to) itself perform, or cause the performance of, such agreement or obligation, and the expenses of the Buyer or its designee or assignee (including, without limitation, the Administrative Agent) incurred in connection therewith shall be payable by such Originator.

SECTION 7.4 Application of Collections. Any payment by an Obligor in respect of any indebtedness owed by it to any Originator shall, except as otherwise specified by such Obligor or required by Applicable Law and unless otherwise instructed by the Servicer (with the prior written consent of the Administrative Agent) or the Administrative Agent, be applied as a Collection of any Receivable or Receivables of such Obligor to the extent of any amounts then due and payable thereunder (such application to be made starting with the oldest outstanding Receivable or Receivables) before being applied to any other indebtedness of such Obligor.

SECTION 7.5 Performance of Obligations. Each Originator shall (i) perform all of its obligations under the Contracts related to the Receivables generated by such Originator to the same extent as if interests in such Receivables had not been transferred hereunder, and the exercise by the Buyer or the Administrative Agent of its rights hereunder shall not relieve any Originator from any such obligations and (ii) pay when due any taxes, including, without limitation, any sales taxes payable in connection with the Receivables generated by such Originator and their creation and satisfaction.

ARTICLE VIII
PURCHASE AND SALE TERMINATION EVENTS

SECTION 8.1 Purchase and Sale Termination Events. Each of the following events or occurrences described in this Section 8.1 shall constitute a “Purchase and Sale Termination Event” (each event which with notice or the passage of time or both would become a Purchase and Sale Termination Event being referred to herein as an “Unmatured Purchase and Sale Termination Event”):

- (a) the Termination Date shall have occurred;
- (b) any Originator shall fail to make when due any payment or deposit to be made by it under this Agreement or any other Transaction Document to which it is a party and such failure shall remain unremedied for two (2) Business Days;
- (c) any representation or warranty made or deemed to be made by any Originator (or any of its officers) under or in connection with this Agreement, any other Transaction Documents to which it is a party, or any other information or report delivered pursuant hereto or thereto shall prove to have been incorrect or untrue in any material respect when made or deemed made or delivered; provided, that no breach of a representation or warranty set forth in Sections 5.1(o), (s), (u), (v) or (ee) shall constitute a Purchase and Sale Termination Event pursuant to this clause (c) if credit has been given for a reduction of the Purchase Price, the outstanding principal balance of the applicable Subordinated Note has been reduced or the applicable Originator has made a cash payment to the Buyer, in any case, as required pursuant to Section 3.4(c) with respect to such breach;
- (d) any Originator shall fail to perform or observe any other term, covenant or agreement contained in this Agreement or any other Transaction Document to which it is a party on its part to be performed or observed and such failure, solely to the extent capable of cure, shall continue unremedied for ten (10) Business Days after the earlier of such Person's knowledge or notice thereof; or
- (e) any Insolvency Proceeding shall be instituted against any Originator and such proceeding shall remain undismissed or unstayed for a period of sixty (60) consecutive days or any of the actions sought in such proceeding (including the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur.

SECTION 8.2 Remedies.

- (a) Optional Termination. Upon the occurrence and during the continuation of a Purchase and Sale Termination Event, the Buyer (and not the Servicer), with the prior written consent of the Administrative Agent, shall have the option, by notice to the Originators (with a copy to the Administrative Agent and the Lenders), to declare the Purchase Facility terminated.
- (b) Remedies Cumulative. Upon any termination of the Purchase Facility pursuant to Section 8.2(a), the Buyer (and the Administrative Agent as Buyer's assignee) shall have, in

addition to all other rights and remedies under this Agreement, all other rights and remedies provided under the UCC of each applicable jurisdiction and other Applicable Laws, which rights shall be cumulative.

ARTICLE IX INDEMNIFICATION

SECTION 9.1 Indemnities by Originators.

(a) Without limiting any other rights that the Buyer may have hereunder or under Applicable Law, each Originator, jointly and severally, hereby agrees to indemnify the Buyer, each of its officers, directors, employees, agents, employees and respective assigns, the Administrative Agent, each Credit Party and each Affected Person (each of the foregoing Persons being individually called a “Purchase and Sale Indemnified Party”), forthwith on demand, from and against any and all damages, claims, losses, judgments, liabilities, penalties and related reasonable costs and expenses (including reasonable Attorney Costs) awarded against or incurred by any of them arising out of, relating to or in connection with:

(i) any representation, warranty or statement made or deemed made by such Originator (or any of its respective officers) under or in connection with this Agreement, any of the other Transaction Documents or any other information or report delivered by or on behalf of such Originator pursuant hereto which shall have been untrue or incorrect when made or deemed made;

(ii) the transfer by such Originator of any interest in any Pool Receivable or Related Right other than the transfer of any Pool Receivable and Related Security to the Buyer pursuant to this Agreement and the grant of a security interest to the Buyer pursuant to this Agreement;

(iii) the failure by such Originator to comply with the terms of any Transaction Document or with any Applicable Law with respect to any Pool Receivable or the related Contract; or the failure of any Pool Receivable or the related Contract to conform to any such Applicable Law;

(iv) the lack of an enforceable ownership interest, or a first priority perfected lien, in the Pool Receivables (and all Related Security) originated by such Originator against all Persons (including any bankruptcy trustee or similar Person), in either case, free and clear of any Adverse Claim;

(v) the failure to have filed, or any delay in filing, financing statements (including as-extracted collateral filings), financing statement amendments, continuation statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other Applicable Laws with respect to any Pool Receivable or the Related Rights;

(vi) any suit or claim related to the Pool Receivables originated by such Originator (including any products liability or environmental liability claim arising out of

or in connection with the property, products or services that are the subject of any Pool Receivable originated by such Originator);

(vii) any dispute, claim, offset or defense (other than discharge in bankruptcy) of the Obligor to the payment of any Receivable in the Receivables Pool (including a defense based on such Receivable's or the related Contract's 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 of the property, products or services to such Receivable or the furnishing or failure to furnish such property, products or services;

(viii) any failure of such Originator to perform any its duties or obligations in accordance with the provisions hereof and of each other Transaction Document related to Pool Receivables or to timely and fully comply with the Credit and Collection Policy in regard to each Pool Receivable;

(ix) the commingling of Collections of Pool Receivables at any time with other funds;

(x) any setoff with respect to any Pool Receivable;

(xi) any investigation, litigation or proceeding (actual or threatened) related to this Agreement or any other Transaction Document or in respect of any Pool Receivable or any Related Rights;

(xii) any claim brought by any Person other than a Purchase and Sale Indemnified Party arising from any activity by such Originator or any Affiliate of such Originator in servicing, administering or collecting any Pool Receivable;

(xiii) the failure by such Originator to pay when due any taxes, including, without limitation, sales, excise or personal property taxes;

(xiv) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Pool Receivable (including, without limitation, a defense based on such Pool 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 of goods or the rendering of services related to such Pool 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;

(xv) any product liability claim arising out of or in connection with goods or services that are the subject of any Receivable generated by such Originator;

(xvi) any tax or governmental fee or charge, all interest and penalties thereon or with respect thereto, and all reasonable out-of-pocket costs and expenses, including without limitation reasonable Attorney Costs in defending against the same, which are required to be paid by reason of the purchase or ownership of the Receivables generated by such Originator or any Related Rights connected with any such Receivables; or

(xvii) any failure of such Originator to comply with its covenants, obligations and agreements contained in this Agreement or any other Transaction Document;

provided that such indemnity shall not be available to any Purchase and Sale Indemnified Party to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction in a final judgment to have resulted from the gross negligence or willful misconduct of the Administrative Agent, a Credit Party or any Affected Person or (y) constitute recourse with respect to a Pool Receivable by reason of the bankruptcy or insolvency, bankruptcy, lack of creditworthiness or other financial inability to pay of the related Obligor.

(b) Notwithstanding anything to the contrary in this Agreement, solely for purposes of such Originator's indemnification obligations in clauses (i), (iii), (viii) and (xvii) of this Article IX, any representation, warranty or covenant qualified by the occurrence or non-occurrence of a material adverse effect or similar concepts of materiality shall be deemed to be not so qualified.

(c) If for any reason the foregoing indemnification is unavailable to any Purchase and Sale Indemnified Party or insufficient to hold it harmless, then the Originators, jointly and severally, shall contribute to the amount paid or payable by such Purchase and Sale Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of such Originator and its Affiliates on the one hand and such Purchase and Sale Indemnified Party on the other hand in the matters contemplated by this Agreement as well as the relative fault of such Originator and its Affiliates and such Purchase and Sale Indemnified Party with respect to such loss, claim, damage or liability and any other relevant equitable considerations. The reimbursement, indemnity and contribution obligations of such Originator under this Section shall be in addition to any liability which such Originator may otherwise have, shall extend upon the same terms and conditions to Purchase and Sale Indemnified Party, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of such Originator and the Purchase and Sale Indemnified Parties.

(d) Any indemnification or contribution under this Section shall survive the termination of this Agreement.

ARTICLE X MISCELLANEOUS

SECTION 10.1 Amendments, etc.

(a) The provisions of this Agreement may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and executed by the Buyer and each Originator, with the prior written consent of the Administrative Agent and the Majority Group Agents.

(b) No failure or delay on the part of the Buyer, the Servicer, any Originator, the Administrative Agent or any third-party beneficiary in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or

right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Buyer, the Servicer or any Originator in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by the Buyer or the Administrative Agent under this Agreement shall, except as may otherwise be stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval under this Agreement shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

(c) The Transaction Documents contain a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter thereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter thereof, superseding all prior oral or written understandings.

SECTION 10.2 Notices, etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (which shall not include facsimile communications but shall include electronic mail communication) and shall be delivered or sent by electronic mail or by overnight mail, to the intended party at the mailing or electronic mail address of such party set forth under its name on Schedule IV hereof or at such other address as shall be designated by such party in a written notice to the other parties hereto or in the case of the Administrative Agent or any Lender, at their respective address for notices pursuant to the Receivables Financing Agreement. All such notices and communications shall be effective when received.

SECTION 10.3 No Waiver; Cumulative Remedies. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. Without limiting the foregoing, Foresight and each Originator hereby authorizes the Buyer, the Administrative Agent and each Lender (collectively, the “Set-off Parties”), at any time and from time to time, to the fullest extent permitted by law, to set off, against any obligations of Foresight or such Originator to such Set-off Party arising in connection with the Transaction Documents (including, without limitation, amounts payable pursuant to Section 9.1) that are then due and payable or that are not then due and payable but have accrued, any and all deposits (general or special, time or demand, provisional or final) at any time held by, and any and all indebtedness at any time owing by, any Set-off Party to or for the credit or the account of Foresight or such Originator.

SECTION 10.4 Binding Effect; Assignability. This Agreement shall be binding upon and inure to the benefit of the Buyer and each Originator and their respective successors and permitted assigns. No Originator may assign any of its rights hereunder or any interest herein without the prior written consent of the Buyer, the Administrative Agent and each Lender, except as otherwise herein specifically provided. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until such time as the parties hereto shall agree. The rights and remedies with respect to any breach of any representation and warranty made by any Originator pursuant to Article V and the indemnification and payment provisions of Article IX and Section 10.6 shall be continuing and shall survive any termination of this Agreement.

SECTION 10.5 Governing Law. THIS AGREEMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND

CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF, EXCEPT TO THE EXTENT THAT THE PERFECTION, THE EFFECT OF PERFECTION OR PRIORITY OF THE INTERESTS OF THE BUYER, THE ADMINISTRATIVE AGENT OR ANY LENDER IN THE RECEIVABLES AND THE RELATED RIGHTS IS GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK).

SECTION 10.6 Costs, Expenses and Taxes. In addition to the obligations of the Originators under Article IX, each Originator, severally and for itself alone, and Foresight, jointly and severally with each Originator, agrees to pay on demand:

(a) to the Buyer (and any successor and permitted assigns thereof) and any third-party beneficiary of the Buyer's rights hereunder all reasonable out-of-pocket costs and expenses in connection with the preparation, negotiation, execution, delivery and administration of this Agreement (together with all amendments, restatements, supplements, consents and waivers, if any, from time to time hereto), including, without limitation, (i) the reasonable Attorney Costs for the Buyer (and any successor and permitted assigns thereof) and any third-party beneficiary of the Buyer's rights hereunder with respect thereto and with respect to advising any such Person as to their rights and remedies under this Agreement and the other Transaction Documents and (ii) reasonable accountants', auditors' and consultants' fees and expenses for the Buyer (and any successor and permitted assigns thereof) and any third-party beneficiary of the Buyer's rights hereunder incurred in connection with the administration and maintenance of this Agreement or advising any such Person as to their rights and remedies under this Agreement or as to any actual or reasonably claimed breach of this Agreement or any other Transaction Document;

(b) to the Buyer (and any successor and permitted assigns thereof) and any third-party beneficiary of the Buyer's rights hereunder all reasonable out-of-pocket costs and expenses (including reasonable Attorney Costs), of any such Person incurred in connection with the enforcement of any of their respective rights or remedies under the provisions of this Agreement and the other Transaction Documents; and

(c) all stamp, franchise and other taxes and fees payable in connection with the execution, delivery, filing and recording of this Agreement or the other Transaction Documents to be delivered hereunder, and agrees to indemnify each Purchase and Sale Indemnified Party against any liabilities with respect to or resulting from any delay in paying or omitting to pay such taxes and fees.

SECTION 10.7 CONSENT TO JURISDICTION. (a) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO (I) WITH RESPECT TO ANY ORIGINATOR, THE BUYER OR ANY AFFILIATE THEREOF, THE EXCLUSIVE JURISDICTION AND (II) WITH RESPECT TO ANY OTHER PARTY, THE NON-EXCLUSIVE JURISDICTION, IN EACH CASE, OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR

RELATING TO THIS AGREEMENT, AND EACH PARTY HERETO HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING (I) IF BROUGHT BY ANY ORIGINATOR, THE BUYER OR ANY AFFILIATE THEREOF, SHALL BE HEARD AND DETERMINED AND (II) IF BROUGHT BY ANY OTHER PARTY, MAY BE HEARD AND DETERMINED, IN EACH CASE, IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. THE PARTIES HERETO AGREE 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 SECTION 10.7 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER CREDIT PARTY TO BRING ANY ACTION OR PROCEEDING AGAINST ANY ORIGINATOR OR ANY OF THEIR RESPECTIVE PROPERTIES IN THE COURTS OF OTHER JURISDICTIONS.

(b) EACH PARTY HERETO CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO IT AT ITS ADDRESS SPECIFIED IN SCHEDULE IV. NOTHING IN THIS SECTION 10.7 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER CREDIT PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 10.8 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT.

SECTION 10.9 Captions and Cross References; Incorporation by Reference. The various captions (including, without limitation, the table of contents) in this Agreement are included for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. References in this Agreement to any underscored Article, Section, Schedule or Exhibit are to such Article, Section, Schedule or Exhibit of this Agreement, as the case may be. The Schedules and Exhibits hereto are hereby incorporated by reference into and made a part of this Agreement.

SECTION 10.10 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 10.11 Acknowledgment and Agreement. By execution below, each Originator expressly acknowledges and agrees that all of the Buyer's rights, title, and interests in,

to, and under this Agreement (but not its obligations), shall be assigned by the Buyer to the Administrative Agent (for the benefit of the Lenders) pursuant to the Receivables Financing Agreement, and each Originator consents to such assignment. Each of the parties hereto acknowledges and agrees that the Lenders and the Administrative Agent are third-party beneficiaries of the rights of the Buyer arising hereunder and under any other Transaction Documents to which any Originator is a party and, notwithstanding anything to the contrary contained herein or in any other Transaction Document, during the occurrence and continuation of an Event of Default under the Receivables Financing Agreement, the Administrative Agent, and not the Buyer, shall have the sole right to exercise all such rights and related remedies.

SECTION 10.12 No Proceeding. Each Originator hereby agrees that it will not institute, or join any other Person in instituting, against the Buyer any Insolvency Proceeding for at least one year and one day following the Final Payout Date. Each Originator further agrees that notwithstanding any provisions contained in this Agreement to the contrary, the Buyer shall not, and shall not be obligated to, pay any amount in respect of any Subordinated Note or otherwise to such Originator pursuant to this Agreement unless the Buyer has received funds which may, subject to Section 4.01 of the Receivables Financing Agreement, be used to make such payment. Any amount which the Buyer 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 corporate obligation of the Buyer by such Originator for any such insufficiency unless and until the provisions of the foregoing sentence are satisfied. The agreements in this Section 10.12 shall survive any termination of this Agreement.

SECTION 10.13 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 draftsman 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.

SECTION 10.14 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.

[Signature Pages Follow]

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.

FORESIGHT RECEIVABLES LLC,

as Buyer

By: / s/ Oscar Martinez

Name: Oscar Martinez

Title: Chief Financial Officer

FORESIGHT ENERGY LLC,
as Servicer

By: / s/ Oscar Martinez

Name: Oscar Martinez

Title: Senior Vice President & Chief Financial Officer

WILLIAMSON ENERGY LLC,

as an Originator

By: / s/ Oscar Martinez

Name: Oscar Martinez

Title: Chief Financial Officer

SUGAR CAMP ENERGY LLC,

as an Originator

By: / s/ Oscar Martinez

Name: Oscar Martinez

Title: Chief Financial Officer

HILLSBORO ENERGY LLC,

as an Originator

By: / s/ Oscar Martinez

Name: Oscar Martinez

Title: Chief Financial Officer

MACOUPIN ENERGY LLC,

as an Originator

By: / s/ Oscar Martinez

Name: Oscar Martinez

Title: Chief Financial Officer

FORESIGHT COAL SALES LLC,

as an Originator

By: / s/ Oscar Martinez

Name: Oscar Martinez

Title: Chief Financial Officer

LIST AND LOCATION OF EACH ORIGINATOR

<u>Originator</u>		<u>Location</u>
Williamson Energy LLC		Delaware
Sugar Camp Energy LLC		Delaware
Hillsboro Energy LLC		Delaware
Macoupin Energy LLC		Delaware
Foresight Coal Sales LLC		Delaware

LOCATION OF BOOKS AND RECORDS OF ORIGINATORS

<u>Originator</u>	<u>Location of Books and Records</u>
Williamson Energy LLC	One Metropolitan Square 211 North Broadway, Suite 2600 St. Louis, Missouri 63102
Sugar Camp Energy LLC	One Metropolitan Square 211 North Broadway, Suite 2600 St. Louis, Missouri 63102
Hillsboro Energy LLC	One Metropolitan Square 211 North Broadway, Suite 2600 St. Louis, Missouri 63102
Macoupin Energy LLC	One Metropolitan Square 211 North Broadway, Suite 2600 St. Louis, Missouri 63102
Foresight Coal Sales LLC	One Metropolitan Square 211 North Broadway, Suite 2600 St. Louis, Missouri 63102

Schedule II-1

Purchase and Sale Agreement (Foresight)

TRADE NAMES

Macoupin Energy LLC is formerly known as Monterey Energy LLC.

NOTICE ADDRESSES

Foresight Receivables LLC
One Metropolitan Square
211 North Broadway, Suite 2600
St. Louis, Missouri 63102
Attn: Oscar A. Martinez
Tele: 314-932-6102

Foresight Energy LLC
One Metropolitan Square
211 North Broadway, Suite 2600
St. Louis, Missouri 63102
Attn: Oscar A. Martinez
Tele: 314-932-6102

Williamson Energy LLC
One Metropolitan Square
211 North Broadway, Suite 2600
St. Louis, Missouri 63102
Attn: Oscar A. Martinez
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Sugar Camp Energy LLC
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Macoupin Energy LLC
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211 North Broadway, Suite 2600
St. Louis, Missouri 63102
Attn: Oscar A. Martinez
Tele: 314-932-6102

Foresight Coal Sales LLC
One Metropolitan Square
211 North Broadway, Suite 2600
St. Louis, Missouri 63102
Attn: Oscar A. Martinez
Tele: 314-932-6102

LOCATION OF MINING OPERATIONS

ORIGINATOR	MINEHEAD	STATE	COUNTY
Williamson Energy LLC	Pond Creek Mine No 1	Illinois	Williamson County Franklin County
Sugar Camp Energy LLC	M Class #1 Mine	Illinois	Franklin County
Hillsboro Energy LLC	Deer Run Mine No 1	Illinois	Montgomery County
Macoupin Energy LLC	Shay #1 Mine	Illinois	Macoupin County
Foresight Coal Sales LLC	N/A	N/A	N/A

FORM OF PURCHASE REPORT

Originator: [Name of Originator]

Purchaser: Foresight Receivables LLC

Payment Date: _____, 20__

1. Outstanding Balance of Receivables Purchased:

2. Fair Market Value Discount:

$$1/\{1 + (\text{Prime Rate} \times \text{Days' Sales Outstanding})\}$$

365

Where:

Prime Rate = _____

Days' Sales Outstanding = _____

3. Purchase Price (1 x 2) = \$ _____

4. Reductions in the Purchase Price = \$ _____

5. Net Purchase Price (3 - 4) = \$ _____

Exhibit A-1

Purchase and Sale Agreement (Foresight)

[FORM OF SUBORDINATED NOTE]

New York, New York
[____], 20[____]

FOR VALUE RECEIVED, the undersigned, Foresight Receivables LLC, a Delaware limited liability company (the “Buyer”), promises to pay to [____], a [____] (the “Originator”), on the terms and subject to the conditions set forth herein and in the Purchase and Sale Agreement referred to below, the aggregate unpaid Purchase Price of all Receivables purchased by the Buyer from the Originator pursuant to such Purchase and Sale Agreement, as such unpaid Purchase Price is shown in the records of the Servicer.

1. Purchase and Sale Agreement. This Subordinated Note is one of the Subordinated Notes described in, and is subject to the terms and conditions set forth in, that certain Purchase and Sale Agreement dated as of January 13, 2015 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “Purchase and Sale Agreement”), among the Buyer, Foresight Energy LLC, as Servicer, the Originators, and the other originators from time to time party thereto. Reference is hereby made to the Purchase and Sale Agreement for a statement of certain other rights and obligations of the Buyer and the Originator.

2. Definitions. Capitalized terms used (but not defined) herein have the meanings assigned thereto in the Purchase and Sale Agreement and in Article I of the Receivables Financing Agreement (as defined in the Purchase and Sale Agreement). In addition, as used herein, the following terms have the following meanings:

“Bankruptcy Proceedings” has the meaning set forth in clause (b) of paragraph 9 hereof.

“Final Maturity Date” means the Payment Date immediately following the date that falls one year and one day after the Termination Date.

“Prime Rate” means a per annum rate equal to the “U.S. Prime Rate” as published in the “Money Rates” section of The Wall Street Journal or if such information ceases to be published in The Wall Street Journal, such other publication as determined by the Buyer in its sole discretion.

“Senior Interest Holders” means, collectively, the Lenders, the Group Agents, the Administrative Agent, the Borrower Indemnified Parties, the Servicer Indemnified Parties and the Affected Persons.

“Senior Interests” means, collectively, (i) the Aggregate Interest, (ii) the Aggregate Capital, (iii) the fees referred to in Section 2.03 of the Receivables Financing Agreement, (iv) all amounts payable pursuant to Sections 5.01, 5.02, 5.03, 13.01 or 14.04

of the Receivables Financing Agreement and (v) all other obligations of the Buyer and the Servicer that are due and payable, to (a) the Lenders, the Administrative Agent and their respective successors, permitted transferees and assigns arising in connection with the Transaction Documents and (b) any Borrower Indemnified Party, Servicer Indemnified Party or Affected Person arising in connection with the Receivables Financing Agreement or any other Transaction Document, in each case, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, together with any and all Interest accruing on any such amount after the commencement of any Bankruptcy Proceedings, notwithstanding any provision or rule of law that might restrict the rights of any Senior Interest Holder, as against the Buyer or anyone else, to collect such interest.

“Subordination Provisions” means, collectively, clauses (a) through (l) of paragraph 9 hereof.

3. Interest. Subject to the Subordination Provisions set forth below, the Buyer promises to pay interest on this Subordinated Note as follows: to (but excluding) the date on which the entire aggregate unpaid Purchase Price is fully paid, the aggregate unpaid Purchase Price from time to time outstanding shall bear interest at a rate per annum equal to the Prime Rate.

4. Interest Payment Dates. Subject to the Subordination Provisions set forth below, the Buyer shall pay accrued interest on this Subordinated Note on each Monthly Settlement Date, and shall pay accrued interest on the amount of each principal payment made in cash on a date other than a Monthly Settlement Date at the time of such principal payment.

5. Basis of Computation. Interest accrued hereunder shall be computed for the actual number of days elapsed on the basis of a 365- or 366-day year, as the case may be.

6. Principal Payment Dates. Subject to the Subordination Provisions set forth below, payments of the principal amount of this Subordinated Note shall be made as follows:

(a) The principal amount of this Subordinated Note shall be reduced by an amount equal to each payment deemed made pursuant to Section 3.3 or 3.4 of the Purchase and Sale Agreement.

(b) The entire outstanding principal amount of this Subordinated Note shall be paid on the Final Maturity Date.

(c) Subject to the Subordination Provisions set forth below, the principal amount of and accrued interest on this Subordinated Note may be prepaid by, and in the sole discretion of the Buyer, on any Business Day without premium or penalty.

7. Payment Mechanics. All payments of principal and interest hereunder are to be made in lawful money of the United States of America in the manner specified in Article III of the Purchase and Sale Agreement.

8. Enforcement Expenses. In addition to and not in limitation of the foregoing, but subject to the Subordination Provisions set forth below and to any limitation imposed by Applicable Law, the Buyer agrees to pay all reasonable expenses, including reasonable Attorney Costs, incurred by the Originator in seeking to collect any amounts payable hereunder which are not paid when due.

9. Subordination Provisions. The Buyer covenants and agrees, and the Originator and any other holder of this Subordinated Note (collectively, the Originator and any such other holder are called the “Holder”), by its acceptance of this Subordinated Note, likewise covenants and agrees on behalf of itself and any Holder, that the payment of the principal amount of and interest on this Subordinated Note is hereby expressly subordinated in right of payment to the payment and performance of the Senior Interests to the extent and in the manner set forth in the following clauses of this paragraph 9:

(a) No payment or other distribution of the Buyer’s assets of any kind or character, whether in cash, securities, or other rights or property, shall be made on account of this Subordinated Note except to the extent such payment or other distribution is (i) permitted under Section 8.01 (r) of the Receivables Financing Agreement or (ii) made pursuant to clause (a) or (b) of paragraph 6 of this Subordinated Note;

(b) In the event of any dissolution, winding up, liquidation, readjustment, reorganization or other similar event relating to the Buyer, whether voluntary or involuntary, partial or complete, and whether in bankruptcy, insolvency or receivership proceedings, or upon an assignment for the benefit of creditors, or any other marshalling of the assets and liabilities of the Buyer or any sale of all or substantially all of the assets of the Buyer other than as permitted by the Purchase and Sale Agreement (such proceedings being herein collectively called “Bankruptcy Proceedings”), the Senior Interests shall first be paid and performed in full and in cash before the Originator shall be entitled to receive and to retain any payment or distribution in respect of this Subordinated Note. In order to implement the foregoing: (i) all payments and distributions of any kind or character in respect of this Subordinated Note to which the Holder would be entitled except for this clause (b) shall be made directly to the Administrative Agent (for the benefit of the Senior Interest Holders); (ii) the Holder shall promptly file a claim or claims, in the form required in any Bankruptcy Proceedings, for the full outstanding amount of this Subordinated Note, and shall use commercially reasonable efforts to cause said claim or claims to be approved and all payments and other distributions in respect thereof to be made directly to the Administrative Agent (for the benefit of the Senior Interest Holders) until the Senior Interests shall have been paid and performed in full and in cash; and (iii) the Holder hereby irrevocably agrees that the Administrative Agent (acting on behalf of the Lenders), may in the name of the Holder or otherwise, demand, sue for, collect, receive and receipt for any and all such payments or distributions, and file, prove and vote or consent in any such Bankruptcy Proceedings with respect to any and all claims of the Holder relating to this Subordinated Note, in each case until the Senior Interests shall have been paid and performed in full and in cash;

(c) In the event that the Holder receives any payment or other distribution of any kind or character from the Buyer or from any other source whatsoever, in respect of this Subordinated Note, other than as expressly permitted by the terms of this Subordinated Note, such payment or other distribution shall be received in trust for the Senior Interest Holders and shall be turned over by the Holder to the Administrative Agent (for the benefit of the Senior Interest Holders) forthwith. The Holder will mark its books and records so as clearly to indicate that this Subordinated Note is subordinated in accordance with the terms hereof. All payments and distributions received by the Administrative Agent in respect of this Subordinated Note, to the extent received in or converted into cash, may be applied by the Administrative Agent (for the benefit of the Senior Interest Holders) first to the payment of any and all reasonable expenses (including reasonable Attorney Costs) paid or incurred by the Senior Interest Holders in enforcing these Subordination Provisions, or in endeavoring to collect or realize upon this Subordinated Note, and any balance thereof shall, solely as between the Originator and the Senior Interest Holders, be applied by the Administrative Agent (in the order of application set forth in Section 4.01(a) of the Receivables Financing Agreement) toward the payment of the Senior Interests; but as between the Buyer and its creditors, no such payments or distributions of any kind or character shall be deemed to be payments or distributions in respect of the Senior Interests;

(d) Notwithstanding any payments or distributions received by the Senior Interest Holders in respect of this Subordinated Note, while any Bankruptcy Proceedings are pending the Holder shall not be subrogated to the then existing rights of the Senior Interest Holders in respect of the Senior Interests until the Senior Interests have been paid and performed in full and in cash. If no Bankruptcy Proceedings are pending, the Holder shall only be entitled to exercise any subrogation rights that it may acquire (by reason of a payment or distribution to the Senior Interest Holders in respect of this Subordinated Note) to the extent that any payment arising out of the exercise of such rights would be permitted under Section 8.01(t) of the Receivables Financing Agreement;

(e) These Subordination Provisions are intended solely for the purpose of defining the relative rights of the Holder, on the one hand, and the Senior Interest Holders on the other hand. Nothing contained in these Subordination Provisions or elsewhere in this Subordinated Note is intended to or shall impair, as between the Buyer, its creditors (other than the Senior Interest Holders) and the Holder, the Buyer's obligation, which is unconditional and absolute, to pay the Holder the principal of and interest on this Subordinated Note as and when the same shall become due and payable in accordance with the terms hereof or to affect the relative rights of the Holder and creditors of the Buyer (other than the Senior Interest Holders);

(f) The Holder shall not, until the Senior Interests have been paid and performed in full and in cash, (i) cancel, waive, forgive, transfer or assign, or commence legal proceedings to enforce or collect, or subordinate to any obligation of the Buyer, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due, other than the Senior Interests, this Subordinated Note or any rights in respect hereof or (ii) convert this

Subordinated Note into an equity interest in the Buyer, unless the Holder shall, in either case, have received the prior written consent of the Administrative Agent;

(g) The Holder shall not, without the advance written consent of the Administrative Agent and each Lender, commence, or join with any other Person in commencing, any Bankruptcy Proceedings with respect to the Buyer until at least one year and one day shall have passed since the Senior Interests shall have been paid and performed in full and in cash;

(h) If, at any time, any payment (in whole or in part) of any Senior Interest is rescinded or must be restored or returned by a Senior Interest Holder (whether in connection with Bankruptcy Proceedings or otherwise), these Subordination Provisions shall continue to be effective or shall be reinstated, as the case may be, as though such payment had not been made;

(i) Each of the Senior Interest Holders may, from time to time, at its sole discretion, without notice to the Holder, and without waiving any of its rights under these Subordination Provisions, take any or all of the following actions: (i) retain or obtain an interest in any property to secure any of the Senior Interests; (ii) retain or obtain the primary or secondary obligations of any other obligor or obligors with respect to any of the Senior Interests; (iii) extend or renew for one or more periods (whether or not longer than the original period), alter or exchange any of the Senior Interests, or release or compromise any obligation of any nature with respect to any of the Senior Interests; (iv) amend, supplement, amend and restate, or otherwise modify any Transaction Document, on the terms and subject to the conditions set forth in the Transaction Documents; and (v) release its security interest in, or surrender, release or permit any substitution or exchange for all or any part of any rights or property securing any of the Senior Interests, or extend or renew for one or more periods (whether or not longer than the original period), or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any such rights or property;

(j) The Holder hereby waives: (i) notice of acceptance of these Subordination Provisions by any of the Senior Interest Holders; (ii) notice of the existence, creation, non-payment or non-performance of all or any of the Senior Interests; and (iii) all diligence in enforcement, collection or protection of, or realization upon, the Senior Interests, or any thereof, or any security therefor;

(k) Each of the Senior Interest Holders may, from time to time, on the terms and subject to the conditions set forth in the Transaction Documents to which such Persons are party, but without notice to the Holder, assign or transfer any or all of the Senior Interests, or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Senior Interests shall be and remain Senior Interests for the purposes of these Subordination Provisions, and every immediate and successive assignee or transferee of any of the Senior Interests or of any interest of such assignee or transferee in the Senior Interests shall be entitled to the benefits of these Subordination Provisions to the same extent as if such assignee or transferee were the assignor or transferor; and

(l) These Subordination Provisions constitute a continuing offer from the Holder to all Persons who become the holders of, or who continue to hold, Senior Interests; and these Subordination Provisions are made for the benefit of the Senior Interest Holders, and the Administrative Agent may proceed to enforce such provisions on behalf of each of such Persons.

10. General. No failure or delay on the part of the Originator in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No amendment, modification or waiver of, or consent with respect to, any provision of this Subordinated Note shall in any event be effective unless (i) the same shall be in writing and signed and delivered by the Buyer and the Holder and (ii) all consents required for such actions under the Transaction Documents shall have been received by the appropriate Persons.

11. Maximum Interest. Notwithstanding anything in this Subordinated Note to the contrary, the Buyer shall never be required to pay unearned interest on any amount outstanding hereunder and shall never be required to pay interest on the principal amount outstanding hereunder at a rate in excess of the maximum nonusurious interest rate that may be contracted for, charged or received under applicable federal or state law (such maximum rate being herein called the “Highest Lawful Rate”). If the effective rate of interest which would otherwise be payable under this Subordinated Note would exceed the Highest Lawful Rate, or if the holder of this Subordinated Note shall receive any unearned interest or shall receive monies that are deemed to constitute interest which would increase the effective rate of interest payable by the Buyer under this Subordinated Note to a rate in excess of the Highest Lawful Rate, then (i) the amount of interest which would otherwise be payable by the Buyer under this Subordinated Note shall be reduced to the amount allowed by Applicable Law, and (ii) any unearned interest paid by the Buyer or any interest paid by the Buyer in excess of the Highest Lawful Rate shall be refunded to the Buyer. Without limitation of the foregoing, all calculations of the rate of interest contracted for, charged or received by the Originator under this Subordinated Note that are made for the purpose of determining whether such rate exceeds the Highest Lawful Rate applicable to the Originator (such Highest Lawful Rate being herein called the “Originator's Maximum Permissible Rate”) shall be made, to the extent permitted by usury laws applicable to the Originator (now or hereafter enacted), by amortizing, prorating and spreading in equal parts during the actual period during which any amount has been outstanding hereunder all interest at any time contracted for, charged or received by the Originator in connection herewith. If at any time and from time to time (i) the amount of interest payable to the Originator on any date shall be computed at the Originator's Maximum Permissible Rate pursuant to the provisions of the foregoing sentence and (ii) in respect of any subsequent interest computation period the amount of interest otherwise payable to the Originator would be less than the amount of interest payable to the Originator computed at the Originator's Maximum Permissible Rate, then the amount of interest payable to the Originator in respect of such subsequent interest computation period shall continue to be computed at the Originator's Maximum Permissible Rate until the total amount of interest payable to the Originator shall equal the total amount of interest which would have been payable to the Originator if the total amount of interest had been computed without giving effect to the provisions of the foregoing sentence.

12. No Negotiation. This Subordinated Note is not negotiable.

13. Governing Law. **THIS SUBORDINATED NOTE, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF).**

14. Captions. Paragraph captions used in this Subordinated Note are for convenience only and shall not affect the meaning or interpretation of any provision of this Subordinated Note.

IN WITNESS WHEREOF, the Buyer has caused this Subordinated Note to be executed as of the date first written above.

FORESIGHT RECEIVABLES LLC

By: _____

Name: _____

Title: _____

Exhibit B-8

Purchase and Sale Agreement (Foresight)

FORM OF JOINDER AGREEMENT

THIS JOINDER AGREEMENT, dated as of _____, 20__ (this “Agreement”) is executed by _____, a _____ organized under the laws of _____ (the “Additional Originator”), with its principal place of business located at _____.

BACKGROUND:

A. Foresight Receivables LLC, a Delaware limited liability company (the “Buyer”) and the various entities from time to time party thereto, as Originators (collectively, the “Originators”), have entered into that certain Purchase and Sale Agreement, dated as of January 13, 2015 (as amended, restated, supplemented or otherwise modified through the date hereof, and as it may be further amended, restated, supplemented or otherwise modified from time to time, the “Purchase and Sale Agreement”).

B. The Additional Originator desires to become an Originator pursuant to Section 4.3 of the Purchase and Sale Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Additional Originator hereby agrees as follows:

SECTION 1. Definitions. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned thereto in the Purchase and Sale Agreement or in the Receivables Financing Agreement (as defined in the Purchase and Sale Agreement).

SECTION 2. Transaction Documents. The Additional Originator hereby agrees that it shall be bound by all of the terms, conditions and provisions of, and shall be deemed to be a party to (as if it were an original signatory to), the Purchase and Sale Agreement and each of the other relevant Transaction Documents. From and after the later of the date hereof and the date that the Additional Originator has complied with all of the requirements of Section 4.3 of the Purchase and Sale Agreement, the Additional Originator shall be an Originator for all purposes of the Purchase and Sale Agreement and all other Transaction Documents. The Additional Originator hereby acknowledges that it has received copies of the Purchase and Sale Agreement and the other Transaction Documents.

SECTION 3. Representations and Warranties. The Additional Originator hereby makes all of the representations and warranties set forth in Article V (to the extent applicable) of the Purchase and Sale Agreement as of the date hereof (unless such representations or warranties relate to an earlier date, in which case as of such earlier date), as if such representations and warranties were fully set forth herein. The Additional Originator hereby represents and warrants that its “location” (as defined in the applicable UCC) is [_____], and the offices where the Additional Originator keeps all of its books and records concerning the Receivables and Related Security is as follows:

Exhibit C-1 *Purchase and Sale Agreement (Foresight)*

SECTION 4. Miscellaneous. This Agreement, including the rights and duties of the parties hereto, shall be governed by, and construed in accordance with, the laws of the State of New York (including Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York, but without regard to any other conflicts of law provisions thereof). This Agreement is executed by the Additional Originator for the benefit of the Buyer, and its assigns, and each of the foregoing parties may rely hereon. This Agreement shall be binding upon, and shall inure to the benefit of, the Additional Originator and its successors and permitted assigns.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed by its duly authorized officer as of the date and year first above written.

[NAME OF ADDITIONAL ORIGINATOR]

By: _____
Name:
Title:

Consented to:

FORESIGHT RECEIVABLES LLC

By:
Name:
Title:

Acknowledged by:

PNC BANK, NATIONAL ASSOCIATION
as Administrative Agent

By:
Name:
Title:

[LENDERS]

By:
Name:
Title:

FORESIGHT ENERGY LLC

By:
Name:
Title:

[ORIGINATORS]

By: Name:
 Title:

Exhibit C-4

Purchase and Sale Agreement (Foresight)

**EXECUTION COPY
PERFORMANCE GUARANTY**

This PERFORMANCE GUARANTY (this “Performance Guaranty”), dated as of January 13, 2015, is made by FORESIGHT ENERGY LP, a Delaware limited partnership (together with its successors and permitted assigns, the “Performance Guarantor”), in favor of PNC BANK, NATIONAL ASSOCIATION (“PNC”), as administrative agent under the Receivables Financing Agreement defined below (together with its successors and assigns in such capacity, the “Administrative Agent”), for the benefit of the Administrative Agent and the other Secured Parties under the Receivables Financing Agreement defined below. Capitalized terms used but not otherwise defined herein have the respective meanings assigned thereto in, or by reference in, the Receivables Financing Agreement defined below.

PRELIMINARY STATEMENTS

(1) Concurrently herewith, Foresight Receivables LLC, a Delaware limited liability company (the “Borrower”), as buyer, Foresight Energy LLC, a Delaware limited liability company and wholly-owned subsidiary of the Performance Guarantor (“Foresight”), as initial servicer (in such capacity, together with its successor and assigns in such capacity, the “Servicer”), and the various other entities party thereto as originators are entering into that certain Purchase and Sale Agreement, dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the “Purchase and Sale Agreement”). Each entity from time to time party to the Purchase and Sale Agreement as an originator thereunder is herein referred to as an “Originator” and, collectively, as the “Originators”. Pursuant to the Purchase and Sale Agreement, the Originators will from time to time sell Receivables and Related Rights to the Borrower.

(2) Concurrently herewith, the Borrower, as borrower, Foresight, as initial Servicer, the Persons from time to time party thereto as Lenders, as Group Agents and as LC Participants, PNC, as LC Bank, and the Administrative Agent are entering into that certain Receivables Financing Agreement, dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the “Receivables Financing Agreement”), pursuant to which (i) the Lenders may from time to time make Loans to the Borrower, (ii) the LC Bank may issue Letters of Credit on behalf of the Borrower, (iii) the Borrower has granted to the Administrative Agent (on behalf of the Secured Parties) a security interest in the Collateral and (iv) the Servicer will service the Pool Receivables.

(3) As of the date hereof, the Performance Guarantor is the direct or indirect owner of 100% of the outstanding Capital Stock of, the Servicer, each Originator and the Borrower.

(4) The Performance Guarantor’s execution and delivery of this Performance Guaranty are conditions precedent to the effectiveness of the Receivables Financing Agreement.

(5) The Performance Guarantor has determined that its execution and delivery of this Performance Guaranty is in its best interests because, *inter alia*, the Performance Guarantor (individually) and the Performance Guarantor and its Affiliates (collectively) will derive substantial direct and indirect benefit from (i) each Originator's sales of Receivables to the Borrower from time to time under the Purchase and Sale Agreement, (ii) the Servicer's servicing of the Receivables under the Receivables Financing Agreement, (iii) the financial accommodations made by the Lenders to the Borrower from time to time under the Receivables Financing Agreement and (iv) the other transactions contemplated under the Purchase and Sale Agreement and the Receivables Financing Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Performance Guarantor hereby agrees as follows:

SECTION 1. Unconditional Undertaking; Enforcement. The Performance Guarantor hereby unconditionally and irrevocably undertakes and assures for the benefit of the Administrative Agent (including, without limitation, as assignee of the Borrower's rights, interests and claims under the Purchase and Sale Agreement), the Lenders and each of the other Secured Parties the due and punctual performance and observance by each Originator, Foresight and the Servicer (together with their respective successors and assigns, collectively, the "Covered Entities"), and each, a "Covered Entity") of the terms, covenants, indemnities, conditions, agreements, undertakings and obligations on the part of such Covered Entity to be performed or observed by it under the Purchase and Sale Agreement, the Receivables Financing Agreement and each of the other Transaction Documents to which such Covered Entity is a party, including, without limitation, any agreement or obligation of such Covered Entity to pay any indemnity or make any payment in respect of any applicable dilution adjustment or repurchase obligation under any such Transaction Document, in each case on the terms and subject to the conditions set forth in the applicable Transaction Documents as the same shall be amended, restated, supplemented or otherwise modified and in effect from time to time (all such terms, covenants, indemnities, conditions, agreements, undertakings and obligations on the part of the Covered Entities to be paid, performed or observed by them being collectively called the "Guaranteed Obligations"). Without limiting the generality of the foregoing, the Performance Guarantor agrees that if any Covered Entity shall fail in any manner whatsoever to perform or observe any of its Guaranteed Obligations when the same shall be required to be performed or observed under any applicable Transaction Document, then the Performance Guarantor will itself duly and punctually perform or observe or cause to be performed or observed such Guaranteed Obligations. It shall not be a condition to the accrual of the obligation of the Performance Guarantor hereunder to perform or observe any Guaranteed Obligation that the Administrative Agent, any Lender, any Group Agent, the Borrower or any other Person shall have first made any request of or demand upon or given any notice to the Performance Guarantor, any Covered Entity or any of their respective successors and assigns or have initiated any action or proceeding against the Performance Guarantor, any Covered Entity or any of their respective successors and assigns in respect thereof. The Administrative Agent (on behalf of itself, the Lenders, the Group Agents and the other Secured Parties) may proceed to enforce the obligations of the Performance Guarantor under this Performance Guaranty without first pursuing or exhausting any right or remedy which the Administrative Agent, any Group Agent or any Lender may have against any Covered Entity, the Borrower, any other Person, the Pool Receivables or any other property. The Performance Guarantor agrees that its obligations under this Performance Guaranty shall be

irrevocable. It is expressly acknowledged that this Performance Guaranty is a guarantee of performance only and is not a guarantee of the payment of any Pool Receivables and there shall be no recourse to the Performance Guarantor for any non-payment or delay in payment of any Pool Receivables solely by reason of the bankruptcy, insolvency or lack of creditworthiness of the related Obligor.

SECTION 2. Validity of Obligations. (a) The Performance Guarantor agrees that its obligations under this Performance Guaranty are absolute and unconditional, irrespective of: (i) the validity, enforceability, avoidance, subordination, discharge, or disaffirmance by any Person (including a trustee in bankruptcy) of the Guaranteed Obligations, (ii) the absence of any attempt by any Secured Party (or by the Borrower) to collect any Pool Receivables or to realize upon any other Collateral or any other property or collateral, or to obtain performance or observance of the Guaranteed Obligations from the Covered Entities or the Borrower or any other Person, (iii) the waiver, consent, amendment, modification, extension, forbearance or granting of any indulgence by any Secured Party (or by the Borrower) with respect to any provision of any agreement or instrument evidencing the Guaranteed Obligations, (iv) any change of the time, manner or place of performance of, or in any other term of any of the Guaranteed Obligations, including, without limitation, any amendment to or modification of any of the Transaction Documents, (v) any law, rule, regulation or order of any jurisdiction affecting any term or provision of any of the Guaranteed Obligations, or rights of the Secured Parties (or of the Borrower) with respect thereto, (vi) the failure by any Secured Party (or by the Borrower) to take any steps to perfect and maintain perfected its interest in any Collateral or other property or in any security or collateral related to the Guaranteed Obligations, (vii) any failure to obtain any consent, authorization or approval from or other action by, or to notify or file with, any Governmental Authority required in connection with the performance of the obligations hereunder by the Performance Guarantor, (viii) any impossibility or impracticability of performance, illegality, *force majeure*, any act of government, or other circumstances which might constitute a defense available to, or a discharge of any Covered Entity or the Performance Guarantor, or any other circumstance, event or happening whatsoever whether foreseen or unforeseen and whether similar to or dissimilar to anything referred to above, (ix) any manner of application of Collateral or any other assets of any Covered Entity or of the Borrower, or proceeds thereof, to satisfy all or any of the Guaranteed Obligations or as otherwise permitted under the Transaction Documents, or any manner of sale or other disposition of any collateral for all or any of the Guaranteed Obligations or as otherwise permitted under the Transaction Documents and (x) any change, restructuring or termination of the corporate structure or existence of any Covered Entity, the Borrower or the Performance Guarantor or any other Person or the equity ownership, existence, control, merger, consolidation or sale, lease or transfer of any of the assets of any such Person, or any bankruptcy, insolvency, winding up, dissolution, liquidation, receivership, assignment for the benefit of creditors, arrangement, composition, readjustment or reorganization of, or similar proceedings affecting, any Covered Entity, the Borrower or any of their assets or obligations. The Performance Guarantor waives all set-offs and counterclaims and all presentments, demands of performance, notices of nonperformance, protests, notices of protest, notices of dishonor and notices of acceptance of this Performance Guaranty. The Performance Guarantor's obligations under this Performance Guaranty shall not be limited if any Secured Party is precluded for any reason (including, without limitation, the application of the automatic stay under Section 362 of the Bankruptcy Code) from enforcing or exercising any right or remedy with respect to the Guaranteed Obligations, and the Performance

Guarantor shall perform or observe, upon demand, the Guaranteed Obligations that would otherwise have been due and performable or observable by any Covered Entity had such right and remedies been permitted to be exercised.

(b) Should any money due or owing under this Performance Guaranty not be recoverable from the Performance Guarantor due to any of the matters specified in this Section 2, then, in any such case, such money shall nevertheless be recoverable from the Performance Guarantor as though the Performance Guarantor were principal debtor in respect thereof and not merely a Performance Guarantor and shall be paid by the Performance Guarantor forthwith. The Performance Guarantor further agrees that, to the extent that any Covered Entity, the Borrower or any other Person makes a payment or payments to any Secured Party in respect of any Guaranteed Obligation, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to such Covered Entity, the Borrower or other Person, as applicable, or to the estate, trustee, or receiver of any Covered Entity, the Borrower, Person or any other party, including, without limitation, the Performance Guarantor, under any bankruptcy, insolvency or similar state or federal law, common law or equitable cause, then, to the extent of such payment or repayment, the Guaranteed Obligations or any part thereof which has been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the date such initial payment, reduction or satisfaction occurred.

SECTION 3. Reinstatement, etc. The Performance Guarantor agrees that this Performance Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Guaranteed Obligations is rescinded or must otherwise be restored by any Secured Party for any reason whatsoever (including, without limitation, upon the insolvency, bankruptcy or reorganization of any Covered Entity), as though such payment had not been made.

SECTION 4. Waiver. The Performance Guarantor hereby waives promptness, diligence, notice of acceptance, notice of default by any Covered Entity, notice of the incurrence of any Guaranteed Obligation and any other notice with respect to any of the Guaranteed Obligations and this Performance Guaranty, and any other document related thereto or to any of the Transaction Documents and any requirement that any Secured Party (or the Borrower) exhaust any right or take any action against any Covered Entity, the Borrower, any other Person or any property. The Performance Guarantor represents and warrants to the Secured Parties that it has adequate means to obtain from the Covered Entities and the Borrower, on a continuing basis, all information concerning the financial condition of the Covered Entities and the Borrower, and that it is not relying on any Secured Party to provide such information either now or in the future.

SECTION 5. Subrogation. The Performance Guarantor hereby waives all rights of subrogation (whether contractual or otherwise) to the claims, if any, of any Secured Party (or the Borrower) against the Covered Entities and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from the Covered Entities which may otherwise have arisen in connection with this Performance Guaranty until one year and one day have elapsed since the payment and performance in full of the Guaranteed Obligations.

SECTION 6. Representations and Warranties of the Performance Guarantor. The Performance Guarantor hereby represents and warrants to the Administrative Agent and each of the other Secured Parties as of the date hereof, on each Settlement Date and on each day on which a Credit Extension shall have occurred under the Receivables Financing Agreement, as follows:

(a) Organization and Good Standing. The Performance Guarantor is a duly organized and validly existing limited partnership in good standing under the laws of the State of Delaware and has full power and authority to own its properties and to conduct its business as such properties are currently owned and such business is presently conducted.

(b) Due Qualification. The Performance Guarantor is duly qualified to do business, is in good standing as a foreign entity and has obtained all necessary licenses and approvals in all jurisdictions in which the conduct of its business requires such qualification, licenses or approvals, except where the failure to do so could not reasonably be expected to have a material adverse effect on the performance by the Performance Guarantor of its obligations hereunder, or the validity or enforceability of this Performance Guaranty of any of the other Transaction Documents.

(c) Power and Authority; Due Authorization. The Performance Guarantor has all necessary power and authority to (i) execute and deliver this Performance Guaranty and the other Transaction Documents to which it is a party and (ii) perform its obligations under this Performance Guaranty and the other Transaction Documents to which it is a party and the execution, delivery and performance of, and the consummation of the transactions provided for in, this Performance Guaranty and the other Transaction Documents to which it is a party have been duly authorized by the Performance Guarantor by all necessary limited partnership action.

(d) Binding Obligations. This Performance Guaranty and each of the other Transaction Documents to which it is a party constitutes legal, valid and binding obligations of the Performance Guarantor, enforceable against the Performance Guarantor in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) No Conflict or Violation. The execution and delivery of this Performance Guaranty and each other Transaction Document to which the Performance Guarantor is a party, the performance of the transactions contemplated by this Performance Guaranty and the other Transaction Documents and the fulfillment of the terms of this Performance Guaranty and the other Transaction Documents by the Performance Guarantor will not (i) conflict with, result in any breach of any of the terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under, the organizational documents of the Performance Guarantor or any indenture, sale agreement, credit agreement, loan agreement, security agreement, mortgage, deed of trust or other agreement or instrument to which the Performance Guarantor is a party or by which it or any of its property is bound, (ii) result in the creation or imposition of any Adverse Claim upon any of its properties pursuant to the terms of any such indenture, credit agreement,

loan agreement, agreement, mortgage, deed of trust or other agreement or instrument, other than this Performance Guaranty and the other Transaction Documents or (iii) conflict with or violate any Applicable Law.

(f) Litigation and Other Proceedings. There is no action, suit, proceeding or investigation pending, or to the Performance Guarantor's knowledge threatened, against the Performance Guarantor before any Governmental Authority: (i) asserting the invalidity of this Performance Guaranty or any of the other Transaction Documents; (ii) seeking to prevent the consummation of any of the transactions contemplated by this Performance Guaranty or any other Transaction Document; or (iii) seeking any determination or ruling that could materially and adversely affect the performance by the Performance Guarantor of its obligations under, or the validity or enforceability of, this Performance Guaranty or any of the other Transaction Documents.

(g) No Consents. The Performance Guarantor is not required to obtain the consent of any other party or any consent, license, approval, registration, authorization or declaration of or with any Governmental Authority in connection with the execution, delivery, or performance of this Performance Guaranty or any other Transaction Document to which it is a party that has not already been obtained or the failure of which to obtain could not reasonably be expected to have a material adverse effect on the performance by the Performance Guarantor of its obligations hereunder, or the validity or enforceability of this Performance Guaranty of any of the other Transaction Documents.

(h) Compliance with Applicable Law. The Performance Guarantor is in compliance in all respects material to this Performance Guaranty and the other Transaction Documents, with the Applicable Law applicable to the Performance Guarantor, its Subsidiaries and their respective businesses and properties.

(i) Accuracy of Information. All certificates, reports, statements, documents and other information furnished to the Administrative Agent or any other Credit Party by the Performance Guarantor pursuant to any provision of this Performance Guaranty or any other Transaction Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Performance Guaranty or any other Transaction Document, is, at the time the same are so furnished, complete and correct in all material respects on the date the same are furnished to the Administrative Agent or such other Credit Party, and does not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not misleading (provided that with respect to any projected financial information, the Servicer represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time).

(j) Other Transaction Documents. Each representation and warranty made by the Performance Guarantor under each other Transaction Document to which it is a party is true and correct in all material respects as of the date when made.

(k) No Material Adverse Effect. Since September 30, 2014, there has been no Material Adverse Effect on the Performance Guarantor.

(l) Investment Company Act. The Performance Guarantor is not an “investment company,” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act.

(m) Anti-Money Laundering/International Trade Law Compliance. The Performance Guarantor is not a Sanctioned Person. The Performance Guarantor does not, either in its own right or through any third party, (i) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (ii) do business in or with, or derives any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; or (iii) engage in any dealings or transactions prohibited by any Anti-Terrorism Law.

(n) Financial Condition. The consolidated balance sheets of the Performance Guarantor and its consolidated Subsidiaries as of September 30, 2014, and the related statements of income and shareholders’ equity of the Performance Guarantor and its consolidated Subsidiaries for the fiscal quarter then ended, copies of which have been furnished to the Administrative Agent and the Lenders, present fairly in all material respects the consolidated financial position of the Performance Guarantor and its consolidated Subsidiaries for the period ended on such date, all in accordance with GAAP, subject to normal year-end and audit adjustments, and except for the absence of footnotes.

(o) Opinions. The facts regarding the Performance Guarantor, the Borrower, the Servicer, each Originator, the Receivables, the Related Security and the related matters set forth or assumed in each of the opinions of counsel delivered in connection with the Receivables Financing Agreement and the Transaction Documents are true and correct in all material respects.

(p) Solvency. The Performance Guarantor is Solvent.

(q) Separateness. The Performance Guarantor is aware that the Administrative Agent and the other Secured Parties have entered into the Receivables Financing Agreement in reliance on the Borrower being a separate entity from the Performance Guarantor and the Performance Guarantor’s other Affiliates (including, without limitation, the Covered Entities) and has taken such actions and implemented such procedures as are necessary on its part to ensure that the Performance Guarantor and each of its Affiliates (including, without limitation, the Covered Entities) will take all steps necessary to maintain the Borrower’s identity as a separate legal entity from the Performance Guarantor and its Affiliates (including, without limitation, the Covered Entities) and to make it manifest to third parties that the Borrower is an entity with assets and liabilities distinct from those of the Performance Guarantor and its Affiliates (including, without limitation, the Covered Entities).

(r) ERISA.

(i) Each of the Performance Guarantor and the ERISA Affiliates is in compliance with the applicable provisions of ERISA and the provisions of the Code relating to any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code and in respect of which the Performance

Guarantor or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA (a “Plan”) and the regulations and published interpretations thereunder and any similar applicable non-U.S. law, except for such noncompliance that would not reasonably be expected to have a Material Adverse Effect. No Reportable Event has occurred during the past five years other than a Reportable Event that would not reasonably be expected to have a Material Adverse Effect. The excess of the present value of all benefit liabilities under each Plan of the Performance Guarantor and the ERISA Affiliates (based on the assumptions used to determine required minimum contributions under Section 412 of the Code with respect to such Plan), over the value of the assets of such Plan, determined as of the most recent annual valuation date applicable thereto for which a valuation has been completed, would not reasonably be expected to have a Material Adverse Effect, and the excess of the present value of all benefit liabilities of all underfunded Plans (based on the assumptions used to determine required minimum contributions under Section 412 of the Code with respect to each such Plan) over the value of the assets of all such under funded Plans, determined as of the most recent annual valuation dates applicable thereto for which valuations have been completed, would not reasonably be expected to have a Material Adverse Effect. None of the Performance Guarantor or the ERISA Affiliates has received any written notification that any Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA, or has knowledge that any Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, where such reorganization or termination has had or would reasonably be expected to have, through increases in the contributions required to be made to such Plan or otherwise, a Material Adverse Effect.

(ii) Each of the Performance Guarantor and the ERISA Affiliates is in compliance (i) with all applicable provisions of law and all applicable regulations and published interpretations thereunder with respect to any employee pension benefit plan governed by the laws of a jurisdiction other than the United States and (ii) with the terms of any such plan, except, in each case, for such noncompliance that would not reasonably be expected to have a Material Adverse Effect.

(s) Preliminary Statements. The statements set forth in the preliminary statements to this Performance Guaranty are true and correct.

(t) Reaffirmation of Representations and Warranties. On the date of each Credit Extension, on the date of each Release, on each Settlement Date and on the date each Information Package or other report is delivered to the Administrative Agent or any Lender hereunder, the Performance Guarantor shall be deemed to have certified that all representations and warranties of the Performance Guarantor hereunder are true and correct in all material respects on and as of such day as though made on and as of such day, except for representations and warranties which apply as to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such date).

SECTION 7. Certain Covenants. The Performance Guarantor covenants and agrees that, from the date hereof until the Final Payout Date, the Performance Guarantor will observe and perform all of the following covenants.

(a) Ownership and Control. The Performance Guarantor shall continue to own, directly or indirectly, 100% of the issued and outstanding Capital Stock of each Originator, the Servicer and the Borrower. The Performance Guarantor shall cause Foresight to own directly 100% of the issued and outstanding Capital Stock of the Borrower. Without limiting the generality of the foregoing, the Performance Guarantor shall not permit the occurrence of any Change in Control.

(b) Existence and Good Standing. The Performance Guarantor will preserve and do all things as are necessary to maintain its corporate existence, rights, franchises, qualifications, privileges and good standing, and will ensure that it has the right and is duly qualified to conduct its business as it is presently conducted in all applicable jurisdictions, except to the extent that the failure to comply with the foregoing would not have a Material Adverse Effect.

(c) Compliance with Laws. The Performance Guarantor will comply with all Applicable Laws to which it may be subject if the failure to comply could reasonably be expected to have a material adverse effect on the performance by the Performance Guarantor of its obligations hereunder, or the validity or enforceability of this Performance Guaranty or any of the other Transaction Documents to which it is a party.

(d) Sale of Assets. The Performance Guarantor will not, and will not permit any Covered Entity to, directly or indirectly sell, transfer, assign, convey or lease whether in one or a series of transactions, all or substantially all of its assets (other than in accordance with the Transaction Documents).

(e) Actions Contrary to Separateness. The Performance Guarantor will not take any action inconsistent with the terms of Section 8.03 of the Receivables Financing Agreement.

(f) Anti-Money Laundering/International Trade Law Compliance. The Performance Guarantor shall not become a Sanctioned Person. The Performance Guarantor, either in its own right or through any third party, will not (a) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (b) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; (c) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (d) use the proceeds of Advances to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law. The Performance Guarantor shall comply with all Anti-Terrorism Laws. The Performance Guarantor shall promptly notify the Administrative Agent in writing upon the occurrence of a Reportable Compliance Event.

(g) Payments on Receivables; Lock-Box Accounts. If any payments on the Pool Receivables or other Collections are received by the Performance Guarantor, it shall hold such payments in trust for the benefit of the Administrative Agent, the Lenders and

the other Secured Parties and promptly (but in any event within one (1) Business Day after receipt) remit such funds into a Lock-Box Account.

(h) Further Assurances. The Performance Guarantor hereby agrees from time to time, at its own expense, promptly to execute (if necessary) and deliver all further instruments and documents, and to take all further actions, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to enable the Administrative Agent (on behalf of the Secured Parties) to exercise and enforce its respective rights and remedies under this Performance Guaranty. Without limiting the foregoing, the Performance Guarantor hereby agrees from time to time, at its own expense, promptly to provide such information (including non-financial information) with respect to itself and each Covered Entity as the Administrative Agent may reasonably request.

SECTION 8. Amendments, Etc. No amendment or waiver of any provision of this Performance Guaranty shall be effective unless the same shall be in writing and signed by the Administrative Agent, each Lender and the Performance Guarantor, and no consent to any departure by the Performance Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 9. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (which shall not include facsimile communication, but shall include email communication) and mailed, sent or delivered to it (a) if to the Administrative Agent, to its address specified for notices in the Receivables Financing Agreement, (b) if to any other Secured Party, to such Secured Party's address specified for notices in the Receivables Financing Agreement and (c) if to the Performance Guarantor, to its address set forth below, or in either case, to such other address as the relevant party specified to the other from time to time in writing:

Foresight Energy LP
One Metropolitan Square
211 North Broadway, Suite 2600
St. Louis, Missouri 63102
Attention: Oscar A. Martinez

Notices and communications shall be effective when received.

SECTION 10. No Waiver; Remedies. No failure on the part of the Borrower or any Secured Party 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. The remedies herein provided are cumulative and not exclusive of any remedies provided by Applicable Law.

SECTION 11. Continuing Agreement; Third Party Beneficiaries; Assignment. This Performance Guaranty is a continuing agreement and shall (i) remain in full force and effect until

the later of (x) the payment and performance in full of the Guaranteed Obligations and all other amounts payable under this Performance Guaranty and (y) one year and a day after the Final Payout Date, (ii) be binding upon the Performance Guarantor, its successors and assigns and (iii) inure to the benefit of, and be enforceable by, the Administrative Agent, the Lenders, the other Secured Parties and their respective successors and assigns. Without limiting the generality of the foregoing clause (iii), upon any assignment by a Lender or Group Agent permitted pursuant to the Receivables Financing Agreement, the applicable assignee shall thereupon become vested with all the benefits in respect thereof granted to the Lenders and Group Agents herein or otherwise. Each of the parties hereto hereby agrees that each of the Lenders and the Secured Parties shall be a third-party beneficiary of this Performance Guaranty. The Performance Guarantor shall not assign, delegate or otherwise transfer any of its obligations or duties under this Performance Guaranty without the prior written consent of the Administrative Agent in its sole discretion. Any payments hereunder shall be made in full in U.S. dollars without any set-off, deduction or counterclaim and the Performance Guarantor's obligations hereunder shall not be satisfied by any tender or recovery of another currency except to the extent such tender or recovery results in receipt of the full amount of U.S. dollars required hereunder.

SECTION 12. Mutual Negotiations. This Performance Guaranty is the product of mutual negotiations by the parties thereto and their counsel, and no party shall be deemed the draftsman of this Performance Guaranty or any provision hereof or to have provided the same. Accordingly, in the event of any inconsistency or ambiguity of any provision of this Performance Guaranty, such inconsistency or ambiguity shall not be interpreted against any party because of such party's involvement in the drafting thereof.

SECTION 13. Costs and Expenses. The Performance Guarantor hereby agrees to pay on demand all reasonable out-of-pocket costs and expenses in connection with the preparation, negotiation, execution, delivery and administration of this Performance Guaranty (or any supplement or amendment hereto), including, without limitation, the reasonable Attorney Costs for the Administrative Agent and the other Credit Parties and any of their respective Affiliates with respect thereto and with respect to advising the Administrative Agent and the other Credit Parties and their respective Affiliates as to their rights and remedies under this Performance Guaranty. In addition, the Performance Guarantor agrees to pay on demand all reasonable out-of-pocket costs and expenses (including reasonable Attorney Costs), of the Administrative Agent and the other Credit Parties and their respective Affiliates, incurred in connection with the enforcement of any of their respective rights or remedies under the provisions of this Performance Guaranty.

SECTION 14. GOVERNING LAW. THIS PERFORMANCE GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICT OF LAWS PROVISIONS THEREOF).

SECTION 15. CONSENT TO JURISDICTION. (i) THE PERFORMANCE GUARANTOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR

RELATING TO THIS PERFORMANCE GUARANTY, AND THE PERFORMANCE GUARANTOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING (I) IF BROUGHT BY THE PERFORMANCE GUARANTOR, SHALL BE HEARD AND DETERMINED, AND (II) IF BROUGHT BY ANY SECURED PARTY, MAY BE HEARD AND DETERMINED, IN EACH CASE, IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. NOTHING IN THIS SECTION 15 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER SECURED PARTY TO BRING ANY ACTION OR PROCEEDING AGAINST THE PERFORMANCE GUARANTOR OR ANY OF ITS RESPECTIVE PROPERTY IN THE COURTS OF OTHER JURISDICTIONS. THE PERFORMANCE GUARANTOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. THE PARTIES HERETO AGREE 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.

(ii) THE PERFORMANCE GUARANTOR CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO IT AT ITS ADDRESS SPECIFIED IN SECTION 9. NOTHING IN THIS SECTION 15 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER SECURED PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 16. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS PERFORMANCE GUARANTY OR ANY OTHER TRANSACTION DOCUMENT.

SECTION 17. Set-off Rights of Secured Parties. The Administrative Agent and the other Secured Parties may from time to time, following the demand therefore by such Person, set-off and apply any liabilities any such Person may have to the Performance Guarantor (including liabilities in respect of any monies deposited with it by the Performance Guarantor) against any and all of the obligations of the Performance Guarantor to such Person now or hereafter existing under this Performance Guaranty.

SECTION 18. Severability. If any term or provision of this Performance Guaranty shall be determined to be illegal or unenforceable to any extent with respect to any person or circumstance, the enforceability of such term or provision shall not be affected with respect to any other person or circumstance, and such term or provision shall be enforceable to the fullest extent permitted by Applicable Law.

SECTION 19. Counterparts. This Performance Guaranty may be executed in any number of counterparts and by the different parties hereto on separate counterparts, and each

such counterpart shall be deemed to be an original, but all such counterparts shall together constitute one and the same Performance Guaranty.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Performance Guarantor has caused this Performance Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

FORESIGHT ENERGY LP,
as Performance Guarantor

By: / s/ Oscar Martinez
Name: Oscar Martinez
Title: Senior Vice President & Chief Financial Officer

Accepted as of the date hereof:

PNC BANK, NATIONAL ASSOCIATION,

as Administrative Agent

By: / s/ Mark Falcione

Name: Mark Falcione

Title: Executive Vice President

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*Performance Guaranty
(Foresight)*

FIRST AMENDMENT TO FORESIGHT ENERGY LP LONG-TERM INCENTIVE PLAN

The Foresight Energy LP Long-Term Incentive Plan (the “**Plan**”) is hereby amended (this “**Amendment**”) effective as of February 6, 2015 pursuant to the authorization and direction of the Board of Directors of Foresight Energy GP LLC (the “**General Partner**”), in its capacity as the general partner of Foresight Energy LP (the “**Partnership**”). All capitalized terms used in this Amendment and not otherwise defined herein shall have the same meaning as in the Plan.

WHEREAS, the General Partner currently sponsors the Plan, pursuant to which awards with respect to the common units of the Partnership may currently be granted to eligible Employees, Consultants and Directors;

WHEREAS, pursuant to Section 7(a) of the Plan, the Board of Directors of the General Partner (the “**Board**”) may amend the Plan; and

WHEREAS, Board desires to amend the Plan to permit the issuance of awards with respect to subordinated units of the Partnership.

NOW, THEREFORE, effective as of the date hereof, the Plan is hereby amended as provided below:

1. The definition of the term “Unit” is hereby removed and replaced with the following definition:

““Unit” means a common unit or a subordinated unit of the Partnership. In the context of an Award under the Plan, references in the Plan to a “Unit” shall be a reference to either a common unit or a subordinated unit of the Partnership, determined based upon which class of units of the Partnership has been selected by the Committee as being covered by the particular Award.”

2. Section 3(a)(iii) of the Plan is hereby removed and replaced with the following:

“(iii) determine the number and type of Units covered by Awards”

3. The following is hereby added as a new sentence to the end of Section 4(a):

“For the avoidance of doubt, both common units and subordinated units of the Partnership shall count equally for purposes of the limit set forth in this Section 4(a).”

4. Except as expressly modified by this Amendment, the terms of the Plan shall remain in full force and effect and are hereby confirmed and ratified.
-

EXECUTED effective for all purposes as of February 6, 2015.

FORESIGHT ENERGY GP LLC

By: /s/ Michael J. Beyer
Michael J. Beyer
President & CEO

Subsidiaries of Foresight Energy Partners LP

<u>Name</u>	<u>Jurisdiction of Organization</u>
Adena Resources LLC (subsequent to 12-31-14)	Delaware
Foresight Energy LLC	Delaware
Foresight Energy Services LLC	Delaware
Foresight Energy Employee Services Corporation	Delaware
Foresight Receivables LLC (subsequent to 12-31-14)	Delaware
Foresight Coal Sales LLC	Delaware
Foresight International Coal Sales Limited	United Kingdom
Hillsboro Energy LLC	Delaware
Hillsboro Transport LLC (subsequent to 12-31-14)	Delaware
Macoupin Energy LLC	Delaware
Oeneus LLC d/b/a Savatran LLC	Delaware
Sitran LLC (subsequent to 12-31-14)	Delaware
Seneca Rebuild LLC	Delaware
Sugar Camp Energy, LLC	Delaware
Tanner Energy LLC	Delaware
Williamson Energy, LLC	Delaware

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-196959) pertaining to the Foresight Energy LP Long-Term Incentive Plan of our report dated March 10, 2015, with respect to the consolidated financial statements and schedule of Foresight Energy LP included in this Annual Report (Form 10-K) for the year ended December 31, 2014.

/s/ Ernst & Young LLP

St. Louis, Missouri
March 10, 2015

POWER OF ATTORNEY

KNOW ALL PEOPLE BY THESE PRESENTED, that each person whose signature appears below hereby appoints Michael J. Beyer acting alone, his true and lawful attorney-in-fact with full power of substitution or re-substitution, for such person and in such person's name, place and stead, in any and all capacities, to sign on such person's behalf, Foresight Energy LP's Annual Report on Form 10-K to the Securities and Exchange Commission for the fiscal year ended December 31, 2014, and any amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have executed this Power of Attorney on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Christopher Cline</u> Christopher Cline	Chairman of the Board, Principal Strategy Advisor	March 3, 2015
<u>/s/ John F. Dickinson</u> John F. Dickinson	Director	March 3, 2015
<u>/s/ John F. Dickinson</u> E. Hunter Harrison	Director	March 3, 2015
<u>/s/ Daniel S. Hermann</u> Daniel S. Hermann	Director	March 3, 2015

**Certification by Chief Executive Officer pursuant to
Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Michael J. Beyer certify that:

1. I have reviewed this Annual Report on Form 10-K of Foresight Energy LP.;
2. Based on my knowledge, this annual 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 annual report;
4. The registrant's other certifying officer 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)) for the registrant and we 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 annual report is being prepared;
 - b. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - c. disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the quarterly period ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer 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.

Date: March 10, 2015

/s/ Michael J. Beyer

Michael J. Beyer
President, Chief Executive Officer
and Director

**Certification by Chief Financial Officer pursuant to
Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Oscar A. Martinez certify that:

1. I have reviewed this Annual Report on Form 10-K of Foresight Energy LP.;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
4. The registrant's other certifying officer 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)) for the registrant and we 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 annual report is being prepared;
 - b. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion 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
 - c. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the quarterly period ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer 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.

Date: March 10, 2015

/s/ Oscar A. Martinez

Oscar A. Martinez

Senior Vice President—

Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Foresight Energy LP (the "Partnership") on Form 10-K for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Beyer, President, Chief Executive Officer and Director of Foresight Energy GP, LLC, the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Partnership.

By: /s/ Michael J. Beyer
Michael J. Beyer
President, Chief Executive Officer and Director
of Foresight Energy GP, LLC

Date: March 10, 2015

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act or Exchange Act, except to the extent that the Partnership specifically incorporates it by reference. A signed original of this written statement required by Section 906 has been provided to the Partnership and will be retained by the Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Foresight Energy LP (the "Partnership") on Form 10-K for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Oscar A. Martinez, Senior Vice President and Chief Financial Officer of Foresight Energy GP, LLC, the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Partnership.

By: /s/ Oscar A. Martinez

Oscar A. Martinez
*Senior Vice President and Chief Financial Officer
of Foresight Energy GP, LLC*

Date: March 10, 2015

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act or Exchange Act, except to the extent that the Partnership specifically incorporates it by reference. A signed original of this written statement required by Section 906 has been provided to the Partnership and will be retained by the Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

MINE SAFETY DISCLOSURE

Our mine operations are subject to regulation by the Federal Mine Safety and Health Administration (“MSHA”) under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”). MSHA inspects our mines on a regular basis and issues various citations and orders to our operators when its inspectors believe that a violation has occurred under the Mine Act. We disclose information regarding certain citations and orders issued by MSHA and related assessments and legal actions with respect to our coal mining operations. In evaluating the below 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.

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) requires issuers to include in periodic reports filed with the Securities and Exchange Commission (“SEC”) certain information relating to citations and orders for violations of standards under the Mine Act. The following tables disclose information required under the Dodd-Frank Act from the second quarter of 2014, the quarter which Foresight Energy LP became a registrant, through December 31, 2014.

Mine Name / MSHA Identification Number	Section 104(a) S&S Citations Excluding 104 (d) Citations / Orders (#)(1)	Section 104(b) Orders (#)(2)	Section 104 (d) Citations and Orders (#)(3)	Section 110 (b)(2) Violations (#)(4)	Section 107(a) Orders (#)(5)	Total Dollar Value of MSHA Assessments Proposed (in Thousands, \$(6)	Total Number of Mining Related Fatalities (#) (7)	Received Notice of Pattern of Violations Under Section 104(e) (yes/no) (8)	Legal Actions Pending as of Last Day of Period (#) (9)	Legal Actions Initiated During Period (#) (9)	Legal Actions Resolved During Period (#)(9)
Mach No. 1 / 1103141	50	1	0	0	0	\$196.2	0	No	19	6	20
MC No. 1 / 1103189	76	0	24	0	1	\$769.2	1	No	113	118	30
Deer Run / 1103182	32	1	10	0	0	\$101.5	0	No	13	11	0
Shay No. 1 / 1100726	46	1	3	0	0	\$324.8	0	No	1	0	2

- (1) Mine Act Section 104 citations and orders for alleged violations of mandatory health or safety standards that could significantly and substantially contribute to a coal mine safety or health hazard. Excludes 104(d) orders.
- (2) Mine Act Section 104(b) orders are for alleged failures to totally abate a citation within the period of time specified in the citation.
- (3) Mine Act Section 104(d) citations and orders are for an alleged unwarrantable failure to comply with mandatory health or safety standards.
- (4) Total number of flagrant violations issued under Section 110(b)(2) of the Mine Act.

- (5) Mine Act Section 107(a) orders are for alleged conditions or practices that could reasonably be expected to cause death or serious physical harm before such condition or practice can be abated and result in orders of immediate withdrawal from the area of the mine affected by the condition.
- (6) Total dollar value of MSHA assessments proposed during the period from April 1, 2014 through December 31, 2014. These figures do not necessarily relate to the citations or orders issued by MSHA during the current reporting period or to the pending cases reported herein. Note that these figures represent assessments proposed by MSHA during the period from April 1, 2014 through December 31, 2014, including those contested or appealed.
- (7) Total number of mining-related fatalities during the period from April 1, 2014 through December 31, 2014.
- (8) Mine Act Section 104(e) written notices are for an alleged pattern of violations of mandatory health or safety standards that could significantly and substantially contribute to a coal mine health or safety hazard.
- (9) Any pending legal action before the Federal Mine Safety and Health Review Commission (the “Commission”) involving a coal mine owned and operated by us. The number of legal actions pending as of December 31, 2014 that fall into each of the following categories is as follows:

Mine Name / MSHA Identification Number	Contests of Citations/ Orders referenced in Subpart B, 29CFR Part 2700	Contests of Proposed Penalties referenced in Subpart C, 29CFR Part 2700	Complaints for compensation referenced in Subpart D, 29CFR Part 2700	Complaints for discharge, discrimination, or interference referenced in Subpart E, 29CFR Part 2700	Applications for temporary relief referenced in Subpart F 29CFR Part 2700	Appeals of judges' decisions or orders to FMSHRC referenced in Subpart H 29CFR Part 2700
Mach No. 1 / 1103141	0	17	0	0	0	2 ¹
MC No. 1 / 1103189	89	24	0	0	0	0
Deer Run / 1103182	10	3	0	0	0	0
Shay No. 1 / 1100726	0	1	0	0	0	0

¹ – These two dockets are on appeal to the United States District Court for the District of Columbia Circuit.