



American Electric Power
1 Riverside Plaza
Columbus, OH 43215
Tel: 614-465-5000
www.aep.com

AEP Sales Order: SC-18-S-001
Effective Date: June 29, 2018

Seller: Kentucky Power Company
1 Riverside Plaza, 14th Floor
Columbus, OH 43215
Attn: Tina Sefcik
Phone: 614-716-6113
Cell Phone: 614-917-8404
Fax: 614-716-3470
Email: tmsefcik@aep.com

Buyer: Trafigura Trading LLC
One Stamford Plaza
263 Tresser Blvd, 16th Floor
Stamford, CT 06901
Attn: Martin Sonesson
Phone: 203-355-7200
Fax: 203-355-7264
Email: Martin.Sonesson@trafigura.com
Trafigura Reference Numbers: 1757073,
1757082, 1757089, 1757091, 1757096,
1757099

Primary Plant: N/A

Commodity: Crushed, bituminous coal, containing no synthetic fuels, substantially free from any extraneous material, with no intermediate sizes to be added or removed and otherwise meeting the specifications of this Contract ("Coal").

Term: July 1, 2018 through December 31, 2018.

Quantity: 400,000 Tons of Coal to be delivered by barge during the Term at the rate of approximately 67,000 Tons of Coal per month (each barge shall constitute a "Shipment"). Buyer and Seller shall determine a mutually agreeable shipping schedule.

Price: \$44.00 per Ton of Coal FOB at the Delivery Point, except as set forth hereafter in Quality Adjustments.

Quality: As received basis, in accordance with ASTM standards ("Standards") for each Shipment, as follows:

<u>Characteristic:</u>	<u>Contracted Half-Month:</u>	<u>Half-Month Suspension Limit:</u>	<u>Shipment Rejection Limit:</u>
Heating Value (Btu/lb.):	12,400	12,300 minimum	12,150 minimum
SO ₂ (lbs. SO ₂ /mmBtu):	6.50	7.25 maximum	8.00 maximum
Moisture (%):	7.00	7.50 maximum	8.00 maximum
Ash (%):	10.50	11.50 maximum	12.50 maximum
Volatile Matter (%):	37.0	Not Applicable	minimum
Hardgrove Grindability:	53	Not Applicable	minimum
Ash Fusion Temperature (H=1/2w) °F Red. Atm.:	2050	Not Applicable	minimum

Sizing: 3 X 0 inches topsize, nominal, with maximum 55% passing one-quarter inch square wire cloth sieve to be determined on the basis of the primary cutter of the mechanical sampling system.

Source: McElroy Mine (MSHA ID # 4601437) or Century Mine (MSHA ID # 3301070)

Delivery Point: The Powhatan Transportation Center Dock, Mile Post 110.8, Ohio River or Ireland Dock, Mile Post 110.4, Ohio River

Weighing Party: Seller shall be the weighing party. The weighing party shall weigh the Coal in accordance with Section 4 of the AEP Coal Sales Order Terms and Conditions attached.

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Sampling & Analysis Party: Seller shall be the sampling party. The sampling party shall sample and analyze the Coal in accordance with Section 5 of the AEP Coal Sales Order Terms and Conditions attached.

Quality Adjustments: If Coal delivered under this Sales Order varies from the Quality specifications above (the "Specifications"), but Buyer does not exercise its rejection rights under Shipment Rejection herein, quality adjustments shall be calculated pursuant to the formulas set forth in this section using the weighted averages by Sales Order. All adjustment calculations shall be carried out four decimal places.

(A) If the weighted average heating value (Btu/lb.) of all Coal unloaded and taken into account hereunder in a Half-Month is not equal to the Contracted Half-Month Btu/lb., then there shall be an amount added to the Contract Price (if the calculated number is positive) or subtracted from the Contract Price (if such number is negative), as determined by the following formula, to arrive at the adjusted price for such Coal:

$$\text{Amount Per Ton of Increase or Decrease for Btu/lb.} = \frac{(\text{Actual Btu/lb.} - \text{Contracted Btu/lb.}) \times \text{Contract Price}}{\text{Contracted Btu/lb.}}$$

Payment: Buyer shall pay Seller by electronic transfer (recipient's account per Seller's advice) in United States Funds for all Coal shipped hereunder. Seller shall submit to Buyer an Invoice which invoice shall include the weight, analytical, and cost data on such Coal shipped during each Half-Month at each respective consigned destination within five (5) Business Days after each such Half-Month period, which Invoice shall include a reference to this Sales Order number. Buyer shall make payment by electronic transfer to Seller within 20 calendar days after the Half-Month period, provided Seller's invoice is submitted in accordance with the preceding paragraph. Payment shall be made by wire transfer or electronic means in immediately available United States funds for all Coal shipped hereunder. If not already provided in this Contract, Seller shall provide Buyer all pertinent remittance instructions in a letter (containing the bank name, account name, ABA number, and account number, as well as Seller's federal tax identification number) which shall be signed by a duly authorized representative of Seller. Any change in the remittance instructions shall be provided in the same manner.

Overdue payments shall accrue interest at the Interest Rate from the due date until paid. As used herein, the term "Interest rate" shall mean the prime rate of interest for United States Dollars as published from time to time during such period under the section titled, "Money Rates" by The Wall Street Journal, plus two percent per annum but not to exceed the maximum applicable lawful interest rate.

If any party in good faith reasonably disputes an invoice, it shall provide a written explanation specifying in detail the basis for the dispute and pay any undisputed portion no later than the due date. Upon resolution of any dispute involving an invoice, any additional amount owing shall be paid with interest at the Interest Rate. If any party fails to pay amounts under this Contract when due, unless such amount is the subject of a dispute as provided above, or is excused by Force Majeure, in addition to the rights and remedies provided in this Contract, the aggrieved party shall have the right to suspend performance under this Contract until such amounts plus interest have been paid, and/or exercise any remedy available at law or in equity to enforce payment of such amount plus interest at the Interest Rate defined herein.

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Other Terms: Seller and Buyer acknowledge that Buyer is not a Kentucky Power Company affiliate as the term is defined in KRS 278.010(18). KRS 278.010(18) defines "affiliate" as "a person that controls or that is controlled by, or is under common control with, a utility."

This Purchase Order shall be governed by the AEP Coal Sales Order Terms and Conditions attached hereto and incorporated herein by specific reference.

Accepted: Seller:

Buyer:

Marguerite C. Mills
Signature

Marguerite C. Mills

Vice President

Date: July 18, 2018

Maitha Sorensen
Signature

Maitha Sorensen
Name (Print)

Title Trader

Date: 7/3/18

Francisco Cisneros
Francisco Cisneros
Ops. Manager
Jul. 13. 2018

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AEP COAL SALES ORDER TERMS AND CONDITIONS

1) AGREEMENT

The attached Sales Order together with these AEP Coal Sales Order Terms and Conditions shall constitute the "Contract." Any changes or modifications to this Contract shall be made in writing and signed by both parties. In the event that any provision(s) of these AEP Coal Sales Order Terms and Conditions are conflicting or inconsistent with the Sales Order, the provision(s) of the Sales Order shall control.

2) WARRANTY

Seller represents and warrants that it has title to all Coal sold hereunder and the same is shipped free and clear of all liens, encumbrances, and claims of all third parties. OTHER THAN THOSE EXPRESSLY PROVIDED HEREIN, SELLER MAKES NO OTHER REPRESENTATION OR WARRANTY, WRITTEN OR VERBAL, EXPRESS OR IMPLIED, IN CONNECTION WITH THE SALE AND PURCHASE OF COAL HEREUNDER. ALL WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR ARISING FROM A COURSE OF DEALING OR USAGE OF TRADE ARE SPECIFICALLY EXCLUDED. SELLER MAKES NO WARRANTY CONCERNING THE SUITABILITY OF COAL DELIVERED HEREUNDER FOR USE IN ANY FACILITIES.

3) SCHEDULING, DELIVERY & TITLE AND RISK OF LOSS

Unless otherwise provided in the Sales Order, Buyer shall advise Seller on or before the 23rd day of the month preceding scheduled Shipments of the loading dates and delivery schedule, and Seller shall advise Buyer on or before the 25th day of the month preceding scheduled Shipments of the Source of the scheduled Shipments if more than one (1) or none is specified in the Sales Order. Unless otherwise specified in the Sales Order, Buyer shall designate to Seller the scheduling, routing and method of Shipments of Coal purchased under this Contract. Seller shall cause Coal sold hereunder to be properly loaded into the transport vehicle (i.e. railcars, barges) for delivery to Buyer, provided that Buyer has provided Seller with applicable loading instructions (including minimum and maximum weights) no less than twenty-four (24) hours prior to the arrival of Buyer's transport vehicle. The delivery schedule specified in the Sales Order or as designated by Buyer in absence of such in the Sales Order is binding on both Buyer and Seller and may only be changed by mutual written agreement.

Title to and risk of loss of Coal conforming to this Contract shall pass to Buyer as follows:

- a) For barge deliveries, as the loaded barges are pulled from the Delivery Point.
- b) For rail deliveries, as the loaded unit train or single car shipment is pulled from the Delivery Point.
- c) For all Non-Conforming Shipments (as hereinafter defined) title to and risk of loss of Coal shall revert back to Seller immediately upon any rejection or nonacceptance by Buyer as provided elsewhere in this Contract.

Seller and Buyer shall each indemnify, defend, and save harmless the other party, and its Affiliates and their respective officers, directors, agents, and employees from and against any liabilities, losses, claim, damages, penalties, causes of action, or suits arising out of or in connection with its failure to comply with its obligations under this Contract. .

Seller shall indemnify, save harmless, and defend Buyer and its Affiliates and their officers, directors, agents, and employees (all referred to in this sentence as "Buyer") from and against any liabilities, expenses, losses, claims, damages, penalties, causes of action, or suits, and all other obligations whatsoever, including without limitation, all judgments rendered against and all fines and penalties imposed upon Buyer (whether severally, or in combination with others) and any reasonable attorneys' fees and any other costs of litigation (all of which are hereinafter referred to as "Liabilities") arising out of injuries or death to any person(s), or damage to any property, caused by or related to, in whole or in part the railcars (or barges, if applicable) furnished hereunder (as applicable), between the time that such railcars (or barges, if applicable) are delivered to Seller or Seller's agent and the time that custody thereof is properly returned to Buyer (or to Buyer's agent carrier, if applicable). Any injury or death to person(s) or damage to property as hereinbefore described shall be reported to Buyer by Seller immediately upon the occurrence thereof, and confirmed in writing as soon as possible.

4) WEIGHING.

All Deliveries: The weighing party shall determine the weight of the Coal delivered hereunder at its expense using its rail or belt scales, as applicable.

(A) The accuracy of the weighing party's rail scale(s) or batch weighing system, as applicable, shall be maintained to within plus or minus two tenths of one percent ($\pm 0.20\%$) accuracy. The weighing party's rail scale(s) or batch weighing system, as applicable, shall be tested and calibrated semiannually in accordance with the guidelines established by NIST. The calibration shall be performed by a qualified third party (e.g., the rail carrier), using such equipment as deemed appropriate by such third party. At the non-weighing party's request, which may be made from time to time, the weighing party shall inform the non-weighing party of the results of such testing and calibration. It shall be the responsibility of the weighing party to arrange and schedule scale calibrations when required.

(B) The accuracy of the weighing party's belt scales shall be maintained to within plus or minus one-quarter of one percent ($\pm 0.25\%$) accuracy. The weighing party's belt scales shall be tested and calibrated at least once each month in accordance with the guidelines outlined by NIST in effect at the time of such weighing or other procedures which shall be mutually acceptable to Seller and Buyer. At the non-weighing party's request, which may be made from time to time, the weighing party shall inform the non-weighing party of the results of such testing and calibration. It shall be the responsibility of the weighing party to arrange and schedule scale calibrations when required.

(C) If the weighing party's scales are discovered to be outside of acceptable tolerance ranges ($\pm 0.20\%$ for rail scale(s) or batch weighing system, and $\pm 0.25\%$ for conveyor belt scales), then an appropriate adjustment will be made to the tonnage and invoiced retroactively to the date of the most recent calibration or thirty (30) calendar days prior to the calibration which was found in error, whichever is later.

Barge Draft Surveys: If there is no certified belt scale system at the Delivery Point, and if the parties specifically agree that weights shall be determined hereunder by draft survey taken at the Delivery Point, then all such draft surveys shall be conducted by an independent surveyor (certified commercial marine surveyor for vessels) experienced in the conduct of draft surveys selected by mutual agreement of the parties. In cases where (i) there is no certified belt scale system at the Delivery Point or in absence of a certified belt scale system and a draft survey is not taken at the Delivery Point or (ii) the Delivery Point is the ultimate destination, weights shall be determined at the destination by Buyer.

Weights determined in accordance with this section shall be deemed accepted as correct (absent manifest error) and shall govern all invoicing and payments hereunder. Unless otherwise specified, the costs of weighing shall be for the account of the weighing party.

Irrespective of which party's weights govern for payment hereunder, Seller shall properly weigh each Shipment hereunder and notify Buyer of such weights as provided in Section 22. Seller's weights shall be reported to the recipients designated by and in the manner specified by Buyer.

5) **SAMPLING AND ANALYSIS**

The sampling party shall perform all sampling and analysis of Coal for payment hereunder.

Seller shall sample the Coal or shall provide for the Coal to be sampled as it is loaded, analyze the sample(s) so obtained, and, as provided in Section 22, notify Buyer of such short proximate (Btu per pound, percent moisture, percent ash, percent sulfur, and with respect to Illinois Basin Coal, the sodium and chlorine content) average analytical results of each Shipment. All sampling and analysis performed hereunder shall be performed by the sampling party at its expense and shall comply with the governing ASTM procedures and specifications in effect at the time of such sampling and analysis.

Seller shall immediately notify Buyer if either its sampling system or its independent commercial laboratory becomes unavailable or unable, for any reason, to provide the short proximate analysis. Upon such occurrence(s), Buyer and Seller shall establish procedures for sampling and/or analyzing the Coal shipped hereunder during such time that Seller's sampling system and/or its independent commercial laboratory are unable to provide the short proximate analysis for such Coal.

Coal hereunder shall be sampled during the loading/unloading process by the sampling party, prior to its commingling with other coals. The Coal samples shall then be prepared and analyzed in Buyer's laboratory, or, if Seller is the sampling party, by an independent commercial laboratory. The non-sampling party may observe the unloading, sampling, sample preparation and analysis hereunder. All sampling shall be

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performed using a mechanical sample system that has been certified within the previous sixty (60) calendar months to be free of significant bias and that is properly operated and maintained.

Each Coal sample collected by the sampling party shall be properly divided into at least three (3) subsamples. One subsample shall be immediately analyzed by the applicable laboratory for the governing contractual analysis. The second sample is to be sealed in an airtight container and sent to the non-sampling party. The third subsample is to be sealed in an airtight container and held by the sampling party for a period of at least thirty (30) days (hereinafter the "Referee Sample").

The non-sampling party may request analysis of the Referee Sample by an independent laboratory mutually agreed upon by the parties. If the results of the Referee Sample analysis and the governing contractual analysis are within ASTM Reproducibility Limits, the original governing analysis shall control and the cost of analyzing the Referee Sample shall be borne by the party requesting the Referee Sample analysis. If the results are outside such ASTM Reproducibility Limits, then the results of the Referee Sample analysis shall be used for payment, and the cost of analyzing the Referee Sample shall be borne by the sampling party.

Seller's analysis shall be reported to the recipients designated by and in the manner specified by Buyer. For purposes of determining moisture hereunder, the two-stage procedure as defined in ASTM D3302 shall be used.

6) REJECTION AND SUSPENSION RIGHTS

(A) If any Shipment of Coal fails to conform to any requirement specified in the Sales Order (a "Non-Conforming Shipment"), Buyer shall have the option, exercisable by notice to Seller of either (i) rejecting such Non-Conforming Shipment at the Delivery Point or en route, but prior to unloading from Transporter's equipment or (ii) accepting any Non-Conforming Shipment with a Contract Price adjustment agreed to between Seller and Buyer. Should Buyer exercise such right of rejection, it shall notify Seller by E-mail or verbally upon discovery of the nonconformance, any verbal notification to be promptly confirmed in writing. If Buyer fails to exercise its rejection rights hereunder as to a Non-Conforming Shipment, Buyer shall be deemed to have waived such rights with respect to that Non-Conforming Shipment only. If Buyer rejects the Non-Conforming Shipment, Seller shall be responsible for promptly transporting the rejected Coal to an alternative destination determined by Seller and, if applicable, promptly unloading such Coal, and shall reimburse Buyer for all reasonable costs and expenses associated with the transportation, storage, handling and removal of the Non-Conforming Shipment. Seller shall, at Buyer's request, replace the rejected Coal as soon as possible, provided that Buyer gives written notice to Seller of Buyer's desire for replacement Coal within thirty (30) days after rejection of the Non-Conforming Shipment.

(B) If there are three (3) Non-Conforming Shipments, whether rejected or not, under this Contract in any three (3) month period or if two (2) out of four (4) consecutive Shipments under this Contract are Non-Conforming Shipments, then Buyer may upon notice to Seller suspend the receipt of future Shipments (except Shipments already loaded or in transit to Buyer) under this Contract. A waiver by Buyer of the suspension right for any one period shall not constitute a waiver for subsequent periods. If Seller, within ten days of its receipt of such notice, provides reasonable assurances in writing to Buyer that future Shipments under this Contract will conform to the Specifications and Buyer has accepted such assurances (such acceptance not to be unreasonably withheld), Shipments shall resume and any tonnage deficiencies shall be made up within the Term at Buyer's option. If (i) Seller fails to provide such acceptable assurances within such ten (10) day period, or (ii) after such assurances are provided and for a period of three (3) months thereafter, any Shipment of Coal fails to meet any of Buyer's rejection rights under this section for the Rejection Limit parameter for which there was a prior suspension under this Contract, then such event shall constitute an Event of Default as provided in Section 12.

(C) If any of the Half-Month weighted average Coal qualities fail to conform to the Half-Month Suspension specifications, then Buyer may suspend the receipt of future Shipments (except Shipments already loaded or in transit to Buyer) under this Contract. A waiver by Buyer of the suspension right for any one period shall not constitute a waiver for subsequent periods. If Seller, within ten days of its receipt of such notice, provides reasonable assurances in writing to Buyer that future Shipments under this Contract will conform to the Specifications and Buyer has accepted such assurances (such acceptance not to be unreasonably withheld), Shipments shall resume and any tonnage deficiencies shall be made up within the Term at Buyer's option. If (i) Seller fails to provide such acceptable assurances within such ten (10) day period, or (ii) after such assurances are provided and for a period of six (6) months thereafter, any Shipment of Coal fails to meet any

of the Suspension limits under this section for any of the Half-Month Suspension limits for which there was a prior suspension under this Contract, then such event shall constitute an Event of Default as provided in Section 12.

7) **PAYMENT**

On or before the tenth (10th) calendar day (or if such day is not a Business Day, the immediately following Business Day) following receipt by Buyer of Seller's invoice, Buyer will pay to Seller the invoice amount. Payment shall be made by wire transfer or electronic means in immediately available United States funds for all Coal received for which title has transferred from Seller to Buyer. Seller shall provide Buyer all pertinent remittance instructions on each invoice (including the Sales Order number referenced on the first page of this Contract). Overdue payments shall accrue interest at the prime rate of interest for United States dollars as published from time to time during such period under the section titled, "Money Rates" by *The Wall Street Journal* or any successor publication, plus two percent (2%) per annum, but not to exceed the maximum applicable lawful interest rate (the "Interest Rate") from the due date until paid. Except as otherwise expressly provided herein, interest shall be calculated on a monthly basis.

If any party in good faith reasonably disputes an invoice, it shall provide a written explanation specifying in detail the basis for the dispute and pay any undisputed portion no later than the due date. Upon resolution of any dispute involving an invoice, any additional amount owing shall be paid within five (5) Business Days after such determination, along with interest at the Interest Rate, accrued from, but not including the original due date through the date paid. If an amount disputed is paid and is subsequently determined such amount is not due, then such amount shall be refunded from Seller to Buyer within five (5) Business Days after such determination, along with interest at the Interest Rate, accrued from, but not including the original due date through the date refunded. All invoices will be final and not subject to further adjustment or correction unless objection to the accuracy thereof is made prior to one (1) year after the termination of the Contract.

If any party fails to pay any amount under this Contract when due, unless such amount is the subject of a dispute as provided above, or is excused by Force Majeure, in addition to the rights and remedies provided in this Contract, the aggrieved party shall have the right to suspend performance under this Contract until such amounts plus interest have been paid, and/or exercise any remedy available at law or in equity to enforce payment of such amount plus interest at the Interest Rate defined herein.

8) **ASSIGNMENT**

(A) This Contract shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns and shall not be assigned or otherwise conveyed, in whole or in part, by either party without the prior written consent of the other, except as provided in (B) and (C) below.

(B) Either party may without the written consent of the other assign to any financing institution or institutions this Contract or any monies due or to become due hereunder.

(C) Either party may, without the prior written consent of the other party, assign or otherwise convey any and/or all of its interest in the Contract to an Affiliate, provided, that if this Contract is assigned or otherwise conveyed to an Affiliate, the assignor or conveying party shall take all necessary actions, and shall require its affiliated assignee or Affiliate receiving entity, and any subsequent affiliated assignee(s) and affiliated receiving entity(ies), to take all necessary actions to prevent a non-Affiliate from acquiring the assignor's or conveying party's rights and obligations pursuant to this Contract without the prior written consent of the other party.

(D) No assignment under this Section 8 or conveyance of any interest in this Contract shall in any way relieve the assignor or the conveying party from liability for full performance under this Contract. Any such affiliated assignee, or other entity to whom an interest is conveyed (which conveyance must be with the prior written consent of the other party), shall assume and agree to be bound by the terms and conditions of this Contract.

(E) Written consent to one or more assignments shall not be construed as waiving the necessity of obtaining written consent to other and/or additional assignments.

9) **FORCE MAJEURE**

To the extent either party is prevented by Force Majeure from carrying out, in whole or part, its obligations

under this Contract and such party (the "Claiming Party") gives notice and details, orally and confirmed promptly in writing, of the Force Majeure to the other party as soon as practicable (but in no event later than thirty (30) days after the occurrence thereof), then the Claiming Party shall be excused from the performance of its obligations during such event. The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party that are excused by Force Majeure. Failure to give such notice and furnish such information within the time specified shall be deemed a waiver of all rights under this Article for such period of time during which notice was not given. Buyer and Seller shall exercise reasonable efforts to mitigate or eliminate the conditions which have caused the Force Majeure condition, provided, however, nothing herein contained shall be construed as requiring Seller or Buyer to accede to any demands of labor, or labor unions, or suppliers, or other parties which Seller or Buyer considers unacceptable. The Claiming Party shall furnish the non-Claiming Party a monthly statement by the 15th day of the calendar month setting forth the amount of tonnage not shipped or to be reduced because of Force Majeure causes asserted during the second preceding calendar month.

Except as set forth in this paragraph, no suspension or reduction by reasons of Force Majeure shall invalidate the remainder of this Contract but, on the removal of the cause, shipments shall resume at the specified rate. If an event of Force Majeure persists for (i) a continuous period of sixty (60) days or (ii) an aggregate of seventy-five (75) days in any twelve month period or during the Term of this Contract (if the Term is less than twelve months), then, at any time thereafter during the Force Majeure period, the non-Claiming Party shall have the option, upon three days' prior written notice, to terminate this Contract and the obligations of the parties thereunder.

In the event of a Force Majeure, delivery of the affected quantity of Coal shall not be made up except at the non-Claiming Party's discretion.

If Seller claims Force Majeure under this Contract and has obligations to provide Coal of a similar type and quality as the coal under other coal sales agreements, or if Buyer claims Force Majeure and has obligations to purchase coal of a similar type and quality as the coal under other coal sales agreements, then any reductions in Seller's deliveries or Buyer's purchases (as applicable) shall be allocated by the party claiming Force Majeure on a pro rata basis among this Contract and such other coal purchase or sales agreements involving coal of a similar type and quality as the Coal, to the extent contractually permitted by such agreements.

10) WAIVER

The failure of Buyer or Seller to insist in any one or more instances upon strict performance of any of the provisions of this Contract or to take advantage of any of its rights hereunder shall not be construed as a future waiver of any such provisions or the relinquishment of any such rights, but the same shall continue and remain in full force and effect for the term of this Contract.

11) FINANCIAL RESPONSIBILITY

Either party shall have the right, but not the obligation, to request from the other party or its guarantor, as applicable, audited annual financial statements and unaudited quarterly financial statements. In the event a party's financial statements are filed with the Securities and Exchange Commission and are available at www.sec.gov, then such party has fulfilled its obligations hereunder. In the event the performance, creditworthiness or financial condition of either party becomes unsatisfactory to the other at any time during which this Contract is in effect, that party ("Demanding Party") may demand Performance Assurance before further deliveries or receipts are made by it under this Contract.

12) EVENT OF DEFAULT AND DAMAGES

If an Event of Default (as hereafter defined) occurs with respect to a party or its guarantor (the "Defaulting Party") at any time during the term of this Contract, the other party (the "Non-Defaulting Party") may, in its sole discretion, do any or all of the following: (i) establish a date (which date shall be no earlier than the date that such notice is given to the Defaulting Party and no later than twenty (20) days from notice) ("Early Termination Date") on which this Contract shall terminate, (ii) withhold any payments due in respect of this Contract, (iii) suspend performance under this Contract and/or (iv) exercise such other remedies as may be provided in this Contract.

An event of default with respect to any party ("Event of Default") shall mean any of the following:

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(i) the failure of either party or its guarantor to make when due, any payment required hereunder if such failure is not remedied within two (2) Business Days after notice of such failure is given to the Defaulting Party by the Non-Defaulting Party;

(ii) the failure of either party or its guarantor to comply with any material obligations under this Contract (except for the obligations to deliver or receive Coal, the sole remedies for which are provided for under Section 13, below) and such noncompliance is not cured within five (5) Business Days after notice thereof to defaulting party;

(iii) failure to provide adequate Performance Assurance or other assurances satisfactory to the Non-Defaulting Party of its ability to perform its further obligations under this Contract within forty-eight (48) hours, but at least within one (1) Business Day of a reasonable written request by the Non-Defaulting Party;

(iv) either party (a) filing a petition in bankruptcy, (b) having such a petition filed against it, (c) becoming otherwise insolvent or unable to pay its debts as they become due;

(v) the failure of a party's guarantor, if any, to perform any covenant set forth in its guaranty, or such guaranty shall expire or be terminated or shall cease to guarantee the obligations of such party hereunder, or such guarantor shall become subject to any of the events specified in (iv) (a), (b) or (c); or

(vi) an event described in the last sentence of subsections (B) and (C) of the Rejection and Suspension Rights of this Contract shall have occurred.

If this Contract terminates on an Early Termination Date, the Non-Defaulting Party shall calculate, in a good faith commercially reasonable manner, the Settlement Amount as of the Early Termination Date as soon as is reasonably practicable and shall promptly notify the Defaulting Party of the amount thereof.

"Settlement Amount" shall mean the present value of the single net aggregate amount for the remaining term of the Contract, including any exercised option period, of any Losses, Costs and Gains, expressed in United States dollars, which the Non-Defaulting Party incurs as a result of the early termination of this Contract in accordance with this Section 12, including, but not limited to, Losses or Gains based upon the then current replacement value of this Contract, the amounts of any unpaid invoices, and the amount for Coal delivered but not yet billed. In calculating the Settlement Amount, the Non-Defaulting Party shall set off all amounts that are due to the Defaulting Party against such Settlement Amount so that the Settlement Amount shall be netted to a single liquidated amount. Any collateral being held by the Non-Defaulting Party shall be set off against the amount owed to the Non-Defaulting Party. If the Defaulting Party is holding collateral posted by the Non-Defaulting Party, then the Non-Defaulting Party will have the right to set off that amount against any payment to be made to the Defaulting Party.

The Non-Defaulting Party shall provide the Defaulting Party with an explanation of how it calculated the Settlement Amount, as well as supporting calculations and documentation reasonably requested by the Defaulting Party. The Non-Defaulting Party shall use good faith commercially reasonable efforts to mitigate any Costs or Losses it is entitled to hereunder. The Defaulting Party shall have the right to audit (through a third party Independent auditor mutually agreed to by the parties) the calculation of all of the Non-Defaulting Party's Gains, Losses and Costs.

If the present value of the Non-Defaulting Party's aggregate Losses and Costs (net of any amounts due to the Defaulting Party) exceed the present value of its aggregate Gains, all as finally determined in accordance with the preceding provisions of this section, the Defaulting Party shall, within five Business Days of such final determination, pay the Settlement Amount to the Non-Defaulting Party, including interest thereon at the interest Rate from the Early Termination Date until paid in full. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Settlement Amount, the Defaulting Party will provide its calculations to the Non-Defaulting Party within two (2) Business Days of receipt of calculation from the Non-Defaulting Party. The Defaulting Party shall nevertheless pay to the Non-Defaulting Party the undisputed portion of the Settlement Amount and provide Performance Assurance for the remaining amount.

Notwithstanding any provision to the contrary contained in this Contract, the Non-Defaulting Party shall not be required to pay the Defaulting Party any amount under this Section 12, until the Non-Defaulting Party receives confirmation satisfactory to it, in its reasonable discretion (which may include an opinion of its counsel), that all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party under this Contract (or otherwise) have been fully and finally performed.

13) QUANTITY SHORTFALL DAMAGES

(A) Unless excused by Force Majeure, by written agreement of Buyer and Seller, or Seller's failure to

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perform, if Buyer fails to accept all or any part of the quantity of Coal to be delivered under this Contract, Buyer shall pay Seller for each Ton of Coal of such deficiency an amount equal to the positive difference, if any, obtained by subtracting the Sales Price from the Contract Price plus (i) any additional transportation costs incurred by Seller due to such failure and (ii) reasonable legal costs incurred by Seller in enforcement and protection of its rights under this Contract. "Sales Price" means the price, determined by Seller in a commercially reasonable manner, at which Seller resells (if at all) the Coal, or, absent such a sale, the market price for such quantity of Coal FOB Delivery Point.

(B) Unless excused by Force Majeure, by written agreement of Buyer and Seller, or Buyer's failure to perform, if Seller fails to deliver all or any part of the quantity of Coal to be delivered under this Contract, Seller shall pay Buyer for each Ton of Coal of such deficiency an amount equal to the positive difference, if any, obtained by subtracting the Contract Price from the Replacement Price plus (i) any additional transportation costs incurred by Buyer due to such failure, and (ii) reasonable legal costs incurred by Buyer in enforcement and protection of its rights under this Contract. "Replacement Price" means the price, determined by Buyer in a commercially reasonable manner, at which Buyer purchases (if at all) substitute Coal for the deficiency or, absent such a purchase, the market price for such quantity of Coal FOB Delivery Point.

(C) Each party hereby stipulates that the payment obligations set forth in (A) and (B) above are reasonable in light of the anticipated harm and the difficulty of estimation or calculation of actual damages and each party hereby waives the right to contest such payments as an unreasonable penalty or otherwise. The remedy set forth in (A) or (B), as applicable, of this Section 13 shall be the sole and exclusive remedy of the aggrieved party for the failure of the other party to deliver or accept, as the case may be, the quantity of Coal specified herein prior to the Early Termination Date, and all other damages and remedies are hereby waived as to such failure(s).

(D) Payment of amounts, if any, determined under this Section 13 shall be made in accordance with the Payment provision of this Contract; provided, that payment of any such amounts shall be made on the 20th calendar day of the month following such failure to deliver or accept Coal, as applicable. All such determinations shall be made in a commercially reasonable manner. The Non-Defaulting Party shall not be required to enter into any actual replacement transaction in order to determine the Replacement Price or Sales Price, as appropriate, provided, however, that the Non-Defaulting Party shall take all reasonable steps to mitigate its damages.

14) GRANT OF SECURITY INTEREST

For the avoidance of doubt, the following grant of a security interest does not cover the general assets of either party, but is limited solely to any Performance Assurance delivered by a party to the other party under this Contract, and is not intended to be read as inconsistent with the lending arrangements of a party hereunder as this is not a general grant of a security interest, but only a grant of security interest with respect to any Performance Assurance delivered hereunder. Accordingly, to secure its obligations under this Contract and only to the extent either or both parties deliver Performance Assurance hereunder, each party (a "Pledgor") hereby grants to the other party (the "Secured Party") a present and continuing first priority secured interest in, and lien on (and right of recoupment and setoff against), and assignment of, all such Performance Assurance, including, any such cash collateral delivered as Performance Assurance and cash equivalent collateral delivered as Performance Assurance and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, such Secured Party, and each party agrees to take such action as the other party reasonably requires in order to perfect the Secured Party's first-priority security interest in, and lien on (and right of recoupment and/or setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof.

15) HOLDING AND USE OF PERFORMANCE ASSURANCE

Each party will be entitled to hold Performance Assurance in the form of cash so long as the credit rating of the senior unsecured debt obligation of the entity or its guarantor is rated at least BBB- by S&P's and Baa3 by Moody's and further provided that an Event of Default has not occurred and is not continuing with respect to the party. If an Event of Default has occurred and is continuing with respect to a party or its guarantor (if any) or if a Party or its guarantor (if any) is not rated or has a rating below the aforesaid standard, then, if it holds Performance Assurance in the form of cash, it shall be required to immediately place all such Performance Assurance in the form of cash in an escrow account with an independent third party financial institution mutually acceptable to the parties.

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16) FORWARD CONTRACT

Buyer and Seller each acknowledge that it is a "forward contract merchant" and that this Contract constitutes a "forward contract" within the meaning of the United States Bankruptcy Code.

17) NETTING AND SETOFF

If Buyer and Seller are required to pay any amount in the same month, then such amounts with respect to each party may be aggregated and the parties may discharge their obligations to pay through netting, in which case the party, if any, owing the greater aggregate amount shall pay to the party owed the difference between the amounts owed. Each party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Contract and/or any other contract between the parties hereto may be offset against each other, set off or recouped therefrom.

18) CONFIDENTIALITY

Buyer and Seller and their respective Affiliates, co-owners, lenders, counsel, accountants or others who agree to the confidentiality of the matters contained here, shall keep confidential any and all matters relating to this Contract, except those readily obtainable from public information, requested by a regulatory commission, or otherwise required by law to be disclosed.

19) ENTIRE AGREEMENT; MODIFICATION

This Contract, together with any attachments or exhibits specifically referenced herein, constitutes the entire contract between the Seller and the Buyer with respect to the subject matter hereof, supersedes all prior oral or written representations and contracts, and may be modified only by a written amendment signed by Buyer and Seller.

20) COMPLIANCE WITH LAW

Seller and Buyer shall make good faith efforts to comply with the provisions of all applicable federal, state, and other governmental laws and any applicable order and/or regulations, or any amendments or supplements thereto, which have been, or may at any time be, issued by a governmental agency.

21) GOVERNING LAW; WAIVER OF JURY TRIAL; UCC; VENUE; GOVERNMENT CONTRACTOR COMPLIANCE

This Contract shall be construed, enforced, and performed in accordance with the laws of the State of New York, including New York General Obligation Law Sections 5-1401 and 5-1402. Each party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Contract. Except as otherwise provided for herein, the provisions of the Uniform Commercial Code ("UCC") of the State of New York shall govern this Contract and Coal provided hereunder shall be deemed to be "goods" for purposes of the UCC. Each party hereby submits to the exclusive jurisdiction of state or federal courts located in Franklin County, Ohio and all appellate courts therefrom and waives any objection which it may have at any time to the laying of venue of any proceedings brought in such court, waives any claim that such proceedings have been brought in an inconvenient forum, and further waives the right to object, with respect to such proceedings, that such court does not have jurisdiction over such party.

Unless exempted, Seller shall comply with the equal employment opportunity clause in Section 202 of Executive Order 11246 and all applicable rules, regulations, and relevant orders pertaining to Executive Order 11246, Section 503 of the Rehabilitation Act of 1973, and Section 4212 of the Vietnam Era Readjustment Assistance Act of 1974, as amended

22) NOTICES

Notices provided for or required under this Contract may be exercised verbally, but shall be confirmed in writing as soon as practicable. The parties shall be legally bound from the date the notification is exercised. Notices provided for or required in writing herein shall be delivered by hand or electronic means or transmitted by facsimile or sent by certified mail, postage prepaid, return receipt requested, or by overnight mail or courier to the address as provided on page one of this Contract, provided, however, if to AEP and/or its Affiliates then to:

American Electric Power Service Corporation
Attn: Fuel Contract Administration
303 Marconi Blvd.

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3rd Floor
Columbus, OH 43215
Telephone: 614-583-6731
E-Mail: FuelContractsAdmin@aep.com

Notices hand delivered or delivered by electronic means, shall be deemed delivered by the close of the Business Day on which it was hand delivered or delivered by electronic means (unless hand delivered or transmitted by electronic means after the close of the Business Day in which case it shall be deemed received by the close of the next Business Day). Notices provided by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of a successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. Eastern Prevailing Time on the Business Day, then such facsimile shall be deemed to have been received on the following Business Day. Notices provided by certified mail, postage prepaid, return receipt requested, or by overnight mail or courier, shall be deemed delivered upon mailing.

Following each Shipment, Seller shall provide Buyer with a shipping notice that includes: (i) the short proximate (Btu per pound, percent moisture, percent ash, percent sulfur, and with respect to Illinois Basin Coal, the sodium and chlorine content) average analytical results of each Shipment; (ii) Seller's weight determination and the identifying number(s) of each Shipment; and (iii) the date the Coal was loaded into the railcars or barges, with the starting and stopping times of the loading. If the Coal is to be sold FOB rail, then the notice shall also include the transportation agreement number, the origin station, and the train number. If the coal is to be sold FOB barge, then the notice shall also include the shipping origin (dock name and milepost number) and barge number. Such notice shall be provided within forty-eight (48) hours after the Coal is loaded for shipment, unless such loading takes place on a Friday, Saturday, Sunday or federal holiday in which case it shall be sent to Buyer by the later of (i) 48 hours after loading of the Shipment or (ii) the next Business Day. Seller's analysis shall be reported to the recipients designated by and in the manner specified by Buyer.

23) **DEFINITIONS**

The following definitions and any terms defined internally in this Contract shall apply to this Contract and all notices and communications made pursuant to this Contract.

"AEP" means American Electric Power Service Corporation, as agent.

"Affiliate" means with respect to any entity, any other entity that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, such entity. For this purpose, "control" means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

"ASTM" means ASTM International, formerly known as the American Society for Testing and Materials.

"Business Day" means any day on which Federal Reserve member banks in New York, New York are open for business, and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Prevailing Time.

"Contract Price" means the price in United States dollars per Ton of Coal to be paid by Buyer to Seller for purchase of Coal and any other proper charges pursuant to this Contract.

"Costs" means any brokerage fees, commissions and other transactional costs and expenses reasonably incurred either by the Non-Defaulting Party as a result of terminating any hedges or other risk management contracts and/or entering into new arrangements in order to replace the Contract Quantity not delivered by Seller or not accepted by Buyer, as the case may be, and legal costs incurred by the Non-Defaulting Party.

"Eastern Prevailing Time" means Eastern Standard Time or Eastern Daylight Saving Time in effect in New York, New York, as the case may be on the relevant date.

"FOB" shall have the meaning given to such term as provided in the Uniform Commercial Code of the State of New York.

"Force Majeure" means an event or circumstance which prevents one party (the "Claiming Party") from performing its obligations under this Contract, which is not within the reasonable control of, or the result of the

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negligence of, the Claiming Party, and which by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided or is unable in good faith to obtain a substitute acceptable to Buyer therefor. Force Majeure includes, but is not limited to, an event or occurrence beyond the control of Buyer, such as without limitation, acts of God, war, insurrection, riots, nuclear disaster, strikes, labor disputes, threats of violence, labor and material shortages, fires, explosions, floods, river freeze-ups, breakdowns or damage to mines, plants, equipment, or facilities (including a forced outage or an extension of a scheduled outage of equipment or facilities to make repairs to avoid breakdowns thereof or damage thereto), interruptions to or slowdowns in transportation, railcar shortages, barge shortages, embargoes, orders, or acts of civil or military authority, laws, regulations, or administrative rulings, or total or partial interruptions of Buyer's operations which are due to any enforcement action or other administrative or judicial action arising from an environmental law or regulation. Force Majeure shall not be based on: (1) Buyer's inability economically to use or resell the Coal purchased hereunder; (2) adverse geological or mining conditions; (3) the Seller's ability to sell the Coal at a price greater than the Contract Price; or (4) Seller's inability to economically produce or obtain the Coal.

"Gains" means, with respect to a party, an amount equal to the present value of the economic benefit, if any, (exclusive of Costs) to it resulting from the termination of its obligations with respect to this Contract, determined in a commercially reasonable manner.

"Half-Month" means, with respect to any calendar month, either (a) the period from and including the first day of such month through and including the fifteenth (15th) day of such month or (b) the period from and including the sixteenth (16th) day of such month through and including the last day of such month.

"Letters of Credit" means one or more irrevocable, transferable, standby letter of credit, issued by a major United States commercial bank or the United States branch office of a foreign bank, reasonably acceptable to the beneficiary with, in either case, a senior unsecured credit rating of at least (a) "A-" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), and "A3" by Moody's Investors Service, Inc. ("Moody's"), if such entity is rated by both S&P and Moody's or (b) "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's, but not both.

"Losses" means, with respect to a party, an amount equal to the present value of the economic loss, if any, (exclusive of Costs) to it resulting from the termination of its obligations with respect to this Contract, determined in a commercially reasonable manner.

"Moody's" means Moody's Investors Service, Inc. or its successor.

"NIST" means the National Institute of Standards and Technology Handbook #44.

"Performance Assurance" means collateral in the form of either cash or Letters of Credit or such other security of the type and amount requested by the party demanding Performance Assurance.

"S&P" means the Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or its successor.

"Shipment" means, as applicable, one unit trainload or at Buyer's election a composite of two (2) or more unit trainloads, the aggregate of single railcars loaded on any one (1) day (only where single car rates apply), one (1) barge or at Buyer's election a composite of two (2) or more barges or one (1) vessel load in accordance with the applicable transportation specifications.

"Ton" means 2,000 pounds avoirdupois weight.

"Transporter" means the entity or entities transporting the Coal on behalf of Seller to and at the Delivery Point or on behalf of Buyer or Buyer's designee from the Delivery Point.

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