UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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, 2020

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: 001-38147

CONSOL Energy Inc.

(Exact name of registrant as specified in its charter)

Delaware	**82-1954058**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1000 CONSOL Energy Drive, Suite 100
Canonsburg, PA 15317-6506
(724) 416-8300
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock ($0.01 par value)	CEIX	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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller Reporting Company ☒ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

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

The aggregate value of common stock held by non-affiliates of the registrant (treating all executive officers and directors of the registrant, for this purpose, as if they may be affiliates of the registrant) was approximately $133,696,610 as of June 30, 2020, the last business day of the registrant's most recently completed second fiscal quarter, based on the reported closing price of the common stock as reported on The New York Stock Exchange on such date.

The number of shares outstanding of the registrant's common stock as of January 29, 2021 was 34,031,374 shares.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of CONSOL Energy Inc.'s Proxy Statement for the Annual Meeting of Shareholders to be held on April 28, 2021 are incorporated by reference in Items 10, 11, 12, 13 and 14 of Part III.

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PART I

Important Definitions Referenced in this Annual Report

- “CONSOL Energy,” “we,” “our,” “us,” “our Company” and “the Company” refer to CONSOL Energy Inc. and its subsidiaries;
- “Btu” means one British Thermal unit;
- “Coal Business” refers to all of our interest in the Pennsylvania Mining Complex (PAMC) and certain related coal assets, including: (i) our interest in the Partnership, which owns a 25% undivided interest in the PAMC; (ii) the CONSOL Marine Terminal; (iii) development of the Itmann Mine; and (iv) undeveloped coal reserves (Greenfield Reserves) located in the Northern Appalachian, Central Appalachian and Illinois basins and certain related coal assets and liabilities;
- “CCR Merger” refers to the merger under that certain Agreement and Plan of Merger, dated as of October 22, 2020, among the Company, Transformer LP Holdings Inc. (“Holdings”), a wholly-owned subsidiary of the Company, Transformer Merger Sub LLC, a wholly-owned subsidiary of Holdings (“Merger Sub”), the Partnership and CONSOL Coal Resources GP LLC, the general partner of the Partnership, pursuant to which Merger Sub merged with and into the Partnership, with the Partnership surviving as an indirect, wholly-owned subsidiary of the Company, which merger closed on December 30, 2020;
- “CONSOL Marine Terminal” refers to the terminal operations located at the Port of Baltimore;
- “distribution” refers to the pro rata distribution of the Company's issued and outstanding shares of common stock to its former parent's stockholders on November 29, 2017;
- “former parent” refers to CNX Resources Corporation and its consolidated subsidiaries;
- “General Partner” refers to CONSOL Coal Resources GP LLC, a Delaware limited liability company;
- “Greenfield Reserves” means those undeveloped reserves owned by the Company in the Northern Appalachian, Central Appalachian and Illinois basins that are not associated with the Pennsylvania Mining Complex;
- “mmBtu” means one million British Thermal units;
- “Partnership,” “CCR” or “CONSOL Coal Resources” refers to a Delaware limited partnership that holds a 25% undivided interest in, and is the sole operator of, the Pennsylvania Mining Complex. As part of the separation on November 28, 2017, the Partnership changed its name to CONSOL Coal Resources LP and changed its NYSE ticker to “CCR”. As a result of the closing of the CCR Merger, CCR is now an indirect wholly-owned subsidiary of the Company;
- “Pennsylvania Mining Complex” or “PAMC” refers to coal mines, coal reserves and related assets and operations located primarily in southwestern Pennsylvania and owned 75% by the Company and 25% by the Partnership;
- “recoverable coal reserves” refer to the Company's proven and probable coal reserves as defined by Industry Guide 7 that could be economically and legally extracted or produced at the time of the reserve determination, taking into account mining recovery and preparation plant yield; and
- “separation” refers to the separation of the Coal Business from our former parent’s other businesses and the creation, as a result of the distribution, of an independent, publicly-traded company (the Company) to hold the assets and liabilities associated with the Coal Business after the distribution.

FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report on Form 10-K are “forward-looking statements” within the meaning of the federal securities laws. With the exception of historical matters, the matters discussed in this Annual Report on Form 10-K are forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that involve risks and uncertainties that could cause actual results and outcomes to differ materially from results expressed in or implied by our forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenues, income and capital spending. When we use the words “anticipate,” “believe,” “could,” “continue,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “should,” “will,” or their negatives, or other similar expressions, the statements which include those words are usually forward-looking statements. When we describe strategy that involves risks or uncertainties, we are making forward-looking statements. The forward-looking statements in this Annual Report on Form 10-K speak only as of the date of this Annual Report on Form 10-K; we disclaim any obligation to update these statements unless required by securities law, and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties relate to, among other matters, the following:

- deterioration in economic conditions in any of the industries in which our customers operate may decrease demand for our products, impair our ability to collect customer receivables and impair our ability to access capital;
- volatility and wide fluctuation in coal prices based upon a number of factors beyond our control including oversupply relative to the demand available for our products, weather and the price and availability of alternative fuels;
- the effects the COVID-19 pandemic has on our business and results of operations and on the global economy;
- an extended decline in the prices we receive for our coal affecting our operating results and cash flows;
- significant downtime of our equipment or inability to obtain equipment, parts or raw materials;
- decreases in the availability of, or increases in the price of, commodities or capital equipment used in our coal mining operations;
- our customers extending existing contracts or entering into new long-term contracts for coal on favorable terms;
- our reliance on major customers;
- our inability to collect payments from customers if their creditworthiness declines or if they fail to honor their contracts;
- our inability to acquire additional coal reserves that are economically recoverable;
- decreases in demand and changes in coal consumption patterns of electric power generators;
- the availability and reliability of transportation facilities and other systems, disruption of rail, barge, processing and transportation facilities and other systems that deliver our coal to market and fluctuations in transportation costs;
- a loss of our competitive position because of the competitive nature of coal industries, or a loss of our competitive position because of overcapacity in these industries impairing our profitability;
- foreign currency fluctuations that could adversely affect the competitiveness of our coal abroad;

- recent action and the possibility of future action on trade made by U.S. and foreign governments;
- the risks related to the fact that a significant portion of our production is sold in international markets;
- coal users switching to other fuels in order to comply with various environmental standards related to coal combustion emissions;
- the impact of potential, as well as any adopted, regulations to address climate change, including any relating to greenhouse gas emissions, on our operating costs as well as on the market for coal;
- the effects of litigation seeking to hold energy companies accountable for the effects of climate change;
- the effects of government regulation on the discharge into the water or air, and the disposal and clean-up, of hazardous substances and wastes generated during our coal operations;
- the risks inherent in coal operations, including being subject to unexpected disruptions caused by adverse geological conditions, equipment failure, delays in moving out longwall equipment, railroad derailments, security breaches or terroristic acts and other hazards, delays in the completion of significant construction or repair of equipment, fires, explosions, seismic activities, accidents and weather conditions;
- failure to obtain or renew surety bonds on acceptable terms, which could affect our ability to secure reclamation and coal lease obligations;
- failure to obtain adequate insurance coverages;
- substantially all of our operations being located in a single geographic area;
- the effects of coordinating our operations with oil and natural gas drillers and distributors operating on our land;
- our inability to obtain financing for capital expenditures on satisfactory terms;
- the effects of receiving low sustainability scores which potentially results in the exclusion of our securities from consideration by certain investment funds and a negative perception by investors;
- the effect of new or existing tariffs and other trade measures;

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- our inability to find suitable acquisition targets or integrating the operations of future acquisitions into our operations;
- obtaining, maintaining and renewing governmental permits and approvals for our coal operations;
- the effects of stringent federal and state employee health and safety regulations, including the ability of regulators to shut down our operations;
- the potential for liabilities arising from environmental contamination or alleged environmental contamination in connection with our past or current coal operations;
- the effects of asset retirement obligations and certain other liabilities;
- uncertainties in estimating our economically recoverable coal reserves;
- the outcomes of various legal proceedings, including those which are more fully described herein;
- defects in our chain of title for our undeveloped reserves or failure to acquire additional property to perfect our title to coal rights;
- exposure to employee-related long-term liabilities;
- the risk of our debt agreements, our debt and changes in interest rates affecting our operating results and cash flows;
- the effects of hedging transactions on our cash flow;
- information theft, data corruption, operational disruption and/or financial loss resulting from a terrorist attack or cyber incident;
- certain provisions in our multi-year coal sales contracts may provide limited protection during adverse economic conditions, and may result in economic penalties or permit the customer to terminate the contract;
- the potential failure to retain and attract qualified personnel of the Company and a possible increased reliance on third-party contractors as a result;
- failure to maintain effective internal controls over financial reporting;
- uncertainty with respect to the Company's common stock, potential stock price volatility and future dilution;
- the consequences of a lack of, or negative, commentary about us published by securities analysts;
- uncertainty regarding the timing of any dividends we may declare;
- uncertainty as to whether we will repurchase shares of our common stock or outstanding debt securities;
- restrictions on the ability to acquire us in our certificate of incorporation, bylaws and Delaware law and the resulting effects on the trading price of our common stock;
- inability of stockholders to bring legal action against us in any forum other than the state courts of Delaware; and
- other unforeseen factors.

The above list of factors is not exhaustive or necessarily in order of importance. Additional information concerning factors that could cause actual results to differ materially from those in forward-looking statements include those discussed under "*Risk Factors*" elsewhere in this report. The Company disclaims any intention or obligation to update publicly any forward-looking statements, whether in response to new information, future events, or otherwise, except as required by applicable law.

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ITEM 1. Business

General

We and our predecessors have been mining coal, primarily in the Appalachian Basin, since 1864. The Company was incorporated in Delaware on June 21, 2017 and became an independent, publicly-traded company on November 28, 2017 when our former parent separated its coal business and natural gas business into two independently traded public companies. As part of the separation, our former parent transferred to the Company substantially all of its coal-related assets, including its Pennsylvania Mining Complex, all of its interest in CONSOL Coal Resources LP, the CONSOL Marine Terminal, the Itmann Mine and all of its Greenfield Reserves located in the Northern Appalachian Basin ("NAPP"), the Central Appalachian Basin ("CAPP") and the Illinois Basin ("ILB"). On December 30, 2020, we acquired by merger the portion of CONSOL Coal Resources LP that was not originally transferred to us in the separation.

The address of our principal executive offices is 1000 CONSOL Energy Drive, Suite 100, Canonsburg, Pennsylvania 15317. We maintain a website at http://www.consolenergy.com/. The information contained in or connected to the website will not be deemed to be incorporated in this document, and you should not rely on any such information in making an investment decision.

All dollar amounts discussed in this section are in millions of U.S. dollars, except for per unit amounts, and unless otherwise indicated.

Our Company

We are a leading, low-cost producer of high-quality bituminous coal, focused on the extraction and preparation of coal in the Appalachian Basin due to our ability to efficiently produce and deliver large volumes of high-quality coal at competitive prices, the strategic location of our mines and the industry experience of our management team.

Coal from the PAMC is valued because of its high energy content (as measured in Btu per pound), relatively low levels of sulfur and other impurities, and strong thermoplastic properties that enable it to be used in metallurgical as well as thermal applications. We take advantage of these desirable quality characteristics and our extensive logistical network, which is directly served by both the Norfolk Southern and CSX railroads, to aggressively market our product to a broad base of strategically selected, top-performing power plant customers in the eastern United States. We also capitalize on the operational synergies afforded by the CONSOL Marine Terminal to export our coal to thermal and metallurgical end users globally.

Our operations, including the PAMC and the CONSOL Marine Terminal, have consistently generated positive cash flows, even through the 2020 COVID-19 pandemic. As of December 31, 2020, the PAMC controls 657.9 million tons of high-quality Pittsburgh seam reserves, enough to allow for more than 20 years of full-capacity production. In addition, we own or control approximately 1.5 billion tons of Greenfield Reserves located in NAPP, CAPP and ILB, which we believe provide future growth and monetization opportunities. Our vision is to maximize cash flow generation through the safe, compliant and efficient operation of this core asset base, while strategically reducing debt, returning capital through share buybacks or dividends, and, when prudent, allocating capital toward compelling growth and diversification opportunities.

Our core businesses consist of our:

- Pennsylvania Mining Complex: The PAMC, which includes the Bailey Mine, the Enlow Fork Mine, the Harvey Mine and the Central Preparation Plant, has extensive high-quality coal reserves. We mine our reserves from the Pittsburgh No. 8 Coal Seam, which is a large contiguous formation of high-Btu coal that is ideal for high-productivity, low-cost longwall operations. The design of the PAMC is optimized to produce large quantities of coal on a cost-efficient basis. We can sustain high production volumes at comparatively low operating costs due to, among other things, our technologically advanced longwall mining systems, logistics infrastructure and safety. All our mines utilize longwall mining, which is a highly automated underground mining technique that produces large volumes of coal at lower costs compared to other underground mining methods.

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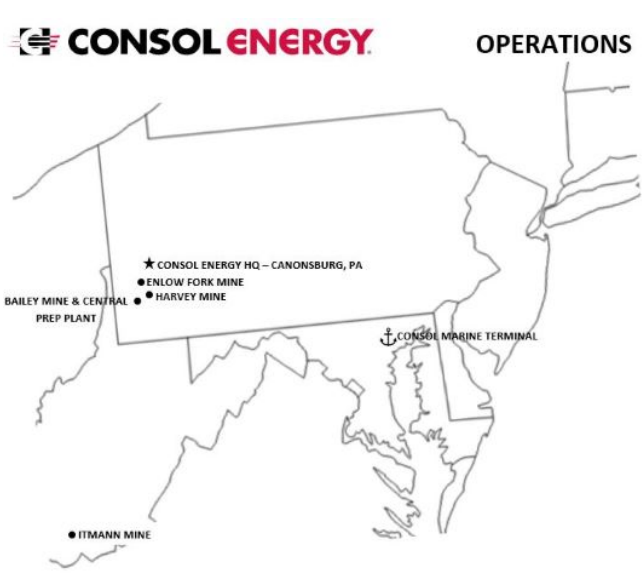
- CONSOL Marine Terminal: Through our subsidiary CONSOL Marine Terminals LLC, we provide coal export terminal services through the Port of Baltimore. The terminal can either store coal or load coal directly into vessels from rail cars. It is also the only major east coast United States coal terminal served by two railroads, Norfolk Southern Corporation and CSX Transportation Inc.
- Itmann Mine: Construction of the Itmann Mine, located in Wyoming County, West Virginia, began in the second half of 2019; development mining began in April 2020, and full production is expected upon the completion of a new preparation plant. When fully operational, the Company anticipates approximately 900 thousand tons per year of high-quality, low-vol coking coal capacity.

A map showing the location of our significant properties is below:



The Company's mission is to improve lives and communities by safely and compliantly producing affordable, reliable energy and profitably growing through innovative technology and perseverance. Our core values of safety, compliance, and continuous improvement are the foundation of the Company's identity and are the basis for how management defines continued success. We believe the Company's rich resource base, coupled with these core values, allows management to create value for the long-term. We believe that the use of coal as a fuel source for electricity in the United States will continue for many years. Furthermore, our Itmann project, which is under development, is expected to benefit from the demand related to global infrastructure needs.

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Merger with CONSOL Coal Resources LP

On December 30, 2020, we completed the acquisition of all of the outstanding common units of CONSOL Coal Resources, and CONSOL Coal Resources became our indirect wholly-owned subsidiary (see Note 2 - Major Transactions in the Notes to the Audited Consolidated Financial Statements in Item 8 of this Form 10-K for additional information). In connection with the closing of the CCR Merger, we issued approximately 8.0 million shares of our common stock to acquire the approximately 10.9 million common units of CCR held by third-party CCR investors at a fixed exchange ratio of 0.73 shares of CEIX common stock for each CCR unit, for total implied consideration of $51.7 million.

Our Strategy

The Company remains focused on increasing stockholder value by safely and compliantly operating our business, developing and growing our metallurgical coal business, and, over time, diversifying into other business opportunities. The Company's existing coal assets align with these objectives. Our current production from the Bailey, Enlow Fork and Harvey mines can be sold domestically or abroad, as either thermal coal or high volatile metallurgical coal. These low-cost mines, with five longwalls, produce a high-Btu Pittsburgh-seam coal that is lower in sulfur than many Northern Appalachian coals. Our onsite logistics infrastructure at the Central Preparation Plant includes a dual-batch train loadout facility capable of loading up to 9,000 tons of coal per hour and 19.3 miles of track linked to separate Class I rail lines owned by Norfolk Southern and CSX, which significantly increases our efficiency in meeting our customers' transportation needs. These mines and their logistics infrastructure, along with our 100%-owned CONSOL Marine Terminal, which is served by both Norfolk Southern and CSX, will allow us to continue to participate competitively in the world's thermal and metallurgical coal markets. The ability to serve both domestic and international markets with premium thermal and crossover metallurgical coal provides tremendous optionality. We have also begun development production from our Itmann Mine project and are starting to explore and invest in some innovative and sustainable uses for coal. Over the mid- to long-term, the Company is planning to diversify its revenue stream to increase relative contributions from its CONSOL Marine Terminal, metallurgical coal sales and other carbon products, resulting in a reduced exposure to thermal coal.

In order to continue to carry out our strategy, we will continue to adhere to and pursue the following strategic objectives:

Selectively grow our business to maximize shareholder value by capitalizing on synergies with our assets and expertise

We plan to judiciously direct the cash generated by our operations toward those opportunities that present the greatest potential for value creation to our stockholders, particularly those that take advantage of synergies with our asset base and/or with the expertise of our management team. To that end, we plan to regularly and rigorously evaluate opportunities both for organic growth and for acquisitions, joint ventures and other business arrangements in the coal industry and related industries that complement our core operations. The PAMC, the Itmann Mine and our Greenfield Reserves present the potential for organic growth projects if long-term market conditions are favorable. For example, we are actively engaged in continuous improvement or research and development projects to improve the productivity of our Central Preparation Plant and our mining operations through the use of technology and automation, such as de-bottlenecking projects at the Central Preparation Plant, shearer automation technology and data visualization and analytics.

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We regularly evaluate our Greenfield Reserves to identify organic growth opportunities that we believe can add value to our business. As such, we announced the commencement of our Itmann Mine project in May 2019 and began development mining in April 2020, which will add a new metallurgical coal product stream to our mix of products upon completion. Our Greenfield Reserves associated with the Martinka Mine and Birch Mine provide additional potential organic growth opportunities in the metallurgical coal space, and our Greenfield Reserves associated with the Mason Dixon and River Mine projects present potential organic growth opportunities in NAPP. Our management team has extensive experience in developing, operating and marketing a wide variety of coal assets, and is well qualified to evaluate organic and external growth opportunities. We plan to carefully weigh any capital investment decisions against alternate uses of the cash to help ensure we are delivering the most value to our shareholders.

We are also pursuing a variety of alternative and innovative uses of coal to diversify our business. For example, in December 2019, we acquired a 25% equity stake in CFOAM Corp. (CFOAM), which manufactures high-performance carbon foam products from coal that can be used in the industrial, aerospace, military and commercial product markets. The investment in CFOAM represents our first investment in the coal-to-products space. We are also partnering with Ohio University, CFOAM and certain other industry partners on several Department of Energy-funded projects to develop coal plastic composites and carbon foam materials that can be used in engineered composite decking and other building products. Our Coal FIRST project is also receiving funding from the Department of Energy to evaluate a next-generation power plant at the PAMC that would be fueled by waste coal and biomass and equipped with carbon dioxide (CO_2) capture and storage to achieve net neutral or negative CO_2 emissions. In addition, we have partnered with OMNIS Bailey LLC to develop a refinery that will convert waste coal slurry into a high-quality carbon product that can be used as fuel or as feedstock for other higher-value applications, as well as a mineral matter product that has potential to be used as a soil amendment in agricultural applications. If successfully implemented at full-scale, this project has the potential to add up to 1.5 million tons per year of clean coal production without additional mining of raw tons, as well as to provide a direct benefit by reducing both the volume of and operating costs associated with slurry refuse disposal.

Continue to grow our share of coal sales to top-performing rail-served power plants in our core market areas, while opportunistically pursuing export and crossover metallurgical opportunities

We plan to seek to minimize our market risk and maximize realizations by continuing to focus on selling coal to strategically-selected, top-performing, rail-served power plants located in our core market areas in the eastern United States. In 2020, our top domestic power plant customers included ten plants that each took delivery of approximately 400,000 tons or more of PAMC coal. These top power plant customers, which collectively accounted for 74% of our domestic coal shipments in 2020, operated at a 13.2% higher weighted average capacity factor than other NAPP rail-served plants during January through October (the most recent month for which data are available), and none have announced plans to retire during the next five years. We have grown our share of coal supplied at these plants from 11% in 2012 to 27% in the first ten months of 2020, and we believe we can continue to grow this share by displacing less competitive supply from NAPP, CAPP and other basins. We also continue to work on optimizing our portfolio of top customer plants and identifying and penetrating new plants that we believe are aligned with our strategic objectives and would be a good fit for our coal.

While the majority of our production is directed toward our established base of domestic power plant customers, many of which are secured through annual or multi-year contracts, we also have continued to diversify our portfolio by placing a growing portion of our production in the export markets. These markets provide us with pricing upside when markets are strong and with volume stability when markets are weak. As of February 9, 2021, our contracted position is 18.2 million and 5.6 million tons for 2021 and 2022, respectively. We believe our committed and contracted position is well-balanced and provides diversification benefits.

Drive operational excellence through safety, compliance, and continuous improvement

We intend to continue focusing on our core values of safety, compliance and continuous improvement. We operate some of the most productive, lowest-cost underground mines in the coal industry, while simultaneously setting some of the industry's highest standards for safety and compliance. Over the past five years, our Mine Safety and Health Administration ("MSHA") total reportable incident rate was approximately 42% lower than the national average underground bituminous coal mine incident rate. Furthermore, our MSHA significant and substantial ("S&S") citation rate per 100 inspection hours was approximately 63% lower than the industry's average MSHA S&S citation rate over the twelve-month period ended December 31, 2020. We believe that our focus on safety and compliance promotes greater reliability in our operations, which fosters long-term customer relationships and lower operating costs that support higher margins. Consistent with our core value of continuous improvement, we have improved our productivity at the PAMC from 6.27 tons per employee hour to 7.21 tons per employee hour since 2015, and have reduced our cash costs of coal sold per ton by 16% over this same period. We intend to continue to grow the economic competitiveness of our operations by proactively identifying, pursuing and implementing efficiency improvements and new technologies that can drive down unit costs without compromising safety or compliance.

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Maintain Ability to Access Capital Markets

We have generated significant free cash flow since the separation and distribution, which has allowed us to opportunistically refinance and pay down our debt. This reduced indebtedness on our balance sheet and improved liquidity allow us to pursue attractive organic growth opportunities and accretive acquisitions. We constantly seek to improve our capital market capacity to provide additional funds, if needed, to grow our business. We believe that CONSOL Energy can access capital markets to raise debt and equity financing from time to time depending on the market conditions. Furthermore, we also maintain the ability to monetize non-core assets, the proceeds from which could be used for funding our future growth requirements. During the year ended December 31, 2020, we executed multiple transactions, including sales of land and mineral assets, gas wells and coal reserves, which resulted in approximately $68 million in miscellaneous other income and gain on sales of assets.

Our Competitive Strengths

We believe we are well-positioned to successfully execute our business strategies because of the following competitive strengths:

Focus on free cash flow generation supported by strong margins and optimized production levels

We intend to continue our focus on maintaining high margins by optimizing production from our high-quality reserves and leveraging our extensive logistics infrastructure and broad market reach. The PAMC's low-cost structure, high-quality product, favorable access to rail and port infrastructure and diverse base of end-use customers allow it to move large volumes of coal at positive cash margins throughout a variety of market conditions. Through our recent capital investment program, we have optimized our mining operations and logistics infrastructure to sustainably drive down our cash operating costs. Furthermore, our ability to enter into multi-year contracts with our longstanding customer base will enhance our ability to generate high margins in varied commodity price environments. We believe that these factors will help enable us to maintain higher margins per ton on average than our competitors and better position us to maintain profitability throughout commodity price cycles.

Extensive, High-Quality Reserve Base

The PAMC has extensive high-quality reserves of bituminous coal. We mine our reserves from the Pittsburgh No. 8 Coal Seam, which is a large contiguous formation of high-Btu coal that is ideal for high-productivity, low-cost longwall operations. As of December 31, 2020, the PAMC included 657.9 million tons of recoverable coal reserves that are sufficient to support more than 20 years of full-capacity production. The advantageous qualities of our coal enable us to compete for demand from a broader range of coal-fired power plants compared to mining operations in basins that typically produce coal with a comparatively lower heat content (ILB and the Powder River Basin ("PRB")), higher sulfur content (ILB and most areas in NAPP) and higher chlorine content (certain areas of ILB). Our remaining reserves have an average as-received gross heat content of 12,940 Btu/lb, while production from the PRB, ILB, CAPP and the rest of NAPP averages approximately 8,700 Btu/lb, 11,300 Btu/lb, 12,000 Btu/lb and 12,500 Btu/lb, respectively (based on the average quality reported by the United States Energy Information Administration (the "EIA") for U.S. power plant deliveries for the three years ended June 30, 2020). Moreover, our remaining reserves have an average sulfur content of 2.40%, while production from the ILB averages 2.9% sulfur and production from the rest of NAPP averages 3.4% sulfur (again, based on EIA power plant delivery data for the three years ended June 30, 2020). With our high Btu content and low-cost structure, our 2020 total costs of tons sold averaged $1.47 per mmBtu, which is lower than any monthly average Louisiana Henry Hub natural gas spot price during the past 20+ years, and provides a strong foundation for competing against natural gas even after accounting for differences in delivered costs and power plant efficiencies. In addition to the substantial reserve base associated with the PAMC, our Itmann Mine project, which is under development, includes 20.6 million tons of recoverable coal reserves that are sufficient to support more than 20 years of full-capacity production, and our 1.5 billion tons of Greenfield Reserves in NAPP, CAPP and ILB feature both thermal and metallurgical reserves and provide additional optionality for organic growth or monetization as market conditions allow.

World-Class, Well-Capitalized, Low-Cost Longwall Mining Complex

The PAMC is the most productive and efficient coal mining complex in NAPP, averaging 7.14 tons of coal production per employee hour in 2019-2020, compared to 5.11 tons of coal production per employee hour for other currently-operating NAPP longwall mines. For the year ended December 31, 2020, the PAMC produced 7.21 tons of coal per employee hour, compared to an average of 4.90 tons per employee hour for all other currently-operating NAPP longwall mines. We believe our substantial capital investment in the PAMC will enable us to maintain high production volumes, low operating costs and a strong safety and environmental compliance record, which we believe are key to supporting stable financial performance and cash flows throughout business and commodity price cycles.

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Strategically Located Mining Operations with Advanced Distribution Capabilities and Excellent Access to Key Logistics Infrastructure

Our logistics infrastructure and proximity to coal-fired power plants in the eastern United States provides us with operational and marketing flexibility, reduces the cost to deliver coal to our core markets and allows us to realize higher free-on-board ("FOB") mine prices. We believe that we have a significant transportation cost advantage compared to many of our competitors, particularly producers in the ILB and PRB, for deliveries to customers in our core markets and to East Coast ports for international shipping. For example, based on publicly available data and internal estimates, we believe that the transportation cost advantage from our mines compared to ILB mines (not accounting for Btu differences) is approximately $4 to $7 per ton for coal delivered to foreign consumers in Europe and India, up to $3 to $5 per ton for coal delivered to domestic customers in the Carolinas, and an even more pronounced cost advantage for coal delivered to domestic customers in the mid-Atlantic states. Our ability to accommodate multiple unit trains from both Norfolk Southern and CSX at the Central Preparation Plant, which includes a dual-batch loadout facility capable of loading up to 9,000 tons of clean coal per hour and 19.3 miles of track with three sidings, allows for the seamless transition of locomotives from empty inbound trains to fully loaded outbound trains at our facility. Furthermore, the PAMC has exceptional access to export infrastructure in the United States. Through our 100%-owned CONSOL Marine Terminal, served by both the Norfolk Southern and CSX railroads, we can participate in the world's seaborne coal markets with premium thermal and crossover metallurgical coal.

Strong, Well-Established Customer Base Supporting Contractual Volumes

We have a well-established and diverse customer base, comprised primarily of domestic electric-power-producing companies located in the eastern United States. We have had success entering into multi-year coal sales agreements with our customers due to our longstanding relationships, reliability of production and delivery, competitive pricing and high coal quality. More than 86% of our sales in 2020 were to customer companies that were in our 2019 portfolio, and all of our top domestic power plant customers in 2020 (which represent the ten plants to which we shipped approximately 400,000 tons or more of PAMC coal in 2020) have been in our portfolio for at least five consecutive years. In addition, to mitigate our exposure to coal-fired power plant retirements, we have strategically developed our customer base to include power plants that are economically positioned to continue operating for the foreseeable future and that are equipped with state-of-the-art environmental controls. These top plants operated at a 13.2% higher weighted average capacity factor than other NAPP rail-served plants in January through October 2020 (the most recent month for which data are available), highlighting their economic competitiveness in the challenging power markets. Moreover, none of our top ten customer plants, which accounted for 74% of our domestic coal shipments in 2020, have announced plans to retire in the next five years. Since 2012, the Company has increased its market share at these ten plants from 11% to 27%.

In addition to our robust domestic customer base, we also have favorable access to seaborne coal markets through our long-standing commercial relationship with a leading coal trading and brokering customer that maintains a broad market presence with international coal consumers. We have grown our exports of PAMC coal to the seaborne thermal and crossover metallurgical markets from an average of 5.5 million tons per year (or approximately 23% of our annual sales volume) in 2015-2016 to 7.0 million tons (or approximately 38% of our annual sales volume) in 2020.

Highly Experienced Management Team and Operating Team

Our management and operating teams have (i) significant expertise owning, developing and managing complex thermal and metallurgical coal mining operations, (ii) valuable relationships with customers, railroads and other participants across the coal industry, (iii) technical wherewithal and demonstrated success in developing new applications and customers for our coal products in both the thermal and metallurgical markets, and (iv) a proven track record of successfully building, enhancing and managing coal assets in a reliable and cost-effective manner throughout all parts of the commodity cycle. We intend to leverage these qualities to continue to successfully develop our coal mining assets while efficiently and flexibly managing our operations to maximize operating cash flow.

CONSOL Energy's Capital Expenditure Budget

In 2021, CONSOL Energy expects to invest $100 - $125 million in capital expenditures, excluding any spending on the Itmann Mine project. The Company continually evaluates potential acquisitions.

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Detail Coal Operations

Recoverable Coal Reserves

The Company's estimates of recoverable coal reserves are estimated internally using the face positions of the PAMC's longwall mines and the face position of the Itmann Mine's continuous mining section as of December 31, 2020. The December 31, 2020 reserves were estimated using the same techniques and assumptions as in prior years. These estimates are based on geologic data, coal ownership information and current and proposed mine plans. CONSOL Energy's recoverable coal reserves are proven and probable reserves that could be economically and legally extracted or produced at the time of the reserve determination, considering mining recovery, preparation plant yield and product moisture content. These estimates are periodically updated to reflect past coal production, updated mine plans, new exploration information, and other geologic or mining data. Acquisitions or dispositions of coal properties will also change these estimates. Changes in mining methods or preparation plant processes may increase or decrease the recovery basis for a coal seam. The ability to update or modify the estimates of the Company's recoverable coal reserves is restricted to qualified geologists and mining engineers and all modifications are documented.

"*Reserves*" are defined by SEC Industry Guide 7 as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Industry Guide 7 divides reserves between "Proven (Measured) Reserves" and "Probable (Indicated) Reserves," which are defined as follows:

- "*Proven (Measured) Reserves.*" Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; and grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.

- "*Probable (Indicated) Reserves.*" Reserves for which quantity and grade and/or quality are computed from information similar to that used for Proven (Measured) Reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for Proven (Measured) Reserves, is high enough to assume continuity between points of observation.

Spacing of points of observation for confidence levels in the Company's reserve estimations is based on guidelines in U.S. Geological Survey Circular 891 (Coal Resource Classification System of the U.S. Geological Survey). CONSOL Energy's estimates for proven reserves have the highest degree of geologic assurance. Because of the well-known continuity of the Pittsburgh Coal Seam, estimates for proven reserves are based on points of observation that are equal to or less than 3,000 feet apart, and estimates for probable reserves are computed from points of observation that are between 3,000 feet and 7,920 feet apart.

The Company's estimates of recoverable coal reserves do not rely on isolated points of observation. Small pods of reserves based on a single observation point are not considered; continuity between observation points over a large area is necessary for proven or probable reserves.

The Company's recoverable coal reserves fall within the range of commercially marketed coal grades in the United States. The marketability of coal depends on its value-in-use for a particular application, and this is affected by coal quality, including sulfur content, ash content and heating value. Modern power plant boiler configurations can compensate for coal quality differences that occur. As a result, all of the Company's coal can be marketed for the electric power generation industry. In addition, some of the Company's reserves exhibit thermoplastic behavior suitable for cokemaking, which enables it, if market dynamics are favorable, to capture greater margins from selling this

coal in the metallurgical market to cokemakers and steel manufacturers who utilize modern cokemaking technologies. The addition of this market adds additional assurance that CONSOL Energy's recoverable coal reserves are commercially marketable.

At December 31, 2020, the Company had an estimated 2.2 billion tons of recoverable coal reserves. As of December 31, 2020, the PAMC included 657.9 million tons of recoverable coal reserves that are sufficient to support more than 20 years of full-capacity production. Estimates of the Company's recoverable coal reserves have historically been estimated both by internal geologists and engineers and independent third parties. Reserve estimates and evaluation processes are periodically audited by independent third parties to ensure accuracy.

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The Company's recoverable coal reserves include 81.3 million tons of undeveloped reserves that are classified as high-vol, mid-vol or low-vol metallurgical coal. Additionally, worldwide demand for metallurgical coal allows some of our recoverable coal reserves, currently classified as thermal coal but that possess certain qualities, to be sold as metallurgical coal. The extent to which we can sell thermal coal as crossover metallurgical coal depends upon a number of factors, including the quality characteristics of the reserve, the specific quality requirements and constraints of the end-use customer and market conditions (which affect whether customers are compelled to substitute lower-quality crossover coal for higher-quality metallurgical coal in their blends to realize economic benefits).

The Company assigns coal reserves to mining complexes, and the amount of coal we assign to each mine is generally sufficient to support mining through the extent of our current mining permits. Under federal law, we must renew our mining permits every five years. All assigned reserves have their required permits or governmental approvals, or there is a high probability that these approvals will be secured. In addition, our mines and mining complexes may have access to additional reserves that have not yet been assigned. We refer to these reserves as accessible. Accessible reserves are recoverable coal reserves that can be accessed by an existing mining complex, utilizing the existing infrastructure of the complex to mine and to process the coal in this area. Mining an accessible reserve does not require additional capital spending beyond that required to extend or to continue the normal progression of the mine, such as the sinking of airshafts or the construction of portal facilities.

Some reserves may be accessible by more than one mine because of the proximity of many of our mines to one another. In the table below, the accessible reserves indicated for a mine are based on our review of current mining plans and reflect our best judgment as to which mine is most likely to utilize the reserve. Assigned and unassigned coal reserves are recoverable coal reserves which are either owned or leased. The leases have terms extending up to 30 years and generally provide for renewal through the anticipated life of the associated mine. These renewals are exercisable by the payment of minimum royalties. Under current mining plans, assigned reserves reported will be mined out within the period of existing leases or within the time period of probable lease renewal periods.

Pennsylvania Mining Complex

Pennsylvania Mining Complex. The Pennsylvania Mining Complex is located in Enon, Pennsylvania and consists of three deep longwall mining operations, the Bailey Mine, the Enlow Fork Mine and the Harvey Mine, and a centralized preparation plant. The design of the PAMC is optimized to produce large quantities of coal on a cost-efficient basis. The PAMC is able to sustain high production volumes at comparatively low operating costs due to, among other things, its technologically advanced longwall mining systems, logistics infrastructure and safety. All of the PAMC's mines utilize longwall mining, which is a highly automated underground mining technique that produces large volumes of coal at lower costs compared to other underground mining methods. The PAMC typically operates 4-5 longwalls with 15-17 continuous mining sections. The current annual production capacity of the PAMC is approximately 28.5 million tons of coal. The central preparation plant is connected via conveyor belts to each of the PAMC's mines and cleans and processes up to 8,200 raw tons of coal per hour. The PAMC's on-site logistics infrastructure at the central preparation plant includes a dual-batch train loadout facility capable of loading up to 9,000 clean tons of coal per hour and 19.3 miles of track linked to separate Class I rail lines owned by Norfolk Southern and CSX, which significantly increases the PAMC's efficiency in meeting its customers' transportation needs.

Bailey Mine. As of December 31, 2020, the Bailey Mine's assigned and accessible reserve base contained an aggregate of 108.2 million tons of clean recoverable coal with an average as-received gross heat content of approximately 12,900 Btus per pound and an approximate average pounds of sulfur dioxide per mmBtu of 4.42. The Bailey Mine is the first mine developed at the Pennsylvania Mining Complex. Construction of the slope and initial air shaft began in 1982. The slope development reached the coal seam at a depth of approximately 600 feet and, following development of the slope bottom, commercial coal production began in 1984. Longwall mining production commenced in 1985, and the second longwall was placed into operation in 1987. In 2010, a new slope and overland belt system was commissioned, which allowed a large percentage of the Bailey Mine to be sealed off. For the years ended December 31, 2020, 2019 and 2018, the Bailey Mine produced 8.7, 12.2 and 12.7 million tons of coal, respectively.

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Enlow Fork Mine. As of December 31, 2020, the Enlow Fork Mine's assigned and accessible reserve base contained an aggregate of 321.7 million tons of clean recoverable coal with an average as-received gross heat content of approximately 12,940 Btus per pound and an approximate average pounds of sulfur dioxide per mmBtu of 3.35. The Enlow Fork Mine is located directly north of the Bailey Mine. Initial underground development was started from the Bailey Mine while the Enlow Fork slope was being constructed. Once the slope bottom was developed and the slope belt became operational, seals were constructed to separate the two mines. Following development of the slope bottom, commercial coal production began in 1989. Longwall mining production commenced in 1991, and the second longwall came online in 1992. In 2014, a new slope and overland belt system was commissioned and a substantial portion of the Enlow Fork Mine was sealed. For the years ended December 31, 2020, 2019 and 2018, the Enlow Fork Mine produced 5.7, 10.0 and 9.9 million tons of coal, respectively.

Harvey Mine. As of December 31, 2020, the Harvey Mine's assigned and accessible reserve base contained an aggregate of 228.0 million tons of clean recoverable coal with an average as-received gross heat content of approximately 12,950 Btus per pound and an approximate average pounds of sulfur dioxide per mmBtu of 3.89. The Harvey Mine is located directly east of the Bailey and Enlow Fork Mines. Similar to the Enlow Fork Mine, the Harvey Mine was developed off of the Bailey Mine's slope bottom. In order to separate the Harvey Mine from the existing Bailey Mine, seals were built around the original Bailey slope bottom to separate the two mines, and the original slope was dedicated solely to the Harvey Mine. This transfer of infrastructure eliminated the need to make significant capital expenditures to develop, among other things, a new slope, airshaft and portal facility at the Harvey Mine. Development of the Harvey Mine began in 2009, and construction of the supporting surface facilities commenced in 2011. Longwall mining production commenced in March 2014. For the years ended December 31, 2020, 2019 and 2018, the Harvey Mine produced 4.4, 5.0 and 5.0 million tons of coal, respectively. The Harvey Mine's existing infrastructure, including its bottom development, slope belt and material handling system, has the capacity to add one incremental permanent longwall mining system with additional mine development and capital investment.

Itmann Operation

Itmann No. 5 Mine. The Itmann No. 5 Mine is located in Wyoming County, West Virginia, approximately 2.5 miles northwest of the town of Itmann, WV. The mine accesses the Pocahontas 3 seam (P3) using a box cut drift entrance near an outcrop along Still Run Hollow. The P3 seam has and continues to be mined extensively within the Appalachian coalfields of southern West Virginia and western Virginia, including the areas immediately surrounding the Itmann No. 5 reserves. As of December 31, 2020, the Itmann Mine's assigned and accessible reserve base contained an aggregate of 20.6 million tons of clean recoverable coal, enough to allow for more than 20 years of full-capacity production. These reserves contain an approximate average quality on a dry basis of 0.99% sulfur, 7.6% ash, and 19.2% volatile matter. Development mining at the Itmann Mine began in 2020. Coal from the Itmann Mine is currently extracted by underground methods using 1-2 continuous miner units, with plans to eventually expand operations to 4-6 continuous miner units to achieve expected capacity of approximately 900 thousand clean tons per year. For the year ended December 31, 2020, the Itmann Mine produced 25 thousand tons of coal. Production from the Itmann Mine is currently sold on a raw basis at the mine to a third-party buyer while the mine and facilities are being developed. The Company is currently evaluating plans to develop a dedicated coal preparation plant to process and handle the Itmann Mine's production.

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The following table sets forth additional information regarding the recoverable coal reserves at the Pennsylvania Mining Complex.

CONSOL ENERGY PENNSYLVANIA MINING COMPLEX
Proven and Probable Assigned and Accessible Coal Reserves as of December 31, 2020 and 2019

Mine/Reserve	Preparation Facility Location	Reserve Class	Coal Seam	Average Mining Height (feet)	As Received Heat Value(1) (Btu/lb)		Recoverable Coal Reserves (As-Received)(2, 3, 4)			
					Typical	Range	Owned (%)	Leased (%)	Tons in Millions 12/31/2020	Tons in Millions 12/31/2019
PA Mining Operations										
Bailey	Enon, PA	Assigned Operating	Pittsburgh	7.4	12,900	12,600 – 13,170	58%	42%	69.2	77.3
		Accessible	Pittsburgh	7.5	12,890	12,820 – 13,110	43%	57%	39.0	38.0
Enlow Fork	Enon, PA	Assigned Operating	Pittsburgh	7.4	13,070	12,680 – 13,300	99%	1%	67.4	72.7
		Accessible	Pittsburgh	7.6	12,910	12,460 – 13,280	74%	26%	254.3	251.8
Harvey	Enon, PA	Assigned Operating	Pittsburgh	6.9	13,060	12,850 – 13,220	90%	10%	37.9	41.2
		Accessible	Pittsburgh	7.7	12,930	12,710 – 13,070	92%	8%	190.1	188.4
Total Assigned Operating and Accessible									657.9	669.4

(1) The heat values (gross calorific values) shown for reserves are based on the forecasted quality for each mine/reserve class, assuming that the coal is washed to an extent consistent with normal full-capacity operation of each mine's/complex's preparation plant. Forecasted quality is derived from exploration sample analysis results, which have been adjusted to account for anticipated moisture and for the effects of mining and coal preparation.

(2) Recoverable coal reserves are estimated based on the area in which mineable coal exists, coal seam thickness, and average density determined by laboratory testing of drill core samples. This estimate is adjusted to account for coal that will not be recovered during mining and for losses that occur if the coal is processed after mining. Reserve tons are reported on an as-received basis, based on the anticipated product moisture. Reserves are reported only for those coal seams that are controlled by ownership or leases.

(3) Because the continuity of the Pittsburgh coal seam is well known, and due to the minimal difference in the degree of assurance between observation points, recoverable reserves in this table represent the aggregation of proven and probable reserves that can be reasonably recovered considering all mining and preparation losses involved in producing a saleable product using existing mining methods under current law.

(4) Recoverable coal reserves incorporate losses for dilution and mining recovery based upon a 99% longwall mining recovery, a continuous mining recovery typically ranging from 25% to 40%, and a 95% preparation plant efficiency within the life of mine plan. Recoverable coal reserves are assessed using forward-looking prices derived from our forward contracts, various coal indices such as API 2, and other observable forward market indicators such as natural gas and electric power forward pricing to determine the reserves are economical.

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The following table sets forth additional information regarding the recoverable coal reserves at the Itmann Mine.

CONSOL ENERGY ITMANN MINE
Proven and Probable Assigned and Accessible Coal Reserves as of December 31, 2020 and 2019

Mine/Reserve	Preparation Facility Location	Reserve Class	Coal Seam	Average Seam Height (feet)	Moisture Free Quality(1) (%) Sulfur	Ash	Vol	Recoverable Coal Reserves (As-Received)(2, 3, 4) Owned (%)	Leased (%)	Tons in Millions Proven	Probable	2020 Total	2019 Total
Itmann Operations													
Itmann No. 5	Itmann, WV	Assigned Operating	Pocahontas 3	3.5	0.95	8.4	18.4	—%	100%	4.2	1.4	5.6	5.6
		Accessible	Pocahontas 3	3.4	1.01	7.4	19.5	12%	88%	5.8	9.2	15.0	15.0
Total Assigned Operating and Accessible										10.0	10.6	20.6	20.6

(1) The quality values shown for reserves are based on forecasted quality for each mine/reserve class, assuming that the coal is washed to an extent reasonably expected from regional third-party preparation plants. Forecasted quality is derived from exploration sample analysis results, which have been adjusted to a moisture free basis and for the effects of mining and coal preparation.

(2) Recoverable coal reserves are estimated based on the area in which mineable coal exists, coal seam thickness, and average density determined by laboratory testing of drill core samples. This estimate is adjusted to account for coal that will not be recovered during mining and for losses that occur if the coal is processed after mining. Reserve tons are reported on an as-received basis, based on the anticipated product moisture. Reserves are reported only for those coal seams that are controlled by ownership or leases.

(3) Recoverable coal reserves represent proven and probable reserves that can be recovered considering all mining and preparation losses involved in producing a saleable product using existing mining methods under current law.

(4) Recoverable reserve estimates incorporate losses for dilution and mining recovery based upon a continuous mining recovery typically ranging from 40% to 70%, and a 95% preparation plant efficiency within the life of mine plan. Recoverable coal reserves are assessed using forward-looking prices for low-volatile metallurgical coal to determine the reserves are economical.

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The following table sets forth our assigned non-operating and unassigned recoverable coal reserves by region:

CONSOL Energy ASSIGNED Non-Operating and UNASSIGNED Recoverable Coal Reserves as of December 31, 2020 and 2019

Coal Producing Region	As Received Heat Value(1) (Btu/lb)	Recoverable Reserves(2) Owned (%)	Leased (%)	Tons in Millions 12/31/2020	Recoverable Coal Reserves (Tons in Millions) 12/31/2019
Northern Appalachia (Pennsylvania, Ohio, Northern West Virginia)	11,400 – 13,400	97%	3%	1,033.0	1,080.9
Central Appalachia (Virginia, Southern West Virginia)	12,400 – 14,100	87%	13%	138.6	138.6
Illinois Basin (Illinois, Western Kentucky, Indiana)	11,600 – 12,000	78%	22%	315.6	316.4
Total		92%	8%	1,487.2	1,535.9

(1) The heat value (gross calorific values) estimates for Northern Appalachian and Central Appalachian Assigned Non-Operating and Unassigned coal reserves are on an as-received basis and include adjustments for moisture that may be added during mining or processing as well as for dilution by rock lying above or below the coal seam. For Assigned Non-Operating coal reserves, the mining and processing methods previously in use are used for these estimates. The heat value estimates for the Illinois Basin Unassigned reserves are based primarily on exploration drill core data that may not include adjustments for moisture added during mining or processing, or for dilution by rock lying above or below the coal seam.

(2) Recoverable reserves are estimated based on the area in which mineable coal exists, coal seam thickness, and average density determined by laboratory testing of drill core samples. This estimate is adjusted to account for coal that will not be recovered during mining and for losses that occur if the coal is processed after mining. Reserve tons are reported on an as-received basis, based on the anticipated product moisture. Reserves are reported only for those coal seams that are controlled by ownership or leases.

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The following table classifies the Company's coal by type (thermal versus metallurgical), region and sulfur content (expressed as lbs. SO_2/MMBtu). The table also classifies metallurgical coal as high, medium and low volatile which is based on volatile matter content.

CONSOL Energy Proven and Probable Recoverable Coal Reserves By Product (In Millions of Tons) as of December 31, 2020

By Region	≤ 1.20 lbs. SO_2/MMBtu	> 1.20 ≤ 2.50 lbs. SO_2/MMBtu	> 2.50 lbs. SO_2/MMBtu	Total	Percent By Product
Metallurgical:					
High Vol Bituminous (NAPP)	—	39.6	—	39.6	1.8%
Med Vol Bituminous (CAPP)	5.1	—	—	5.1	0.2%
Low Vol Bituminous (CAPP)	16.0	20.6	—	36.6	1.7%
Total Metallurgical	21.1	60.2	—	81.3	3.7%
Thermal:					
NAPP	—	22.4	1,629.0	1,651.4	76.3%
CAPP	46.0	71.5	—	117.5	5.4%
ILB	—	101.1	214.4	315.5	14.6%
Total Thermal	46.0	195.0	1,843.4	2,084.4	96.3%
Total	67.1	255.2	1,843.4	2,165.7	100.0%
Percent of Total	3.1%	11.8%	85.1%	100.0%	

Title to coal properties that we lease or purchase and the boundaries of these properties are verified by law firms retained by us at the time we lease or acquire the properties. Consistent with industry practice, abstracts and title reports are reviewed and updated approximately five years prior to planned development or mining of the property. If defects in title or boundaries of undeveloped reserves are discovered in the future, control of and the right to mine reserves could be adversely affected.

The following table sets forth the total royalty tonnage and the amount of income (net of related expenses) we received from royalty payments for the years ended December 31, 2020, 2019 and 2018.

Year	Total Royalty Tonnage (in thousands)	Total Royalty Income * (in thousands)
2020	4,076	$ 10,834
2019	6,171	$ 19,919
2018	6,656	$ 21,917

* Excludes advanced mining royalty payments received of $1,198, $2,289 and $2,805 during the years ended December 31, 2020, 2019 and 2018, respectively.

Royalty tonnage leased to third parties is not included in the amounts of produced tons that we report. Recoverable reserves do not include reserves attributable to properties that we lease to third parties.

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Production

In the year ended December 31, 2020, 99.9% of the Company's production came from underground mines equipped with longwall mining systems (PAMC). The Company employs longwall mining techniques in its underground mines where the geology is favorable, and reserves are sufficient. Underground longwall mining uses continuous mining units to develop the mains and gate roads for longwall panels. The longwall systems are highly mechanized, capital intensive operations to efficiently extract coal within the longwall panels. Mines using longwall systems have a low variable cost structure compared with other types of mines and can achieve high productivity levels compared with those of other underground mining methods. Because the Company has substantial reserves readily suitable to these operations, the Company believes that these longwall mines can increase capacity at a low incremental cost.

The following table shows the production, in millions of tons, for the Company's mines for the years ended December 31, 2020, 2019 and 2018, the location of each mine, the type of mine, the type of equipment used at each mine, method of transportation and the year each mine was established or acquired by us.

Loadout Facility	Mine	Mining	Tons Produced (in millions)	Year Established

Mine	Location	Type	Equipment	Transportation	2020	2019	2018	or Acquired
PA Mining Operations								
Bailey	Enon, PA	U	LW/CM	R R/B	8.7	12.2	12.7	1984
Enlow Fork	Enon, PA	U	LW/CM	R R/B	5.7	10.0	9.9	1990
Harvey	Enon, PA	U	LW/CM	R R/B	4.4	5.0	5.0	2014
Total					18.8	27.3	27.6	
Itmann Complex								
Itmann (1)	Itmann, WV	U	CM	T/R	—	—	—	2020
Total Company					18.8	27.3	27.6	

**Table may not sum due to rounding.*

U	–	Underground
LW	–	Longwall
CM	–	Continuous Miner
R	–	Rail
R/B	–	Rail to Barge or Vessel
T/R	–	Truck to Rail

(1) The Itmann Mine produced 25 thousand tons of coal during the year ended December 31, 2020.

Coal Marketing and Sales

The following table sets forth the Company produced tons sold and average sales price for the periods indicated:

	Years Ended December 31,		
	2020	2019	2018
Company Produced PA Mining Operations Tons Sold (in millions)	18.7	27.3	27.7
Average Sales Price per Ton Sold – PA Mining Operations	$ 41.31	$ 47.17	$ 49.28

Coal sales were impaired in 2020 as a result of weakened customer demand due to a warmer than normal winter followed by the COVID-19 pandemic, each of which reduced electricity consumption and, therefore, demand for our coal. Additionally, customer contract buyouts in 2020 impacted our sales performance. These partial contract buyouts involved negotiations to reduce the coal quantities several customers were obligated to purchase from us under their contracts in exchange for payment of certain fees to us, and did not impact forward contract terms. We sell coal produced by our mines and additional coal that is purchased by us for resale from other producers. Approximately 60% of our 2020 coal sales were made to U.S. electric generators, 38% of our 2020 coal sales were made to export markets and 2% of our 2020 coal sales were made to other domestic customers. Approximately 66% of our 2019 coal sales were made to U.S. electric generators, 33% of our 2019 coal sales were made to export markets and 1% of our 2019 coal sales were made to other domestic customers. Approximately 68% of our 2018 coal sales were made to U.S. electric generators, 29% of our 2018 coal sales were made to export markets and 3% of our 2018 coal sales were made to other domestic customers. We had sales to approximately 29 customers from our 2020 coal operations. During 2020, three customers each comprised over 10% of our coal sales, aggregating approximately 55% of our sales. Annual metallurgical coal revenues for the past three years ranged from $56.2 million to $99.5 million.

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Coal Contracts and Pricing

We sell coal to an established customer base through opportunities as a result of strong business relationships, or through a formalized bidding process. Contract volumes range from a single shipment to multi-year agreements for millions of tons of coal. The average contract term is between one to three years. As a normal course of business, efforts are made to renew or extend contracts scheduled to expire. Although there are no guarantees, we generally have been successful in renewing or extending contracts in the past. For the year ended December 31, 2020, approximately 68% of all the coal we produced was sold under contracts with terms of one year or more.

We expect total consolidated Pennsylvania Mining Complex annual sales to be approximately 22-24 million tons for 2021. Coal pricing for contracts with terms of one year or less is generally fixed. Coal pricing for multiple-year agreements often provides the opportunity to periodically adjust the contract prices through pricing mechanisms consisting of one or more of the following:

- Fixed price contracts with pre-established prices;
- Periodically negotiated prices that reflect market conditions at the time;
- Price restricted to an agreed-upon percentage increase or decrease;
- Base-price-plus-escalation methods which allow for periodic price adjustments based on inflation indices or other negotiated indices; or
- Positive electric power price-related adjustments.

The volume of coal to be delivered is specified in each of our coal contracts. Although the volume to be delivered under the coal contracts is stipulated, the parties may vary the timing of the deliveries within specified limits. Coal contracts typically contain force majeure provisions allowing for the suspension of performance by either party for the duration of certain force majeure events. Force majeure events include, but are not limited to, unexpected significant geological conditions or natural disasters. Depending on the language of the contract, some contracts may terminate upon continuance of an event of force majeure that extends for a period greater than three to twelve months.

Of our 2020 sales tons, approximately 60% were sold to U.S. electric generators, 38% were sold to export markets and 2% were sold to other domestic customers. Of the 38% of our 2020 sales tons sold to export markets, 18% were sold in the metallurgical market and 82% were sold in the electric power generation and industrial markets. In 2020, we derived greater than 55% of our total coal sales revenue from our top three customers. As of January 1, 2021, we had multiple sales agreements with these customers that expire at various times in 2021 through 2023.

During the past three years, our average realization (sales price per ton sold) for coal produced from the PAMC has decreased from $49.28/ton in 2018, to $47.17/ton in 2019, and to $41.31/ton in 2020. Pricing for our product depends strongly on conditions in the domestic thermal coal market, which accounted for at least 62% of our total sales volumes in each of 2018, 2019 and 2020.

The prices we are able to achieve in the domestic thermal market depend on a number of factors, including: (i) the supply-demand balance for Northern Appalachian coal, (ii) prices for other competing sources of energy used for electricity generation, such as natural gas, (iii) power prices in the regions we serve, (iv) prices for coals from other basins (including CAPP, ILB, and PRB) that compete in these same regions, and (v) pricing under our longer-term contracts, which may have been entered into under different market conditions. Lower natural gas prices, coupled with increased capacity from new natural gas combined-cycle power plants and renewable energy sources, put pressure on power prices and on the demand for coal-fired electric power generation. These factors can affect the prices that we are able to achieve in the domestic thermal markets. Similarly, imbalances in global supply and demand for energy fuels can cause substantial variability in pricing in the export thermal market and the export metallurgical market. Additionally, demand for coal-fired electric power generation experienced a severe decline in 2020 as a result of the COVID-19 pandemic and related government-ordered shutdowns, which resulted in price declines for our coal.

Terminal Services

In 2020, approximately 10.1 million tons of coal were shipped through the CONSOL Marine Terminal owned by our subsidiary, CONSOL Marine Terminals LLC. Approximately 77% of the tonnage shipped was produced by the Pennsylvania Mining Complex. The terminal can either store coal or load coal directly into vessels from rail cars. It is also the only major east coast United States coal terminal served by two railroads, Norfolk Southern Corporation and CSX Transportation Inc. The CONSOL Marine Terminal has significant storage capacity of 1.1 million tons with more than thirty acres of capacity for stockpiles. The facility possesses extensive blending capabilities, and has handled approximately 11.5 million tons of coal per year on average over the past five years, with a potential maximum throughput capacity of approximately 15 million tons annually.

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Non-Core Coal Assets and Surface Properties

We own significant coal assets and surface properties that are not in our short or medium term development plans. We continually explore the monetization of these non-core assets by means of sale, lease, contribution to joint ventures, or a combination of the foregoing in order to bring the value of these assets forward for the benefit of our stockholders.

Distribution

Coal is transported from the Company's mining operations to customers predominantly by railroad cars, vessels or a combination of these means of transportation. Most customers negotiate their own transportation rates, and our sales and logistics specialists also negotiate freight and equipment agreements with various transportation suppliers, including railroads, barge lines, terminal operators, ocean vessel brokers and trucking companies for certain customers.

Seasonality

Our business has historically experienced limited variability in its results due to the effect of seasonal changes. Demand for coal-fired power can increase due to unusually hot or cold weather as power consumers use more air conditioning or heating, respectively. Conversely, mild weather can result in weaker demand for our coal. Adverse weather conditions, such as blizzards or floods, can impact our ability to transport coal over our overland conveyor systems and to transport our coal by rail.

Competition

The coal industry is highly competitive, with numerous producers selling into all markets that use coal. There are numerous large and small producers in all coal-producing basins of the United States, and we compete with many of these producers, including those who export coal abroad. Potential changes to international trade agreements, trade concessions and tariffs or other political and economic arrangements may benefit coal producers operating in countries other than the United States. We may be adversely impacted on the basis of price or other factors with companies that in the future may benefit from favorable foreign trade policies or other arrangements. In addition, coal is sold internationally in U.S. dollars and, as a result, general economic conditions in foreign markets and changes in foreign currency exchange rates may provide our international competitors with a competitive advantage. If our competitors' currencies decline against the U.S. dollar or against our international customers' local currencies, those competitors may be able to offer lower prices for coal to our customers. Furthermore, if the currencies of our overseas customers were to significantly decline in value in comparison to the U.S. dollar, those customers may seek decreased prices for the coal we sell to them. Consequently, currency fluctuations could adversely affect the competitiveness of our coal in international markets, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The most important factors on which we compete are coal price, coal quality and characteristics, transportation costs and reliability of supply. Demand for coal and the prices that we will be able to obtain for our coal are closely linked to coal consumption patterns of the domestic electric generation industry and international coal consumers. These coal consumption patterns are influenced by many factors that are beyond our control, including demand for electricity, which is significantly dependent upon economic activity and summer and winter temperatures, government regulation, technological developments and the location, quality, price and availability of competing sources of fuel.

Indirect competition from natural gas-fired plants that are relatively more efficient, less expensive to construct and less difficult to permit than coal-fired plants has the most potential to displace a significant amount of coal-fired electric power generation in the near term, particularly from older, less efficient coal-fired powered generators. Federal and state mandates for increased use of electricity derived from renewable energy sources could affect demand for our coal. Such mandates, combined with other incentives to use renewable energy sources, such as tax credits, could make alternative fuel sources more competitive with coal.

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Laws and Regulations

Overview

Our coal mining operations are subject to various federal, state and local environmental, health and safety regulations. Regulations relating to our operations require us to obtain permits and other licenses; reclaim and restore our properties after mining operations have been completed; store, transport and dispose of materials used or generated by our operations; manage surface subsidence from underground mining; control water and air emissions; protect wetlands and endangered plants and wildlife; and ensure employee health and safety. Furthermore, the electric power generation industry and other industrial users of our coal are subject to extensive regulation regarding the environmental impact of their power generation activities, which could affect demand for our coal.

Compliance with these laws has substantially increased the cost of coal mining, and the possibility exists that new legislation or regulations may be adopted which would have a significant impact on our coal mining operations or our customers' ability to use our coal and may require us or our customers to change their operations significantly or incur substantial costs. Additionally, these laws are subject to revision and may become increasingly stringent. The ultimate effect of implementation may not be predictable, as associated regulations may still be in development or subject to public notice, extensive comment or judicial review.

The following is a summary of the more significant existing environmental and worker health and safety laws and regulations to which we and our customers' business operations are subject and for which compliance may have a material adverse impact on our capital expenditures, results of operations and financial position.

In recent years, multiple regulations impacting our operations, or our customers' operations, have been subject to revision or repeal. However, the extent to which these regulations will take effect or survive future federal presidential administrations is uncertain. In addition, future presidential administrations, including the Biden Administration, could, independent of the regulatory process, issue Executive Orders or other Presidential Directives having the force of law that could immediately impact our business or our customers' business. For example, pursuant to the Executive Order on Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis ("Environment Executive Order"), which was issued on January 20, 2021, President Biden directed the heads of all federal agencies to review "all existing regulations, orders, guidance documents, policies, and any other similar agency actions promulgated, issued, or adopted" during the Trump Administration for consistency with the policies established in the new Biden Administration order. Reversal or reinstatement of earlier regulations, or other presidential executive action, could impact our ability to obtain, maintain or renew permits, could reduce fossil fuels' share of power generating capacity, or expedite the retirements of fossil fuel fired electric generating units, which could have a material adverse effect on our business, financial condition and results of operations.

Under the Congressional Review Act, Congress also has the ability to revoke any final regulations promulgated by a federal agency within the past 60 legislative (not calendar) days. Given the change in the composition of the Senate, it is possible that environmental and other regulations could be revoked without having to undergo the regulatory rule-making process. The date of 'for the past 60 legislative days' will be fixed by Congress but is expected to fall sometime in mid- to late August 2021. Environmental regulations that affect coal mining operations - either directly or indirectly - that were promulgated after that period of time could be revoked by Congress through the Congressional Review Act.

Environmental Laws

Clean Air Act. The federal Clean Air Act ("CAA") and corresponding state and local laws and regulations affect all aspects of coal mining operations, both directly and indirectly. The CAA directly impacts our coal mining operations through permitting and emission control requirements for the construction or modification of certain facilities. Indirectly, the CAA affects the U.S. coal industry by extensively regulating the air emissions of coal-fired electric power generating plants or other industrial facilities operated by our customers.

Coal impurities are released into the air when coal is burned and the CAA regulates specific emissions, such as sulfur, nitrogen oxides, particulate matter, mercury and other substances. In addition, CAA programs such as Maximum Achievable Control Technology ("MACT") emission limits for Hazardous Air Pollutants, the Regional Haze Program, New Source Review permitting requirements and other federal rulemakings focused on emissions from coal-fired electric generation facilities or coal mining may directly or indirectly affect our operations. Such regulations restricting emissions from coal-fired electric generating plants or other industrial facilities could increase the costs to operate and affect demand for coal as a fuel source, therefore potentially affecting the volume of our sales. Moreover, additional environmental regulations increase the likelihood that existing coal-fired electric generating plants will be decommissioned or replaced with alternative sources of fuel and reduce the likelihood that new coal-fired plants will be built in the future.

Mercury and Air Toxics Standards Rule. In 2012, the United States Environmental Protection Agency ("EPA") promulgated or finalized several rules for hazardous air pollutant ("HAP") emissions, including mercury, for coal and oil-fired power plants. The EPA's 2012 Mercury and Air Toxics Standards rule ("MATS Rule") imposed MACT emissions limitations on HAPs, such as mercury, acid gas HAPs, HAP metals and organic HAPs for new and existing coal-fueled and oil-fueled electric generating plants. The rule was challenged, and ultimately rejected by the U.S. Supreme Court on June 29, 2015, for failing to consider the costs imposed by the MATS Rule. The U.S. Supreme Court remanded to the U.S. Court of Appeals for the D.C. Circuit ("D.C. Circuit") to determine whether to allow the EPA to address the rule's deficiencies or to vacate and nullify the rule. In April 2017, the D.C. Circuit granted the EPA's request to stay the case to allow the agency to fully review the rule. Nevertheless, many coal-fired electric power generators have already taken steps to comply with the MATS Rule, as such required control and operational modifications can take significant time to install and/or implement. On December 27, 2018, the EPA proposed to revise the 2016 supplemental cost finding for the MATS Rule, as well as the related risk and technology review required by the CAA. Under the proposal, the emissions standards and other requirements of the MATS Rule would remain in place while the EPA's methodology for assessing the costs and benefits of the rule were being modified. In December 2015, while the EPA was addressing the Supreme Court's ruling, the D.C. Circuit denied a continued stay of the rule. On February 7, 2019, the EPA published a proposed reconsideration, laying the groundwork to rescind the MATS Rule. In the proposed finding, the EPA revised its costs and benefits estimates of the rule, concluding that it is not "appropriate and necessary" to regulate hazardous air pollutants from power plants, and seeking comment on whether the EPA had authority to rescind the MATS Rule. On April 16, 2020, the EPA completed its reconsideration of the MATS Rule, finalizing its "appropriate and necessary" conclusion while retaining coal- and oil-fired power plants on the list of affected source categories and maintaining existing emission limits for mercury and other HAPs. The final rule became effective on May 22, 2020 and is currently subject to legal challenge in multiple cases before the D.C. Circuit. The Environment Executive Order signed on January 20, 2021 directs the EPA Administrator to "consider publishing for notice and comment a proposed rule suspending, revising, or rescinding" the May 2020 reconsideration of the MATS Rule by August 2021.

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National Ambient Air Quality Standards. The CAA requires the EPA to set National Ambient Air Quality Standards ("NAAQS") for six pollutants considered harmful to public health and the environment ("criteria pollutants"). Areas that are not in compliance with these standards are considered "non-attainment areas." In recent years, the EPA has adopted more stringent NAAQS for these criteria pollutants, which could directly or indirectly impact mining operations through the designation of new non-attainment areas which could prompt local changes to permitting or emissions control requirements, as prescribed by federally mandated state implementation plans that require emission source identification and emission reduction plans. Final rules may require significant investment in emissions control technologies by our customers in the electric power generation industry, and could affect the demand for our coal. For example, in 2015, the EPA finalized the NAAQS for ozone pollution and reduced the limit to 70 parts per billion (ppb) from the previous 75 ppb standard. The final rule was challenged in the D.C. Circuit. On April 7, 2017, the EPA advised the D.C. Circuit that it intended to reconsider the final rule and the Court subsequently stayed the litigation pending further action by the EPA. In August 2018, the EPA ultimately decided not to revisit the rule. As a result, the D.C. Circuit lifted its stay of the 2015 ozone NAAQS rule imposing the 70 ppb ambient air quality standard while the EPA reviews the standards under an expedited review process. On October 31, 2019, the EPA published a draft policy assessment recommending that the 70 ppb ozone NAAQS be retained. On May 22, 2020, the EPA published notice of the Final Policy Assessment, followed by the proposed rule on August 14, 2020. The final rule retaining the 70 ppb ozone NAAQS was published on December 31, 2020. That rule has been challenged in the U.S. Court of Appeals for the D.C. Circuit. Although this final rule is not listed in the Environment Executive Order itself, it is listed in a fact sheet that was released by the Biden transition team on the morning of the inauguration that lists environmental rules that should be reconsidered in light of the Environment Executive Order. The EPA also finalized a decision to retain the NAAQS for particulate matter, which was published on December 18, 2020. This rule was also challenged in the D.C. Circuit and is on the list of regulations that the Biden Administration intends to reconsider.

Cross-State Air Pollution Rule. On July 6, 2011, the EPA finalized the Cross-State Air Pollution Rule ("CSAPR"). CSAPR regulates cross-border emissions of criteria air pollutants such as SO_2, NO_x, fine particulate matter ("$PM_{2.5}$") and ozone in the District of Columbia and 27 states. CSAPR requires states to limit emissions from sources that "contribute significantly" to noncompliance with air quality standards, such as electric power generating facilities. If the ambient levels of criteria air pollutants are above the thresholds set by the EPA, a region is considered to be in "non-attainment" for that pollutant and the EPA applies more stringent control standards for sources of air emissions located in the region. In October 2016, the EPA finalized revisions to the CSAPR, known as the CSAPR Update Rule. Following litigation in the D.C. Circuit and U.S. Supreme Court, CSAPR was implemented in two phases: Phase 1 began in 2015 and Phase 2 began in 2017. On December 6, 2018, the EPA issued the CSAPR "Close-Out" Rule, a final determination that the CSAPR achieves requirements with respect to the 2008 ground-level ozone NAAQS in 20 states, and accordingly, those states will not be required to impose requirements for further reduction in transported ozone pollution. In addition, the covered states do not need to submit state implementation plans that would establish additional requirements beyond the existing CSAPR Update. The Close-Out Rule was challenged by several states and other entities in the D.C. Circuit. In a September 13, 2019 ruling, the D.C. Circuit remanded the 2016 CSAPR Update Rule to the EPA, finding that rule is inconsistent with the CAA. In a subsequent October 1, 2019 ruling, the CSAPR Close-Out Rule was vacated. On October 30, 2020, the EPA published the proposed Revised CSAPR that would establish new or amend existing Federal Implementation Plans (FIPs) to revise state emission budgets to reflect additional emissions reductions from EGUs beginning with the 2021 ozone season and concluding in 2024. It is unknown at this time whether the Biden Administration will finalize this rulemaking.

Regulation of Greenhouse Gas Emissions from Existing Fossil Fuel-Fired Electricity Utility Generating Units ("EGUs") under CAA Section 111(d). On October 23, 2015, the EPA published a final rule known as the Clean Power Plan ("CPP"), which required states to create systems that reduce carbon dioxide ("CO_2") emissions from existing coal-fired EGUs by 28% in 2025 and 32% in 2030, compared to 2005 levels under section 111(d) of the CAA. The CPP was subject to numerous legal challenges and was ultimately stayed by the U.S. Supreme Court, pending EPA reconsideration and repeal. In August 2018, the EPA published a proposed rule, the Affordable Clean Energy ("ACE") rule, to replace the CPP.

The CPP was formally repealed with promulgation of the final ACE rule, which was published on July 8, 2019. The ACE rule established greenhouse gas ("GHG") guidelines for states to use when developing plans to limit CO_2 emissions from coal-fired EGUs. The ACE rule provided that heat rate efficiency improvements are the Best System of Emission Reduction ("BSER") for coal-fired electric utility sources under the CAA and directed states to develop specific state implementation plans to implement the rule, and revises CAA section 111(d) regulations to give states greater authority regarding these plans. States may also consider the remaining useful life of the EGUs, as provided by the CAA. Several states and public interest groups petitioned for review of the ACE rule. In addition, several public health petitioners, environmental petitioners and states filed administrative petitions with the EPA

seeking reconsideration of the rule. In a January 19, 2021 ruling, the ACE rule was vacated in its entirety by the D.C. Circuit and remanded to the EPA. It is unclear at this time what the Biden Administration will do in light of the court's decision vacating the ACE rule.

Final New Source Performance Standards ("NSPS") for Fossil Fuel-Fired EGUs Under CAA Section 111(b). On October 23, 2015, the EPA published a final rule to limit CO_2 emissions from new, modified and reconstructed fossil fuel-fired EGUs under section 111(b) of the CAA. Pursuant to the rule, newly constructed coal-fired steam EGUs cannot emit more than 1,400 lb CO_2/MWh (gross) and based on a "best system of emission reduction" that was identified as partial carbon capture and storage (CCS). The rule was subject to numerous legal challenges in the D.C. Circuit, which were consolidated under *State of North Dakota v. Environmental Protection Agency*. The case has been held in abeyance since August 10, 2017, pending the EPA's review of the rule. On December 20, 2018, the EPA published a proposed rule proposing to change its best system of emission reduction determination from partial carbon capture and storage to use of a supercritical boiler, with a change in the emission limits to be 1,900 lb CO_2/MWh (gross) or 2,000 lb CO_2/MWh (gross), depending on the size of the unit. The comment period for the proposed rule closed on February 19, 2019. On January 12, 2021, the EPA finalized its "Pollutant Specific Significant Contribution Finding for Greenhouse Gas Emissions from New, Modified and Reconstructed Electric Utility Generating Units," which provides a framework for determining when standards are appropriate for emissions of greenhouse gases from specific source categories under CAA section 111(b)(1)(A). The framework sets an emissions threshold of 3 percent of total gross U.S. GHG emissions from a stationary source category as the criterion for determining pollutant-specific significance for purposes of CAA section 111(b). In this action, the EPA determined that the EGU source category GHG emissions are significant and warrant regulation. The rule will likely be subject to further legal challenge and legislative review. The EPA has not finalized the portion of the proposed reconsideration rule that would have modified the NSPS requirements to be based on use of a supercritical boiler, and it is unlikely that the Biden Administration will finalize this proposal.

Global Climate Change

Our customers' consumption of the coal we produce results in the emission of greenhouse gases, particularly CO_2. During operations, our coal mines release methane, a GHG, to promote a safe working environment for our miners underground. GHGs are believed to contribute to warming of the earth's atmosphere and other climatic changes. As a result, global climate change initiatives and regulations intended to reduce GHG emissions have and are expected to continue to result in (i) the decreased utilization or accelerated closure of existing coal-fired EGUs, (ii) the increased utilization of alternative fuels or generating systems, and (iii) a reduction or elimination of new coal-fired power plant construction in certain countries.

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To date in the U.S., no legislation addressing global climate issues and GHG emissions has been signed into law. While it is possible that the U.S. will adopt legislation in the future, the timing and specific requirements are uncertain. In the United States, findings published by the EPA in 2009 concluded that GHG emissions pose an endangerment to public health and the environment, and as a result, the EPA has the authority to adopt and implement regulations restricting GHG emissions under existing provisions of the CAA.

In addition, the U.S. Global Climate Change Research Program, a consortium of governmental departments and agencies, issued the Fourth National Climate Assessment ("NCA") on November 23, 2018. The NCA is a congressionally mandated report, to be completed every four years as mandated under the Global Change Research Act of 1990. The report summarizes observed effects of increasing GHG concentrations on the U.S. weather and climate, while proposing certain measures to reduce climate-related risks. Separately, the U.S. House Select Committee on the Climate Crisis released its report, known as The Climate Crisis Action Plan, in June 2020, followed by the Senate Democrats' Special Committee on the Climate Crisis's report, "The Case for Climate Action", in August 2020. Both reports call for the U.S. to achieve net-zero emissions no later than 2050. While no regulatory actions have been issued as a result of the NCA or legislative committee reports, they could be relied upon to justify policy or executive action in the future.

Since 2011, the EPA has required underground coal mines and certain support facilities exceeding a minimum GHG emission threshold to report emissions annually under the Mandatory GHG Reporting Rule. These emissions are currently classified as fugitive emissions associated with coal extraction and are not currently regulated by the EPA. Previous petitions and judicial challenges seeking to compel the EPA to classify coal mines as stationary sources appropriate for regulation have been unsuccessful to date. If the EPA were to regulate coal mine methane emissions in the future, we would likely be required to install additional pollution control devices, pay fees or taxes for our emissions, or incur expenses associated with the purchase of emissions credits, in order to continue operation. Alternatively, we may need to curtail coal production. The magnitude of impact on our operations, capital expenditures, financial condition or cash flows would be dependent on the structure of any proposed regulation and the degree of emission reduction prescribed.

In the absence of sweeping federal legislation on GHG emissions in the United States, some states, governors, mayors and businesses have committed to broad GHG reduction goals and requirements. For instance, on October 3, 2019, Pennsylvania Governor Tom Wolf issued an Executive Order, "Commonwealth Leadership in Addressing Climate Change through Electric Sector Emissions Reductions," directing the state's Department of Environmental Protection to begin a rulemaking process that will allow Pennsylvania to join the Regional Greenhouse Gas Initiative ("RGGI"), and Virginia recently began complying with RGGI in 2021. RGGI is a mandatory cap-and-trade program among 11 northeastern states to reduce CO_2 emissions from the power sector. Similar to other mandatory cap-and-trade initiatives, such as California's cap-and-trade program, RGGI seeks to limit CO_2 emissions annually, in order to achieve a prescribed long-term emissions reduction target. In all cap-and-trade scenarios, power generators are required to purchase allowances, available through auction or a secondary market, that are equal to one ton of CO_2 emissions, thereby increasing the cost of electric power generation.

In response to the Governor's Order, legislators in the Pennsylvania General Assembly introduced House Bill 2025 that, if approved, would require legislative approval from both chambers of the General Assembly for any action imposing a revenue-generating tax or fee intended to reduce CO_2 emissions. House Bill 2025 was approved by the Pennsylvania House and Pennsylvania Senate but was subsequently vetoed by Governor Wolf on September 24, 2020. On November 7, 2020, the Pennsylvania Environmental Quality Board (EQB) published a proposed rulemaking to establish the Commonwealth's participation in RGGI and to institute a CO_2 budget trading program limiting emissions from fossil fuel-fired EGUs with a minimum nameplate capacity of 25 megawatts (MWe). While the Wolf administration intends to finalize the rule on or before January 1, 2022, the proposed regulation will be subject to further analysis under Pennsylvania's Regulatory Review Act, Commonwealth Attorneys Act and the Climate Change Act, and will likely be subject to legal and legislative challenges. If implemented, the proposed CO_2 Budget Trading Program regulation could result in decreased demand or decreased prices for our domestic coal.

At both the state and federal levels, environmental organizations and state regulators have challenged permitting actions associated with new fossil fuel infrastructure, power plants and pipelines, citing GHG emissions, the uncertainty surrounding the economic viability of these projects under future laws limiting CO_2 emissions, or the failure to account for the climate change impacts. Challenges such as these could result in litigation and delays to permit approval, which could reduce production, cash flow and results of operations.

Foreign governments, including the European Union and member countries, have adopted regulations governing GHG emissions. Independent of regulation, the Kyoto Protocol to the 1992 United Nations Framework Convention on Climate Change became effective in 2005 and established a binding GHG emission reduction requirement for developed countries. The Kyoto Protocol has never been ratified by the U.S. Senate. Similarly, in December 2015, the U.S. and approximately 200 nations signed the international Paris Agreement, making voluntary commitments to limit or reduce GHG emissions in order to limit global warming below 2 degrees Celsius from temperatures in the pre-industrial era by 2100. On June 1, 2017, the Trump Administration announced the United States' withdrawal from the agreement, which became effective on November 4, 2020. On January 20, 2021, President Biden signed an Executive Order rejoining the U.S. into the Paris Accord.

Federal, state and international GHG and climate change initiatives, associated regulations or other voluntary commitments to reduce GHG emissions could significantly increase the cost of coal production and consumption, related to the installation of emissions control technologies, the expense associated with the purchase of emissions reduction credits to comply with future emissions trading programs, the expense associated with any future carbon tax, or reduced consumption by a future clean energy standard. Such initiatives and regulations could further reduce demand or prices for our coal in both domestic and international markets, could adversely affect our ability to produce coal and to develop our reserves, could reduce the value of our coal and coal reserves, and may have a material adverse effect on our business, financial condition and results of operations.

Clean Water Act

The federal Clean Water Act ("CWA") and corresponding state laws affect our coal operations by regulating discharges into certain waters, primarily through permitting. CWA permits - issued either by the EPA or an analogous state agency - typically require regular monitoring and compliance with limitations on defined pollutants and reporting requirements. Specific to the Company's operations, CWA permits and corresponding state laws often require (1) treatment of discharges from coal mining properties for non-traditional pollutants, such as chlorides, sulfates, selenium and dissolved solids and (2) requirements to dispose of produced wastes at approved disposal facilities.

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In order to obtain a permit for certain coal mining activities, including the construction of coal refuse areas and slurry impoundments that may result in impacts to waters of the United States, an operator may need to obtain a permit for the discharge of fill material from the Army Corps of Engineers ("ACOE") under Section 404, as well as a corresponding permit from the state regulatory authority under Section 401 of the CWA. Alternatively, for specific categories of activities determined to have minimal effects, the Company may be required to obtain Nationwide Permits from the ACOE. All permits associated with the placement of dredge or fill material subject to minimum thresholds require appropriate mitigation. Permit holders must receive explicit authorization from the ACOE before proceeding with mining activities, which could result in time or cost burdens to our operations.

Additionally, the Company must obtain National Pollution Discharge Elimination System ("NPDES") permits from the appropriate state or federal permitting authority under Section 402 of the CWA. These permits establish effluent limitations for discharges to streams that are protective of water quality standards. For wastewater discharges to receiving waters that are classified as either high-quality or impaired, stringent restrictions are established to ensure anti-degradation and compliance with water quality standards. Permitting such discharges under NPDES could increase the cost, time and difficulty of complying with permit requirements, and may warrant costly treatment that could affect our operations.

Under the CWA, citizens may sue permit holders for alleged discharges of pollutants not explicitly limited by NPDES permits, or, citizens may sue to enforce NPDES permit requirements. Beginning in 2012, multiple citizen suits have been filed, alleging violations of numeric and narrative water quality standards that broadly prohibit effects to aquatic life. The suits seek penalties and injunctive relief that could limit future discharges or impose expensive treatment technologies. While the outcome of these suits cannot be predicted, court rulings could result in additional treatment expenses that could affect our operations. See Item 3, "Legal Proceedings," regarding certain actions pertaining to our operations.

In June 2015, the EPA issued a rule to clarify which waterways are subject to federal jurisdiction under the CWA, known as the Clean Water Rule. This rule was quickly challenged and nationwide implementation was blocked by a federal appeals court. The Clean Water Rule would impose additional permitting obligations on the Company's operations by increasing the number of waterbodies subject to CWA permitting and other regulations. On February 28, 2017, President Trump issued an executive order prompting the EPA and ACOE to consider replacing the blocked Clean Water Rule. On December 11, 2018, the EPA and the ACOE proposed a new regulation to determine which waterbodies are subject to federal jurisdiction. A final rule repealing the 2015 definition of "Waters of the United States" ("WOTUS") became effective on December 23, 2019. The repeal resets a consistent, nationwide regulatory standard to the previous pre-2015 regulations. On April 21, 2020, the EPA and ACOE published the Navigable Waters Protection Rule ("NWPR"), which became effective on June 22, 2020 in all states except Colorado, where a preliminary injunction preventing implementation of the rule remains in place. The NWPR is currently subject to ongoing litigation, which is expected to continue in multiple courts.

On November 3, 2015, the EPA published the final Effluent Limitations Guidelines and Standards ("ELG") rule, revising the regulations for the Steam Electric Power Generating category, which became effective on January 4, 2016. The rule sets the first federal limits on the levels of toxic metals in wastewater that can be discharged from power plants. On September 13, 2017, the EPA finalized a rule postponing for two years certain applicability dates for specific waste streams subject to the effluent limitations. On November 22, 2019, the EPA published its proposed revisions to the 2015 final ELG rule, while establishing a voluntary incentive program which provides power plants until December 31, 2028 for retirement or to implement changes required to achieve compliance with stringent effluent limits and standards. The rule is expected to significantly increase compliance costs for many coal-fired power plants. The final ELG rule was published on October 13, 2020, with an effective date of December 14, 2020.

Other Environmental Laws and Regulations

Surface Mining Control and Reclamation Act. The federal Surface Mining Control and Reclamation Act ("SMCRA") establishes minimum extraction, environmental, reclamation, and closure standards for mining activities. While SMCRA is a comprehensive statute, it does not supersede other major statutes such as the Clean Air Act, Clean Water Act, Endangered Species Act and other statutes discussed herein. Operators must obtain SMCRA permits and permit renewals from the U.S. Office of Surface Mining ("OSM") or from the applicable state agency, where states have been granted regulatory primacy by demonstrating that the state's regulatory program is at least as stringent

as the federal program. Our active operations are located in states which have achieved primary jurisdiction for enforcement of SMCRA, with oversight from OSM. The timing of permit issuance is largely at the discretion of the regulatory authorities and is related to the size and complexity of the operation seeking approval. Timing of permit issuance can also be influenced by public engagement in the permitting process, such as through comment, hearings, or legal interventions which could affect our operations. In addition, mining permits can be delayed, refused, or revoked if any entity under common ownership or control have unabated permit violations, including the mining and compliance history of officers, directors, and principal owners of the entity seeking permit approval.

Under federal and state laws, including SMCRA, we are required to obtain surety bonds or other acceptable security to secure payment of our long-term obligations, including mine closure and reclamation, mine water treatment, federal and state workers' compensation costs, coal leases, or other miscellaneous obligations. Surety bonds are typically renewable on a yearly basis and it is possible that surety bond issuers may refuse to renew bonds or may demand additional collateral therefor. In recent years, surety bond costs have increased, the market terms of surety bonds have generally become less favorable, and the number of companies willing to issue surety bonds has decreased. Any failure to maintain, or our inability to acquire, surety bonds required by state and federal laws or the related collateral required by bond issuers, could have a material adverse effect on our ability to produce coal, adversely affecting our business, financial condition, liquidity, results of operations and cash flows. As of December 31, 2020, we posted an aggregated $564 million in surety bonds for reclamation purposes, as well as approximately $245 million in surety bonds, cash, and letters of credit to secure other obligations including workers compensation, coal lease and other obligations.

In addition, SMCRA imposes a reclamation fee on all current mining operations, the proceeds of which are deposited in the Abandoned Mine Reclamation Fund, which is used to restore mine lands mined, closed or abandoned before SMCRA's adoption in 1977, and to pay health care benefit costs of orphan beneficiaries of the Combined Fund created by the Coal Industry Retiree Health Benefit Act of 1992. The current fee is $0.12 per ton for underground mined coal. This fee is currently scheduled to be in effect until September 30, 2021. We recognized expense related to Abandoned Mine Reclamation Fund fees of $2 million for the year ended December 31, 2020.

Endangered Species Act. The federal Endangered Species Act ("ESA") and other related federal and state statutes protect species that have been classified as endangered or threatened with possible extinction, or other protective designations. Protection of these species could prohibit or delay authorization of mining activities or may place additional restrictions on our operations related to timbering, construction, vegetation, or water discharges. A number of species indigenous to our operating areas are protected under the ESA or other related laws and regulations. However, we do not believe the ESA would materially or adversely affect our mining operations under current approved mining plans. If more stringent or protective measures were required, or if additional critical habitat areas were designated, our operations could be exposed to additional requirements and expense, or delayed approval timeframes. In August 2018, the Department of the Interior issued three proposed rules intended to update and streamline the ESA as it relates to: (i) factors for the listing, delisting, or reclassifying of species, and the designation of critical habitat, and (ii) the blanket extension of prohibitions for endangered species to threatened species. These rules, which became effective on September 26, 2019, are subject to challenge from several states and environmental groups. Additional rules were promulgated in December 2020 regarding noncritical habitat, which could also be subject to judicial challenge.

National Environmental Policy Act. The National Environmental Policy Act ("NEPA") requires federal agencies to assess the environmental effects of their proposed actions prior to taking a "major Federal action", which encompasses agencies' decisions on certain permitting applications that fall under federal jurisdiction. NEPA reviews require federal agencies to review the environmental impacts of their decisions, including those associated with GHG emissions and the effects of climate change. Agencies must issue either an Environmental Impact Statement ("EIS") or an Environmental Assessment ("EA"), which may create delays in project review and authorization timeframes, or increase the cost of compliance. In June 2018, the White House Council on Environmental Quality ("CEQ") issued an Advance Notice of Proposed Rulemaking on NEPA seeking to streamline the NEPA process, while also minimizing unnecessary litigation, cost, and delay for project proponents. The final NEPA update rule was published on July 16, 2020. Separately, on June 26, 2019, the CEQ published a "Draft NEPA Guidance on Consideration of Greenhouse Gas Emissions" to replace guidance previously issued in 2016. The Draft guidance seeks to clarify the scope of review federal agencies should undertake when considering the effects of GHG emissions under NEPA, and has not yet been published in final form. Certain Federal courts have held that GHGs must be considered under NEPA prior to a federal agency taking a "major Federal action". Although the NEPA update rule became effective September 14, 2020, it is currently subject to legal challenge. The Environment Executive Order directs the Council on Environmental Quality to rescind the 2019 Draft Guidance.

Comprehensive Environmental Response, Compensation, and Liability Act. The Comprehensive Environmental Response Compensation and Liability Act ("CERCLA") imposes remediation requirements related to actual or threatened releases of hazardous substances into the environment. Under CERCLA or related state laws, joint and several liability may be imposed on generators of hazardous waste, site owners, waste transporters or others regardless of fault associated with the original disposal activity. Although the EPA excludes most wastes generated during coal mining and processing from hazardous waste laws, such wastes may contain hazardous substances that are governed by CERCLA if released to the environment. Our current operations, operations of our predecessors, or sites to which we have sent waste materials could be subject to liability under CERCLA.

Resource Conservation and Recovery Act. The federal Resource Conservation and Recovery Act ("RCRA") and corresponding state laws and regulations affect coal mining by imposing requirements for the treatment, storage, transportation and disposal of certain wastes created throughout the coal mining process. Facilities where certain regulated wastes have been treated, stored or disposed of are subject to RCRA and may receive corrective action orders for instances of non-compliance or in the event a hazardous substance is released to the environment. Many waste streams created throughout the mining process are excluded from the regulatory definition of hazardous waste, and coal operations authorized under SMCRA are exempt from RCRA permitting requirements. RCRA is particularly important in the coal industry because it regulates coal combustion residuals - byproducts of coal combustion. In April 2015, the EPA published coal combustion residuals regulations under RCRA for the disposal of coal combustion residuals from electric utilities and independent power producers (the "coal combustion residuals rule"). Importantly, coal combustion residuals are regulated under RCRA as "non-hazardous" waste and avoid the stricter, costlier regulations under RCRA's "hazardous" waste rules. On December 2, 2019, the EPA published the first of a multi-part rulemaking amending the national minimum criteria for existing and new coal combustion residual impoundments. The EPA published its second rulemaking proposal on February 20, 2020 to establish a federal permitting program for states and territories that do not have an approved permitting program for the disposal of coal combustion residuals in surface impoundments and landfills under RCRA. On August 28, 2020, the EPA published multiple amendments to the rule mandating closure of unlined impoundments, with deadlines to initiate closure between April 11, 2021 and October 17, 2028, depending on site specific circumstances. On October 16, 2020, the EPA finalized provisions proposed in Part B of the rule, providing for compliance through an alternative liner demonstration provision. The rule and its amendments are subject to ongoing legal challenge. The coal combustion residuals rules impose new requirements at existing coal combustion residuals impoundments and landfills that would generally increase the cost of coal combustion residuals management or require facility closure. The combined effect of the coal combustion residuals rule and ELG regulations (discussed above) has compelled power generating companies to close existing ash ponds and may force the closure of certain older existing coal burning power plants that cannot comply with the new standards. Such retirements may adversely affect the demand for our coal.

Other Environmental Regulations. We are required to comply with other state, federal and local environmental laws in addition to those discussed above. These laws include, for example, the Safe Drinking Water Act, the Emergency Planning and Community Right to Know Act, the Toxic Release Inventory, and the rules governing the use and storage of explosives regulated by the U.S. Bureau of Alcohol, Tobacco, and Firearms and the Department of Homeland Security.

Health and Safety Laws

Mine Safety. Legislative and regulatory changes have required us to purchase additional safety equipment, construct stronger seals to isolate mined out areas, and engage in additional training. We have also experienced more aggressive inspection protocols and with new regulations, the volume of civil penalties has increased. Recent actions taken by federal and state governments include requiring:

- the caching of additional supplies of self-contained self-rescuer devices underground;
- the purchase and installation of electronic communication and personal tracking devices underground;
- the purchase and installation of proximity detection devices on continuous miner machines;
- the placement of refuge chambers, which are structures designed to provide refuge for groups of miners during a mine emergency when evacuation from the mine is not possible, which will provide breathable air for 96 hours;
- the purchase of new fire-resistant conveyor belting underground;
- additional training and testing that creates the need to hire additional employees;
- more stringent rock dusting requirements; and
- the purchase of personal dust monitors for collecting respirable dust samples from certain miners.

On September 2, 2015, MSHA published proposed rules for underground coal mining operations concerning proximity detection systems for coal hauling machines and scoops. The rulemaking record for this proposed rule was closed on December 15, 2016, but on January 9, 2017, MSHA published a notice reopening the record and extending the comment period for this proposed rule for 30 days. MSHA has not issued a final rule regarding these proposed rules.

On January 15, 2015, MSHA published a final rule requiring underground coal mine operations to equip continuous mining machines (except full-face continuous mining machines) with proximity detection systems. The proximity detection system strengthens protection for miners by reducing the potential of pinning, crushing and striking hazards that result in life-threatening injuries and death. The final rule became effective March 15, 2015 and included a phased in schedule for newly manufactured and in-service equipment.

In 2010, MSHA rolled out the "End Black Lung, Act Now" initiative. As a result, MSHA implemented a new final rule on August 1, 2014 to lower miners' exposure to respirable coal mine dust including using the new Personal Dust Monitor technology. This final rule was implemented in three phases. The first phase began on August 1, 2014 and utilized the current gravimetric sampling device to take full shift dust samples from the current designated occupations and areas. It also required additional record keeping and immediate corrective action in the event of overexposure. The second phase began on February 1, 2016 and required additional sampling for designated and other occupations using the new continuous personal dust monitor ("CPDM") technology, which provides real time dust exposure information to the miner. CPDM equipment was purchased and was placed into service which was required to meet compliance with the new rule. Dust Coordinators and Dust Technicians were hired in order to meet the staffing demand to manage compliance with the new rule. The final phase of the rule went into effect on August 1, 2016. The current respirable dust standard was reduced from 2.0 to 1.5mg/m3 for designated occupations and from 1.0 to 0.5mg/m3 for Part 90 Miners (coal miners who show evidence of the development of black lung disease).

Black Lung Legislation. Under federal black lung benefits legislation, each coal mine operator is required to make payments of black lung benefits or contributions to:

- current and former coal miners totally disabled from black lung disease;
- certain survivors of miners who have died from black lung disease; and
- a trust fund for the payment of benefits and medical expenses to claimants whose last mine employment was before January 1, 1970, where no responsible coal mine operator has been identified for claims (where a miner's last coal employment was after December 31, 1969), or where the responsible coal mine operator has defaulted on the payment of such benefits. The trust fund is funded by an excise tax on U.S. production of coal, at a 2018 rate 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. On January 1, 2019, the excise tax reverted to pre-2008 levels, at $0.50 per ton for deep mined coal and $0.25 per ton for surface-mined coal. In December 2019, Congress restored the 2018 rates (of up to $1.10 per ton for deep mined coal and up to $0.55 per ton for surface-mined coal), effective through December 31, 2021.

The Patient Protection and Affordable Care Act ("PPACA") made two changes to the Federal Black Lung Benefits Act. First, it provided changes to the legal criteria used to assess and award claims by creating a legal presumption that miners are entitled to benefits if they have worked at least 15 years in underground coal mines, or in similar conditions, and suffer from a totally disabling lung disease. To rebut this presumption, a coal company would have to prove that a miner did not have black lung or that the disease was not caused by the miner's work. Second, it changed the law so black lung benefits will continue to be paid to dependent survivors when the miner passes away, regardless of the cause of the miner's death. The changes have increased the cost to us of complying with the Federal Black Lung Benefits Act. In addition to the federal legislation, we are also liable under various state statutes for our portion of black lung claims.

Other State and Local Laws Related to Our Coal Business

Ownership of Coal Rights. The Company acquires ownership or leasehold rights to coal properties prior to conducting operations on those properties. As is customary in the coal industry, we have generally conducted only a summary review of the title to coal rights that are not in our development plans, but which we believe we control. This summary review is conducted at the time of acquisition or as part of a review of our land records to determine control of coal rights. Given our experience as a coal producer, we believe we have a well-developed ownership position relating to our coal control. Prior to the commencement of development operations on coal properties, we conduct a thorough title examination and perform curative work with respect to significant defects. We generally will not commence operations on a property until we have cured any material title defects on such property. We are typically responsible for the cost of curing any title defects. We have completed title work on substantially all of our coal producing properties and believe that we have satisfactory title to our producing properties in accordance with standards generally accepted in the industry.

Employees

At December 31, 2020, we had 1,494 employees, of which 36 CONSOL Marine Terminal employees were represented by a collective bargaining agreement.

Available Information

We maintain a website at www.*consolenergy*.com. We will make available, free of charge, on this website our future annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such reports are available, electronically filed with, or furnished to the Securities and Exchange Commission ("SEC"), and are also available at the SEC's website, www.sec.gov. Apart from SEC filings, we also use our website to publish information which may be important to investors, such as presentations to analysts.

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ITEM 1A. Risk Factors

You should carefully consider the following risks and other information in this Annual Report on Form 10-K in evaluating us and our common stock. The risk factors generally have been separated into two groups: risks related to our business and risks related to our common stock and the securities market.

Any of the following risks could materially and adversely affect our financial condition, results of operations or cash flows. Our operations could be affected by various risks, many of which are beyond our control. Based on current information, we believe that the following list identifies the most significant risk factors that could affect our financial condition, results of operations or cash flows. There may be additional risks and uncertainties that adversely affect our financial condition, results of operations or cash flows in the future that are not presently known, are not currently believed to be material, or are not identified below because they are common to all businesses. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. For more information, see "Forward-Looking Statements."

Risk Factors Summary

The following is a summary of the principal risks that could adversely affect our business, operations and financial results:

Risks Related to Our Business

- deterioration in economic conditions in any of the industries in which our customers operate may decrease demand for our products, impair our ability to collect customer receivables and impair our ability to access capital;
- volatility and wide fluctuation in coal prices based upon a number of factors beyond our control including oversupply relative to the demand available for our products, weather and the price and availability of alternative fuels;
- the effects the COVID-19 pandemic has on our business and results of operations and on the global economy;
- an extended decline in the prices we receive for our coal affecting our operating results and cash flows;
- our customers extending existing contracts or entering into new long-term contracts for coal on favorable terms;
- our reliance on major customers;
- decreases in demand and changes in coal consumption patterns of electric power generators;
- the impact of potential, as well as any adopted, regulations to address climate change, including any relating to greenhouse gas emissions, on our operating costs as well as on the market for coal;
- the risks inherent in coal operations, including being subject to unexpected disruptions caused by adverse geological conditions, equipment failure, delays in moving out longwall equipment, railroad derailments, security breaches or terroristic acts and other hazards, delays in the completion of significant construction or repair of equipment, fires, explosions, seismic activities, accidents and weather conditions;
- the potential for liabilities arising from environmental contamination or alleged environmental contamination in connection with our past or current coal operations;
- uncertainties in estimating our economically recoverable coal reserves;
- exposure to employee-related long-term liabilities; and
- the risk of our debt agreements, our debt and changes in interest rates affecting our operating results and cash flows.

Risks Related to Our Common Stock and the Securities Market

- uncertainty with respect to the Company's common stock, potential stock price volatility and future dilution;
- the consequences of a lack of, or negative, commentary about us published by securities analysts;
- uncertainty regarding the timing of any dividends we may declare;
- uncertainty as to whether we will repurchase shares of our common stock or outstanding debt securities;
- restrictions on the ability to acquire us in our certificate of incorporation, bylaws and Delaware law and the resulting effects on the trading price of our common stock;
- inability of stockholders to bring legal action against us in any forum other than the state courts of Delaware.

Risks Related to Our Business

Deterioration in the global economic conditions in any of the industries in which our customers operate, or a worldwide financial downturn, or negative credit market conditions may have a materially adverse effect on our liquidity, results of operations, cash flows, business and financial condition that we cannot predict.

Economic conditions in a number of industries in which our customers operate, such as electric power generation and steelmaking, substantially deteriorated in recent years and reduced the demand for coal. Renewed or continued weakness in the economic conditions of any of the industries we serve or are served by our customers could adversely affect our business, financial condition, results of operations, cash flows and liquidity in a number of ways. For example:

- demand for electricity in the United States is impacted by industrial production, which, if weakened, would negatively impact the revenues, margins and profitability of our coal business;
- demand for metallurgical coal depends on steel demand in the United States and globally, which, if weakened, would negatively impact the revenues, margins and profitability of our metallurgical coal business including our ability to sell our thermal coal as higher priced high volatile metallurgical coal;
- the tightening of credit or lack of credit availability to our customers could adversely affect our ability to collect our trade receivables;
- our ability to access the capital markets may be restricted at a time when we would like, or need, to raise capital for our business including for exploration and/or development of our coal reserves, or for strategic acquisitions of assets; and
- a decline in our creditworthiness, which may require us to post letters of credit, cash collateral, or surety bonds to secure certain obligations, all of which would have an adverse effect on our liquidity.

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Prices for coal are volatile and can fluctuate widely based upon a number of factors beyond our control including oversupply relative to the demand available for our coal, weather and the price and availability of alternative fuels. A substantial or extended decline in the prices we receive for our coal will adversely affect our business, results of operations, financial condition and cash flows.

Our financial results are significantly affected by the prices we receive for our coal and depend, in part, on the margins that we receive on sales of our coal. Our margins reflect the price we receive for our coal over our cost of producing and transporting our coal. Prices and quantities under our multi-year sales contracts are generally based on expectations of future coal prices at the time the contract is entered into, renewed, extended or re-opened. The expectation of future prices for coal depends upon many factors. In addition, demand can fluctuate widely due to a number of matters beyond our control, including:

- the market price for coal;
- changes in the consumption pattern of industrial consumers, electricity generators and residential end-users of electricity;
- weather conditions in our markets which affect the demand for thermal coal;
- competition from other coal suppliers;
- the price and availability of alternative fuels and sources for electricity generation, especially natural gas and renewable energy sources;
- with respect to thermal coal, the price and availability of natural gas and the price and supply of imported liquefied natural gas;
- technological advances affecting energy consumption;
- the costs, availability and capacity of transportation infrastructure;
- overall domestic and global economic conditions, including the supply of and demand for domestic and foreign coal;
- international developments impacting supply of metallurgical coal, including supply side reforms promulgated in China, and continued expected growth in demand for seaborne metallurgical coal in India; and
- the impact of domestic and foreign governmental laws and regulations, including environmental and climate change regulations and regulations affecting the coal mining industry and coal-fired power plants, and delays in the receipt of, failure to receive, failure to maintain or revocation of necessary governmental permits.

Our business, results of operations and financial condition may be adversely affected by the outbreak of the novel coronavirus (COVID-19).

The COVID-19 pandemic began to adversely impact our business and operations late in the first quarter of 2020. The effects of the continuing pandemic and related governmental response could include extended disruptions to supply chains and capital markets, reduced labor availability and productivity and a prolonged reduction in demand for coal and overall global economic activity.

The demand for coal experienced unprecedented decline toward the end of the first quarter of 2020, which continued through the third quarter of 2020, driven by widespread government-imposed lockdowns caused by the COVID-19 pandemic, which significantly reduced electricity consumption and therefore, demand for our coal. This decline in coal demand negatively impacted our operational, sales and financial performances in 2020, and we expect that this negative impact could continue as the pandemic continues.

While some government-imposed shut-downs of non-essential businesses in the United States and abroad have been phased out, there is a possibility that such shut-downs may be reinstated as COVID-19 continues to spread rapidly. We expect that depressed demand for our coal will continue for so long as there is a widespread, government-imposed shut-down of business activity. Depressed demand for our coal may also result from a general recession or reduction in overall business activity caused by COVID-19. Additionally, some of our customers have already attempted, and may in the future attempt, to invoke force majeure or similar provisions in the contracts they have in place with us in order to avoid taking possession of and paying us for our coal that they are contractually obligated to purchase. Sustained decrease in demand for our coal and the failure of our customers to purchase coal from us that they are obligated to purchase pursuant to existing contracts would have a material adverse effect on our operations and financial condition. The continued spread of COVID-19 has caused increased volatility in the global capital markets. Such volatility increases the cost of, and decreases access to, capital. If the Company needs to access the capital markets to fund its operations, such capital could be prohibitively expensive which could cause the Company to pursue alternative sources of funding for its operations and working capital. COVID-19 may cause some of our suppliers to fail to deliver the quantities of supplies we need or fail to deliver such supplies in a timely manner. The failure to receive any such supplies could inhibit our ability to operate our mines or otherwise run our business. The risks associated with a potential COVID-19 outbreak among our employees could adversely affect our ability to operate. Additionally, our ability to ship our coal domestically or abroad could be impaired by disruptions in our global transportation network resulting from the COVID-19 pandemic.

The extent to which COVID-19 may adversely impact our results of operations, cash flows and financial condition depends on future developments, which are highly uncertain and unpredictable, including new information concerning the severity of the outbreak and the pace and effectiveness of vaccination efforts or actions globally to contain or mitigate its effects. The Company will continue to take the appropriate steps to mitigate the impact on the Company's operations, liquidity and financial condition.

Any significant downtime of our major pieces of mining equipment, including our central preparation plant, or any inability to obtain equipment, parts and raw materials in a timely manner, in sufficient quantities or at reasonable costs, could impair our ability to supply coal to our customers and materially and adversely affect our results of operations.

We depend on several major pieces of mining equipment to produce and transport our coal, including, but not limited to, longwall mining systems, continuous mining units, our preparation plant and related facilities, conveyors 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 transport coal and materially and adversely affect our business, results of operations, financial condition and cash flows. 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 or the cancellation of our supply contracts under which we obtain equipment could limit our ability to obtain these supplies or equipment.

All of the coal from the PAMC, which accounts for more than 99% of our coal production, is processed at a single preparation plant and loaded on to rail cars using a single train loadout facility. If either of our preparation plant or train loadout facility suffers extended downtime, including from major damage, or is destroyed, our ability to process and deliver coal to our customers would be materially impacted, which would materially adversely affect our business, results of operations, financial condition and cash flows.

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Additionally, coal mining consumes large quantities of commodities including steel, copper, rubber products and liquid fuels and requires the use of capital equipment. Some commodities, such as steel, are needed to comply with roof control plans required by regulation. The prices we pay for commodities and capital equipment are strongly impacted by the global market. A rapid or significant increase in the costs of commodities or capital equipment we use in our operations could impact our mining operating costs because we may have a limited ability to negotiate lower prices, and, in some cases, may not have a ready substitute. 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 business, financial condition, results of operations and cash flows.

If our coal customers do not extend existing contracts or do not enter into new multi-year coal sales contracts on favorable terms, profitability of our operations could be adversely affected.

During the year ended December 31, 2020, approximately 68% of the coal the Company produced was sold under multi-year sales contracts. If a substantial portion of our multi-year sales contracts are modified or terminated, if force majeure is exercised, or if we are unable to replace or extend the contracts or new contracts are priced at lower levels, our profitability would be adversely affected. In addition, if customers refuse to accept shipments of our coal for which they have existing contractual obligations, our revenues will decrease and we may have to reduce production at our mines until such customers honor their contractual obligations and begin accepting shipments of our coal again.

The profitability of our multi-year sales coal supply contracts depends on a variety of factors, which vary from contract to contract and fluctuate during the contract term, including our production costs and other factors. Price changes, if any, provided in long-term supply contracts may not reflect our cost increases, and therefore, increases in our costs may reduce our profit margins. In addition, during periods of declining market prices, provisions in our long-term coal contracts for adjustment or renegotiation of prices and other provisions may increase our exposure to short-term coal price and electric power price volatility. As a result, we may not be able to obtain long-term agreements at favorable prices compared to either market conditions, as they may change from time to time, or our cost structure, which may reduce our profitability.

We have customer concentration, so the loss of, or significant reduction in, purchases by our largest coal customers could adversely affect our business, financial condition, results of operations and cash flows.

We are exposed to risks associated with an increasingly concentrated customer base both domestically and globally. We derive a significant portion of our revenues from three domestic customers, each of which accounted for over 10% of our total coal sales revenue and aggregated approximately 55% of our coal sales in fiscal year 2020. While the majority of our production is directed toward our established base of domestic power plant customers, many of which are secured through annual or multi-year sales contracts, we also have continued to diversify our portfolio by placing a growing portion of our production in the export markets.

There are inherent risks whenever a significant percentage of total revenues are concentrated with a limited number of customers. Revenues from our largest customers may fluctuate from time to time based on numerous factors, including market conditions, which may be outside of our control. If any of our largest customers experience declining revenues due to market, economic or competitive conditions, we could be pressured to reduce the prices that we charge for our coal, which could have an adverse effect on our margins, profitability, cash flows and financial position. If any customers were to significantly reduce their purchases of coal from us, including by failing to buy and pay for coal they committed to purchase in sales contracts, our business, financial condition, results of operations and cash flows could be adversely affected.

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

Our ability to collect payments from our customers for coal sold and delivered could be impaired if their creditworthiness declines or if they fail to honor their contracts. Because a large portion of our sales are concentrated to a few material customers, if the creditworthiness of a significant customer declines or the customer significantly delays payments to us, our business, cash flows and financial condition could be materially and adversely affected. Furthermore, if customers refuse to accept shipments of our coal for which they have an existing contractual obligation or if we terminate a relationship with a significant customer due to credit risks, our revenue could decrease materially and we may have to reduce production at our mines until our customers' contractual obligations are honored or we are able to replace a significant customer. In addition, our borrowing capacity under our receivables financing arrangement could be reduced if we experience prolonged and significant delays in payments by one or more material customers.

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Our inability to acquire or develop additional coal reserves that are economically recoverable may have a material adverse effect on our future profitability.

Our profitability depends substantially on our ability to mine, in a cost-effective manner, coal reserves that possess the quality characteristics that our customers desire. Because our reserves decline as we mine our coal, our future profitability depends upon our ability to acquire additional coal reserves and surface land needed to ensure the reserves are economically recoverable to replace the reserves we produce. If we fail to acquire, gain access to or develop sufficient additional reserves over the long term to replace the reserves depleted by our production, our existing reserves will eventually be depleted, which may have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Decreases in demand for electricity and changes in coal consumption patterns of electric power generators could adversely affect our business.

Our business is closely linked to demand for electricity, and any changes in coal consumption by U.S. or international electric power generators would likely impact our business over the long term. According to the EIA, in 2020, the domestic electric power sector accounted for approximately 91% of total U.S. coal consumption. In 2020, the Pennsylvania Mining Complex sold approximately 60% of its coal to U.S. electric power generators, and we have annual or multi-year contracts in place with many of these electric power generators for a significant portion of our future production. The amount of coal consumed by the electric power generation industry is affected by, among other things:

- general economic conditions, particularly those affecting industrial electric power demand, such as a downturn in the U.S. or international economy and financial markets;
- overall demand for electricity;
- indirect competition from alternative fuel sources for power generation, such as natural gas, fuel oil, nuclear, hydroelectric, wind and solar power, and the location, availability, quality and price of those alternative fuel sources;
- environmental and other governmental regulations, including those impacting coal-fired power plants;
- energy conservation efforts and related governmental policies; and
- other corporate environmental, social or governance initiatives to reduce dependency on and/or consumption of fossil fuels.

Changes in the coal industry that affect our customers, such as those caused by decreased electricity demand and increased competition, could also adversely affect our business. Indirect competition from natural gas-fired plants that are relatively more efficient, less expensive to construct and less difficult to permit than coal-fired plants has the potential to displace a significant amount of coal-fired electric power generation in the near term, particularly from older, less efficient coal-fired powered generators. Federal and state mandates for increased use of electricity derived from renewable energy sources could also affect demand for our coal. 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 electric power generation industry could adversely affect the price of coal, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Other factors, such as efficiency improvements associated with new appliance standards in the buildings sectors and overall improvement in the efficiency of technologies powered by electricity, have slowed electricity demand growth and may contribute to slower growth in the future. Further decreases in the demand for electricity, such as decreases that could be caused by a worsening of current economic conditions, a prolonged economic recession or other similar events, could have a material adverse effect on the demand for coal and on our business over the long term.

The availability and reliability of transportation facilities and fluctuations in transportation costs could affect the demand for our coal, and any significant damage to the CONSOL Marine Terminal that impacts its use could impair our ability to supply coal to our customers.

Transportation logistics play an important role in allowing us to supply coal to our customers. Any significant delays, interruptions or other limitations on the ability to transport our coal could negatively affect our operations. Our coal is transported from our mines primarily by rail. To reach markets and end customers, our coal may also be transported by barge or by ocean vessels loaded at terminals, including our CONSOL Marine Terminal. Disruption of transportation services because of weather-related problems, strikes, lock-outs, terrorism, governmental regulation, third-party action or other events could temporarily impair our ability to supply coal to customers and adversely affect our profitability. In addition, transportation costs represent a significant portion of the delivered cost of coal and, as a result, the cost of delivery is a critical factor in a customer's purchasing decision. Increases in transportation costs, including increases resulting from emission control requirements and fluctuation in the price of diesel fuel and demurrage, could make our coal less competitive. Any disruption of the transportation services we use or increase in transportation costs could have a materially adverse effect on our business, financial condition, results of operations and cash flows. Disruption in shipment levels over longer periods of time at the CONSOL Marine Terminal could cause our customers to look to other sources for their coal needs, negatively affecting our revenues and results of operations.

Competition within the coal industry may adversely affect our ability to sell coal. Increased competition or a loss of our competitive position could adversely affect our sales of, or prices for, our coal, which could impair our profitability. In addition, foreign currency fluctuations could adversely affect the competitiveness of our coal abroad.

We compete with other producers primarily on the basis of price, coal quality, transportation costs and reliability of delivery. We compete with coal producers in various regions of the United States and with some foreign coal producers for domestic sales primarily to electric power generators. We also compete with both domestic and foreign coal producers for sales in international markets. Demand for our coal by our principal customers is affected by the delivered price of competing coals, other fuel supplies such as natural gas and petcoke, and alternative generating sources, including nuclear, natural gas, oil and renewable energy sources, such as hydroelectric, wind and solar power.

We sell coal to foreign electricity generators and to the more specialized metallurgical coal market, both of which are significantly affected by international demand and competition. The coal industry has experienced consolidation in recent years, including consolidation among some of our major competitors. As a result, a substantial portion of coal production is from companies that have significantly greater resources than we do. Current or further consolidation in the coal industry or current or future bankruptcy proceedings of coal competitors may adversely affect us. In addition, increases in coal prices could encourage existing producers to expand capacity or could encourage new producers to enter the market. If overcapacity results, the prices of and demand for our coal could significantly decline, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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In addition, we face competition from foreign producers that sell their coal in the export market. Potential changes to international trade agreements, trade concessions or other political and economic arrangements may benefit coal producers operating in countries other than the United States. We may be adversely impacted on the basis of price or other factors with companies that in the future may benefit from favorable foreign trade policies or other arrangements. In addition, coal is sold internationally in U.S. dollars and, as a result, general economic conditions in foreign markets and changes in foreign currency exchange rates may provide our foreign competitors with a competitive advantage. If our competitors' currencies decline against the U.S. dollar or against our foreign customers' local currencies, those competitors may be able to offer lower prices for coal to our customers. Furthermore, if the currencies of our overseas customers were to significantly decline in value in comparison to the U.S. dollar, those customers may seek decreased prices for the coal we sell to them. Consequently, currency fluctuations could adversely affect the competitiveness of our coal in international markets, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

A significant portion of our production is sold in international markets, which exposes us to additional risks and uncertainties.

For the fiscal years ended December 31, 2020, 2019 and 2018, approximately 35%, 35% and 29%, respectively, of our annual coal revenue was derived from customers who exported our coal outside of the United States. Exports to Asia represent the majority of those sales. We believe that international markets will continue to account for a significant percentage of our revenue as we seek international expansion opportunities. The international markets are subject to a number of material risks, including, but not limited to:

- changes in a specific country's or region's political, economic or other conditions;
- changes in U.S. government policy with respect to these foreign countries may inhibit export of our products and limit potential customers' access to U.S. dollars in a country or region in which those potential customers are located;
- we may experience difficulties in enforcing our legal contracts or the collecting of foreign accounts receivable in a timely manner and we may be forced to write off these receivables;
- tariffs and other barriers may make our products less cost competitive;
- potentially adverse tax consequences to our customers may damage our cost competitiveness;
- customs, import/export and other regulations of the countries in which our international customers are located may adversely affect our business;
- currency fluctuations may make our coal less cost competitive, affecting overseas demand for our coal, or may indirectly expose us to currency fluctuation risk; and
- geopolitical uncertainty or turmoil, including terrorism, war and natural disasters.

Our sales are also affected by general economic conditions in our international markets. A prolonged economic downturn in international markets could have a material adverse effect on our business. Negative developments in one or more countries or regions in which our coal is exported could result in a reduction in demand for our coal, the cancellation or delay of orders already placed, difficulties in producing and delivering our products, difficulty in collecting receivables or a higher cost of doing business, any of which could negatively impact our business, financial condition, cash flows and results of operations. In addition, we may be exposed to legal risks under the laws of the countries outside the U.S. in which we do business, as well as the laws of the U.S. governing our business activities in those other countries, such as the U.S. Foreign Corrupt Practices Act.

The Company intends, if possible, to offset any potential adverse impact from various international risks (for example, tariffs) that may be imposed by governments in the countries in which one or more of the Company's end users are located by reallocating its customer base to other countries or to the domestic U.S. markets.

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The characteristics of coal may make it costly for electric power generators and other coal users to comply with various environmental standards regarding the emissions of impurities released when coal is burned which could cause utilities to replace coal-fired power plants with alternative fuels.

Coal contains impurities, including sulfur, mercury, chlorine and other elements or compounds, many of which are released into the air along with fine particulate matter and carbon dioxide when it is burned. Complying with regulations on these emissions can be costly for electric power generators. For example, in order to meet the federal Clean Air Act limits for sulfur dioxide emissions from electric power plants, coal users needed to install scrubbers, use sulfur dioxide emission allowances (some of which they may purchase) or switch to other fuels, each of which has limitations. Because higher sulfur coal currently accounts for a significant portion of our sales, the extent to which electric power generators switch to alternative fuel could materially affect us. Rulemaking proceedings requiring additional reductions in permissible emission levels of impurities by coal-fired plants will likely make it more costly to operate coal-fired electric power plants and may make coal a less attractive fuel alternative for electric power generation in the future. The Cross State Air Pollution Rule ("CSAPR"), the Mercury and Air Toxics Standard Rule ("MATS") and the New Source Performance Standards ("NSPS") for Fossil Fuel-Fired Electricity Utility Generating Units ("EGUs") are examples of such rulemakings promulgated under the Clean Air Act. For more information, please see "Laws and Regulations" under Item 1 above.

Regulation to address climate change (particularly greenhouse gas emissions) and uncertainty regarding such regulation may increase our operating costs, reduce the value of our coal assets and adversely impact the market for coal.

The issue of global climate change continues to attract considerable public and scientific attention with widespread concern about the impacts of human activity (especially the emissions of GHGs such as carbon dioxide and methane). Combustion of fossil fuels, such as the coal we produce, results in the emission of carbon dioxide into the atmosphere by coal end-users, such as coal-fired electric power plants. Numerous proposals have been made and are likely to continue to be made at the international, national, regional and state levels of government that are intended to limit emissions of GHGs. Several states have already adopted measures requiring reduction of GHGs within state boundaries. Other states have elected to participate in regional cap-and-trade programs like the RGGI in the northeastern U.S. Any significant legislative changes at the international, national, state or local levels could significantly affect our ability to produce and sell our coal and develop our reserves, could increase the cost of the production and sale of coal and could materially reduce the value of our coal and coal reserves.

Apart from governmental regulation, investment banks based both domestically and internationally have announced that they have adopted climate change guidelines for lenders. The guidelines require the evaluation of carbon risks in the financing of electric power generation plants which may make it more difficult for utilities to obtain financing for coal-fired plants. In addition, there have been efforts in recent years affecting the investment community, including investment advisers, sovereign wealth funds, public pension funds, universities and other groups, promoting the divestment of fossil fuel equities, encouraging the consideration of environmental, social and governance ("ESG") practices of companies in a manner that negatively affects coal companies, and also pressuring lenders to limit funding to companies engaged in the extraction of fossil fuel reserves. The impact of such efforts may adversely affect the demand for and price of securities issued by us, and impact our access to the capital and financial markets. These efforts, as well as concerted conservation and efficiency efforts that result in reduced electricity consumption, and consumer and corporate preferences for non-coal fuel sources, including natural gas and/or alternative energy sources, could cause coal prices and sales of our coal to materially decline and could cause our costs to increase. Further, climate change itself may cause more extreme weather conditions such as more intense hurricanes, thunderstorms, tornadoes and snow or ice storms, as well as rising sea levels and increased volatility in seasonal temperatures. Extreme weather conditions can interfere with our services and increase our costs, and damage resulting from extreme weather may not be fully insured. However, at this time, we are unable to determine the extent to which climate change may lead to increased storm or weather hazards affecting our operations.

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Furthermore, adoption of comprehensive legislation or regulation focusing on climate change or GHG emission reductions for the United States or other countries where we sell coal, or the inability of utilities to obtain financing in connection with coal-fired plants, may make it more costly to operate coal-fired electric power generation plants and make coal less attractive for electric utility power plants in the future. Depending on the nature of the regulation or legislation, natural gas and/or alternative energy sources could gain added economic benefits versus coal-fueled power generation, especially if such regulation or legislation makes our coal more expensive as a result of increased compliance, operating and maintenance costs. Apart from actual regulation, uncertainty over the extent of regulation of GHG emissions may inhibit utilities from investing in the building of new coal-fired plants to replace older plants or investing in the upgrading of existing coal-fired plants. Any reduction in the amount of coal consumed by electric power generators as a result of actual or potential regulation of greenhouse gas emissions could decrease demand for our fossil fuels, thereby reducing our revenues and materially and adversely affecting our business and results of operations. Our customers may also have to invest in carbon dioxide capture and storage technologies in order to burn coal and comply with future GHG emission standards. Although we cannot predict the ultimate impact of any legislation or regulation, it is likely that any future laws, regulations or other policies aimed at reducing GHG emissions will negatively impact demand for our coal and could also negatively affect the value of our reserves and other assets.

We may be subject to litigation seeking to hold energy companies accountable for the effects of climate change.

Increasing attention to climate change risk has also resulted in a recent trend of governmental investigations and private litigation by local and state governmental agencies as well as private plaintiffs in an effort to hold energy companies accountable for the effects of climate change. Other public nuisance lawsuits have been brought in the past against power, coal, oil and gas companies alleging that their operations are contributing to climate change. The plaintiffs in these suits sought various remedies, including punitive and compensatory damages and injunctive relief. While the U.S. Supreme Court held that any federal common law had been displaced by the CAA and thus dismissed the public nuisance claims against the defendants in those cases, tort-type liabilities remain a possibility and a source of concern. For instance, we have been named as a defendant in litigation brought by the City of Baltimore seeking to hold us and other energy companies liable for the effects of climate change caused by the release of GHGs. The outcome of this litigation is uncertain, and we could incur substantial legal costs associated with defending this and similar lawsuits in the future. Government entities in other states (including California and New York) have brought similar claims seeking to hold a wide variety of companies that produce fossil fuels liable for the alleged impacts of the GHG emissions attributable to those fuels or for other grounds related to climate change, such as improper disclosure of climate change risks. Those lawsuits allege damages as a result of climate change and the plaintiffs are seeking unspecified damages and abatement under various tort theories. We have not been made a party to these other suits, but it is possible that we could be included in similar future lawsuits initiated by state and local governments as well as private claimants.

Existing and future government laws, regulations and other legal requirements relating to protection of the environment, and others that govern our business may increase our costs of doing business for coal and may restrict our coal operations.

We are subject to laws, regulations and other legal requirements enacted or adopted by federal, state and local authorities, as well as foreign authorities, relating to protection of the environment. These include those legal requirements that govern discharges of substances into the air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites, groundwater quality and availability, threatened and endangered plant

and wildlife protection, reclamation and restoration of mining properties after mining is completed, the installation of various safety equipment in our mines, remediation of impacts of surface subsidence from underground mining, and work practices related to employee health and safety. Complying with these requirements, including the terms of our permits, has had, and will continue to have, a significant effect on our costs of operations and competitive position.

In addition, there is the possibility that we could incur substantial costs as a result of violations under environmental laws. Any additional laws, regulations and other legal requirements enacted or adopted by federal, state and local authorities, as well as foreign authorities, or new interpretations of existing legal requirements by regulatory bodies relating to the protection of the environment could further affect our costs of operations and competitive position.

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Our business involves many hazards and operating risks, some of which may not be fully covered by insurance. The occurrence of a significant accident or other event that is not fully insured could curtail our operations and have a material adverse effect on our results of operations, financial condition and cash flows.

Our coal mining operations are underground mines. Underground mining and related processing activities present inherent risks of injury or death to persons, damage to property and equipment and other potential legal or other liabilities. Our mines are subject to a number of operating risks that could disrupt operations, decrease production and increase the cost of mining at particular mines for varying lengths of time, thereby adversely affecting our operating results. In addition, if an operating risk occurs in our mining operations, we may not be able to produce sufficient amounts of coal to deliver under our multi-year coal contracts. Our inability to satisfy contractual obligations could result in our customers initiating claims against us or canceling their contracts. The operating risks that may have a significant impact on our coal operations include:

- variations in thickness of the layer, or seam, of coal;
- adverse geological conditions, including amounts of rock and other natural materials intruding into the coal seam that could affect the stability of the roof and the side walls of the mine;
- environmental hazards;
- equipment failures or unexpected maintenance problems;
- fires or explosions, including as a result of methane, coal, coal dust or other explosive materials and/or other accidents;
- inclement or hazardous weather conditions and natural disasters or other force majeure events;
- seismic activities, ground failures, rock bursts or structural cave-ins or slides;
- delays in moving our longwall equipment;
- railroad derailments;
- security breaches or terroristic acts; and
- other hazards that could also result in personal injury and loss of life, pollution and suspension of operations.

The occurrence of any of these risks at our coal mining operations could adversely affect our ability to conduct our operations or result in substantial loss to us, either of which could materially and adversely affect our business, financial condition, results of operations and cash flows. In addition, the occurrence of any of these events in our coal mining operations which prevents our delivery of coal to a customer and which is not excusable as a force majeure event under our coal sales agreement could result in economic penalties, suspension or cancellation of shipments or ultimately termination of the coal sales agreement, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Although we maintain insurance for a number of risks and hazards, we may not be insured or fully insured against the losses or liabilities that could arise from a significant accident in our coal operations. We may elect not to obtain insurance for any or all of these risks if we believe that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. Moreover, a significant mine accident could potentially cause a mine shutdown. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Failure to obtain or renew surety bonds on acceptable terms could affect our ability to secure reclamation and coal lease obligations and failure to obtain adequate insurance coverages could both have a material adverse effect on our business and results of operations.

Federal and state laws require us to obtain surety bonds or post letters of credit to secure performance or payment of certain long-term obligations, such as mine closure or reclamation costs, federal and state workers' compensation costs, coal leases and other obligations. The costs of surety bonds have fluctuated in recent years while the market terms of such bonds have generally become less favorable to mine operators. These changes in the terms of the bonds have been accompanied at times by a decrease in the number of companies willing to issue surety bonds. In addition, federal and state regulators are considering making financial assurance requirements with respect to mine closure and reclamation more stringent. Because we are required by federal and state law to have these bonds in place before mining can commence or continue, our failure to maintain surety bonds, letters of credit or other guarantees or security arrangements would materially and adversely affect our ability to mine or lease coal. Additionally, coal and other mining companies are increasingly struggling to obtain adequate insurance coverage for their business and operations. Our failure to obtain adequate insurance coverages could have a material adverse effect on our business and results of operations. Beginning in 2019, the insurance markets have been increasingly challenging, particularly for coal companies. We have experienced rising premiums, reduced coverage and fewer providers willing to underwrite policies and surety bonds. Terms have generally become more unfavorable, including the amount of collateral required to secure surety bonds. Further cost burdens on our ability to maintain adequate insurance and bond coverage may adversely impact our operations, financial position and liquidity.

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Substantially all of our operating mines are part of a single mining complex and are principally located in the Northern Appalachian Basin, making us vulnerable to risks associated with operating in a single geographic area.

Although we began production at the Itmann Mine, located in CAPP in Wyoming County, West Virginia in 2020, substantially all of our mining operations are conducted at a single mining complex located in NAPP in southwestern Pennsylvania and northern West Virginia. The geographic concentration of most of our operations at the Pennsylvania Mining Complex may disproportionately expose us to disruptions in our operations if the region experiences adverse conditions or events, including severe weather, transportation capacity constraints, constraints on the availability of required equipment, facilities, personnel or services, significant governmental regulation or natural disasters. If any of these factors were to impact NAPP more than other coal producing regions, our business, financial condition, results of operations and cash flows will be adversely affected relative to other mining companies that have a more geographically diversified asset portfolio.

Our mines are located in areas containing oil and natural gas shale plays, which may require us to coordinate our operations with oil and natural gas drillers and transporters.

Substantially all of our coal reserves are in areas containing shale oil and natural gas plays, including the Marcellus Shale, which are currently the subject of substantial exploration for oil and natural gas, particularly by horizontal drilling. If we have received a permit for our mining activities, then while we may have to coordinate our mining with such oil and natural gas drillers and transporters, our mining activities will have priority over any oil and natural gas drillers and transporters with respect to the land covered by our permit. Oil and natural gas drillers and transporters may be subject to law and regulations that are enforced by regulators that do not have jurisdiction over our activities. Any conflict between our rights and the enforcement actions by any regulator of oil or natural gas-specific rights that conflict with our rights to mine could result in additional costs and possible delays to mining.

For reserves outside of our permits, we engage in discussions with drilling and transport companies on potential areas on which they can drill that may have a minimal effect on our mine plan. If a well is in the path of our mining for coal on land that has not yet been permitted for our mining activities, we may not be able to mine through the well unless we purchase it. Although in the past we have purchased vertical wells, the cost of purchasing a producing horizontal well could be substantially greater than that of a vertical well. Horizontal wells with multiple laterals extending from the well pad may access larger oil and natural gas reserves than a vertical well, which would typically result in a higher cost to acquire. The cost associated with purchasing oil and natural gas wells that are in the path of our coal mining activities could likewise make mining through those wells uneconomical, thereby effectively causing a loss of significant portions of our coal reserves, which could materially and adversely affect our business, financial condition, results of operations and cash flows.

In order to maintain, grow and diversify our business, we will be required to make substantial capital expenditures. If we are unable to obtain needed capital or financing on satisfactory terms, our financial leverage could increase.

In order to maintain, grow and diversify our business, we will need to make substantial capital expenditures to fund our share of capital expenditures associated with our mines, acquisitions or other business development initiatives. 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 requires substantial capital expenditures. While a significant amount of the capital expenditures required to build out our mining infrastructure 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. Our production levels may decrease or may not be able to generate sufficient cash flow, or we may not 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. If we do not make sufficient or effective capital expenditures, we will be unable to maintain and grow our business. To fund our capital expenditures, we will be required to use cash from our operations, incur debt or sell additional equity securities. Our ability to obtain bank financing or our ability to access the capital markets for future equity or debt offerings may be limited by our financial condition at the time of any such financing or offering and the covenants in our existing debt agreements, as well as by general economic conditions, contingencies and uncertainties that are beyond our control, such as financial institutions abandoning the thermal coal sector. In addition, incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional equity securities may result in significant stockholder dilution.

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Our securities may be excluded from consideration by certain investment funds and certain investors may have a negative perception of us due to being a coal producer.

Certain organizations that provide corporate governance and other corporate risk information to investors and stockholders have developed scores and ratings to evaluate companies and investment funds based upon ESG or “sustainability” metrics. Currently, there are no universal standards for such scores or ratings, but the importance of sustainability evaluations is becoming more broadly accepted by investors and stockholders. Indeed, many investment funds focus on positive ESG business practices and sustainability scores when making investments. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as lagging, these investors may engage with companies to require improved ESG disclosure or performance. Moreover, certain members of the broader investment community may consider a company's sustainability score as a reputational or other factor in making an investment decision. Companies in the energy industry, and in particular those focused on coal, natural gas or petroleum extraction and refining, often perform less well under ESG assessments compared to companies in other industries. Consequently, a low ESG or sustainability score could result in our securities, both debt and equity, being excluded from the portfolios of certain investment funds and investors. Additionally, many investment funds and investors are beginning to avoid securities issued by any company in the coal, natural gas or petroleum extraction or refining business, regardless of their particular ESG or sustainability score. As such, this could restrict our access to capital to fund our continuing operations and growth and diversification opportunities.

New or existing tariffs and other trade measures could adversely affect our results of operations, financial position and cash flows.

New or existing tariffs and other trade measures could adversely affect our results of operations, financial position and cash flows, either directly or indirectly through various adverse impacts on our significant customers. During the last several years, the Trump Administration imposed tariffs on steel and aluminum and a broad range of other products imported into the U.S. In response to the tariffs imposed by the U.S., the European Union, Canada, Mexico and China have announced tariffs on U.S. goods and services. Although some of these tariffs have been rescinded or suspended, these tariffs, along with any additional tariffs or trade restrictions that may be implemented by the U.S. or retaliatory trade measures or tariffs implemented by other countries, could result in reduced economic activity, increased costs in operating our business, reduced demand and changes in purchasing behaviors for thermal and metallurgical coal, limits on trade with the United States or other potentially adverse economic outcomes. Additionally, we sell coal into the export thermal market and the export metallurgical market. Accordingly, our international

sales may also be impacted by the tariffs and other restrictions on trade between the U.S. and other countries. While tariffs and other retaliatory trade measures imposed by other countries on U.S. goods have not yet had a significant impact on our business or results of operations, we cannot predict further developments, and such existing or future tariffs could have a material adverse effect on our results of operations, financial position and cash flows.

We may be unsuccessful in finding suitable acquisition targets or integrating the operations of any future acquisitions, including acquisitions involving new lines of business, with our existing operations, and in realizing all or any part of the anticipated benefits of any such acquisitions.

From time to time, we may evaluate and acquire assets and businesses that we believe complement our existing assets and business. However, our ability to grow our business through acquisitions may be limited by both our ability to identify appropriate acquisition candidates and our financial resources, including our available cash and borrowing capacity. Additionally, the assets and businesses we acquire may be dissimilar from our existing lines of business. Acquisitions may require substantial capital or the incurrence of substantial indebtedness, and potentially may not be on favorable terms. Our capitalization and results of operations may change significantly as a result of future acquisitions. Acquisitions and business expansions involve numerous risks, including the following:

- difficulties in the integration of the assets and operations of the acquired businesses;
- inefficiencies and difficulties that arise because of unfamiliarity with new assets and the businesses associated with them and new geographic areas;
- the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk; and
- the diversion of management's attention from other operating issues.

Further, unexpected costs and challenges may arise whenever businesses with different operations or management are combined, and we may experience unanticipated delays in realizing the benefits of an acquisition. Entry into certain lines of business may subject us to new laws and regulations with which we are not familiar, and may lead to increased litigation and regulatory risk. Also, following an acquisition, we may discover previously unknown liabilities associated with the acquired business or assets for which we have no recourse under applicable indemnification provisions. If a new business generates insufficient revenue or if we are unable to efficiently manage our expanded operations, our results of operations may be adversely affected.

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We must obtain, maintain and renew governmental permits and approvals which, if we cannot obtain in a timely manner, would reduce our production, cash flow and results of operations.

Our coal production is dependent on our ability to obtain various federal and state permits and approvals to mine our coal reserves. The permitting rules, and the interpretations of these rules, are complex, change frequently and are often subject to discretionary interpretations by regulators. Under Section 404 of the Clean Water Act, the Army Corps of Engineers (“Corps”) issues permits for the discharge of dredged or fill material into regulated navigable waters and wetlands. Corps permits are required for construction of slurry ponds, refuse areas, impoundments, and for various other mining activities. The Section 404 permitting process has become subject to increasingly stringent regulatory requirements and challenges by environmental organizations. In addition, the public, including non-governmental organizations and individuals, has certain statutory rights to comment upon and otherwise impact the permitting process, including through court intervention. It is possible that all permits required to commence new operations, or to expand or continue operations at existing facilities, may not be issued or renewed in a timely manner, or may not be approved at all. Furthermore, permits could be issued with operating requirements or special conditions that increase the cost of operations. Any of these circumstances could have significant negative effects and could materially and adversely affect our results of operations and cash flows.

Our mines are subject to stringent federal and state safety regulations that increase our cost of doing business at active operations and may place restrictions on our methods of operation. In addition, government inspectors, under certain circumstances, have the ability to order our operations to be shut down based on safety considerations.

The Federal Coal Mine Safety and Health Act and Mine Improvement and New Emergency Response Act impose stringent health and safety standards on mining operations. Regulations that have been adopted are comprehensive and affect numerous aspects of mining operations, including training of mine personnel, mining procedures, the equipment used in mine emergency procedures and other matters. States in which we operate have programs for mine safety and health regulation and enforcement. The various requirements mandated by law or regulation can place restrictions on our methods of operations, and potentially lead to penalties for the violation of such requirements, creating a significant effect on operating costs and productivity. In addition, government inspectors, under certain circumstances, have the ability to order our operation to be shutdown based on safety considerations. If an incident were to occur at one of our coal mines, it could be shut down for an extended period of time and our reputation with our customers could be materially damaged.

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

Our operations currently use hazardous materials and generate limited quantities of hazardous wastes from time to time. Drainage flowing from or caused by mining activities can be acidic with elevated levels of dissolved metals, a condition referred to as “acid mine drainage.” We could become subject to claims for toxic torts, natural resource damages and other damages, as well as for the investigation and clean-up of soil, surface water, groundwater and other media. Such claims may arise, for example, out of conditions at sites that we currently own or operate, as well as at sites that we previously owned or operated, or may acquire. Our liability for such claims may be joint and several, so that we may be held responsible for more than our share of the contamination or other damages, or for the entire share.

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

Our operations include coal refuse disposal areas, slurry impoundments and other water retaining or dam structures classified as “high” or “significant” hazards, depending on the extent of damage or loss of life that could occur in the event of a failure. A failure of these structures would result in liabilities that could have a material impact on our business.

We maintain coal refuse disposal areas (“CRDAs”), slurry impoundments and other water retaining or dam structures that are active or in various stages of reclamation at the Pennsylvania Mining Complex and at certain legacy properties. Such areas and impoundments are subject to extensive regulation and are designed, constructed, operated and maintained according to stringent environmental, structural and safety standards. In addition to routine inspections conducted by multiple regulatory authorities, these facilities are also inspected by qualified third-party inspectors and are separately certified by an independent professional engineer. Structural failure of a CRDA, slurry impoundment or other dam structure classified as a high or significant hazard could result in extensive damage to the environment and natural resources, such as bodies of water that the coal slurry reaches, as well as liability for related personal injuries, property damages, injuries to wildlife or loss of life. Some of our impoundments overlie mined out areas, which can pose a heightened risk of failure and of damages arising out of failure. If one of these structures were to fail, we could be subject to claims for the resulting environmental contamination and associated liability, claims for personal injury or loss of life, and claims for physical property damage, as well as fines and penalties. These events could materially and adversely impact our business, financial condition, results of operations and cash flows.

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We have asset retirement obligations. If the assumptions underlying our accruals are inaccurate, we could be required to expend greater amounts than anticipated.

The Surface Mining Control and Reclamation Act (“SMCRA”) and various state laws establish operational, reclamation and closure standards for all our coal mining operations and require us, under certain circumstances, to plug natural gas wells. We accrue for the costs of current mine disturbance, gas well plugging and of final mine closure, including the cost of treating mine water discharge where necessary. Estimates of our total asset retirement obligations, which are based upon permit requirements and our experience, were approximately $249 million at December 31, 2020. The amounts recorded are dependent upon a number of variables, including the estimated future expenditures, estimated mine lives, assumptions involving profit margins, inflation rates, and the assumed credit-adjusted risk-free interest rates. If these accruals are insufficient, our future operating results could be adversely affected.

Under SMCRA, we are required to obtain surety bonds or other acceptable security to secure payment of our asset retirement obligations. In most states where we have operating and/or non-operating mines, including Pennsylvania, we are required to post bonds for the full cost of coal mine reclamation. Other states, such as West Virginia, maintain an alternative bond system for coal mine reclamation which consists of (i) individual site bonds posted by the permittee that are less than the full estimated reclamation cost plus (ii) a bond pool (“Special Reclamation Fund”) funded by a per ton fee on coal mined in the state which is used to supplement the site specific bonds if needed in the event of bond forfeiture. If these states were to move to full cost bonding in the future, individual mining companies and/or surety companies could exceed bonding capacity, resulting in the need to post cash or letters or credit, which reduces operating capital and liquidity.

To date, we have been able to post surety bonds to secure our reclamation obligations. However, the costs of surety bonds have fluctuated in recent years and the market terms of such bonds have generally become more unfavorable to mine operators. These changes in the terms of the bonds have been accompanied at times by a decrease in the number of companies willing to issue surety bonds. In addition, federal and state regulators are considering making financial assurance requirements with respect to mine closure and reclamation more stringent. If our creditworthiness declines, states may seek to require us to post letters of credit or cash collateral to secure those obligations, or we may be unable to obtain surety bonds, in which case we would be required to post letters of credit. Additionally, the sureties that post bonds on our behalf may require us to post security in order to secure the obligations underlying these bonds. Posting letters of credit in place of surety bonds or posting security to support these surety bonds would have an adverse effect on our liquidity. Furthermore, because we are required by state and federal law to have these bonds in place before mining can commence or continue, our failure to maintain surety bonds, letters of credit or other guarantees or security arrangements would materially and adversely affect our ability to mine coal. That failure could result from a variety of factors, including lack of availability, higher expense or unfavorable market terms, the exercise by third-party surety bond issuers of their right to refuse to renew the surety, and restrictions on availability of collateral for current and future third-party surety bond issuers under the terms of our financing arrangements.

We face uncertainties in estimating our economically recoverable coal reserves, and inaccuracies in our estimates could result in lower than expected revenues, higher than expected costs and decreased profitability.

Coal reserves are economically recoverable when the price at which they are expected to be sold exceeds their expected cost of production and selling. Forecasts of our future performance are based on, among other things, estimates of our recoverable coal reserves. We base our coal reserve information on geologic data, coal ownership information and current and proposed mine plans. These estimates are periodically updated to reflect past coal production, new drilling information and other geologic or mining data. There are numerous uncertainties inherent in estimating quantities and qualities of economically recoverable coal reserves, including many factors beyond our control. As a result, estimates of economically recoverable coal reserves are by their nature uncertain. Information about our reserves consists of estimates based on engineering, economic and geological data assembled and analyzed by our staff. Some of the factors and assumptions which impact economically recoverable coal reserve estimates include:

- geologic and mining conditions;
- historical production from the area compared with production from other producing areas;
- the assumed effects of regulations and taxes by governmental agencies;
- our ability to obtain, maintain and renew all required permits;
- future improvements in mining technology;
- assumptions governing future prices; and
- future operating costs, including the cost of materials and capital expenditures.

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In addition, we hold substantial coal reserves in areas containing Marcellus Shale and other shales. These areas are currently the subject of substantial exploration for oil and natural gas, particularly by horizontal drilling. If a natural gas well is in the path of our mining for coal, we may not be able to mine through the well unless we purchase it. Although in the past we have purchased vertical wells, the cost of purchasing a producing horizontal well could be

substantially greater. Horizontal wells with multiple laterals extending from the well pad may access larger natural gas reserves than a vertical well which could result in higher costs. In future years, the cost associated with purchasing natural gas wells which are in the path of our coal mining may make mining through those wells uneconomical, thereby effectively causing a loss of significant portions of our coal reserves.

Each of the factors which impacts reserve estimation may vary considerably from the assumptions used in estimating the reserves. For these reasons, estimates of coal reserves may vary substantially. Actual production, revenues and expenditures with respect to our coal reserves will likely vary from estimates, and these variances may be material. As a result, our estimates may not accurately reflect our actual coal reserves. Additionally, our estimates of coal reserves may be adversely affected in future fiscal periods by the SEC's recent rule amendments revising property disclosure requirements for publicly-traded mining companies. We will be required to comply with these new rules when reporting for the 2021 fiscal year.

Defects may exist in our chain of title for our undeveloped coal reserves where we have not done a thorough chain of title examination of our undeveloped coal reserves. We may incur additional costs and delays to mine coal because we have to acquire additional property rights to perfect our title to coal rights. If we fail to acquire additional property rights to perfect our title to coal rights, we may have to reduce our estimated reserves.

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. As a result, our results of operations, business and financial condition may be materially adversely affected.

We have obligations for long-term employee benefits for which we accrue based upon assumptions which, if inaccurate, could result in our being required to expense greater amounts than anticipated.

We provide various long-term employee benefits to inactive and retired employees. We accrue amounts for these obligations. At December 31, 2020, the current and non-current portions of these obligations included:

- postretirement medical and life insurance ($414 million);
- coal workers' pneumoconiosis benefits ($242 million);
- pension benefits ($38 million);
- workers' compensation ($73 million); and
- long-term disability ($11 million).

However, if our assumptions are inaccurate, we could be required to expend greater amounts than anticipated. Salary retirement benefits are funded in accordance with Employer Retirement Income Security Act of 1974 ("ERISA") regulations. The other obligations are unfunded. In addition, the federal government and several states in which we operate consider changes in workers' compensation and black lung laws from time to time. Such changes, if enacted, could increase our benefit expense and our collateral requirements. Additionally, former miners and their family members asserting claims for pneumoconiosis benefits have generally been more successful asserting such claims in recent years as a result of the presumption within the PPACA of 2010 that a coal miner with 15 or more years of underground coal mining experience (or the equivalent) who develops a respiratory condition and meets the requirements for total disability under the Federal Act is presumed to be disabled due to coal dust exposure, thereby shifting the burden of proof from the employee to the employer/insurer to establish that this disability is not due to coal dust. The increasing success rate of such claims based upon the PPACA changed presumption and, as a result, the increasing expense incurred by us to insure against such claims could increase our expenses for long-term employee benefit obligations.

As a result of the Murray Energy bankruptcy, the Company may be asked to pay for certain liabilities previously held by Murray in a 2013 transaction between Murray and our former parent.

In 2013, Murray Energy and its subsidiaries ("Murray") entered into a stock purchase agreement (the "Murray sale agreement") with our former parent pursuant to which Murray acquired the stock of Consolidation Coal Company ("CCC") and certain subsidiaries and certain other assets and liabilities. At the time of sale, the liabilities included certain retiree medical liabilities under the Coal Industry Retiree Health Benefits Act of 1992 ("Coal Act") and certain federal black lung liabilities under the Black Lung Benefits Act ("BLBA"). Based upon information available to the Company, we estimate that the annual servicing costs of these liabilities are approximately $10 million to $20 million per year for the next ten years. The annual servicing cost would decline each year since the beneficiaries of the Coal Act consist principally of miners who retired prior to 1994.

Murray filed for Chapter 11 bankruptcy in October 2019. As part of the ongoing bankruptcy proceedings, Murray entered into a settlement with the United Mine Workers of America 1992 Benefit Plan ("1992 Plan") to transfer retirees in the Murray Energy Section 9711 Plan into the 1992 Plan, which the bankruptcy court approved on April 30, 2020. The 1992 Plan recently filed an action in the United States District Court for the District of Columbia asking the court to make a determination whether the Company's former parent or the Company has any continuing retiree medical liabilities under the Coal Act. The Murray sale agreement includes indemnification by Murray with respect to the Coal Act and BLBA liabilities. In addition, the Company had agreed to indemnify its former parent relative to certain pre-separation liabilities. As of September 16, 2020, the Company has entered into a settlement agreement with Murray, and has withdrawn its claims in bankruptcy. The Company will continue to vigorously defend any claims that attempt to transfer any of such liabilities directly or indirectly to the Company, including raising all applicable defenses against the 1992 Plan's suit and those of any other party.

The provisions of our debt agreements and the risks associated with our debt could adversely affect our business, financial condition, liquidity and results of operations.

As of December 31, 2020, our total long-term indebtedness was approximately $666 million, of which approximately $167 million was under our 11.00% senior secured notes due November 2025, $103 million was under our Maryland Economic Development Corporation Port Facilities Refunding Revenue Bonds ("MEDCO") 5.75% revenue bonds due September 2025, $66 million was under our Term Loan A Facility, $269 million was under our Term Loan B Facility, $56 million was associated with finance leases due through 2024, and $5 million was miscellaneous debt. At December 31, 2020, no borrowings were outstanding under our $400 million revolving credit facility or our $100 million accounts receivable securitization facility. The degree to which we are leveraged could have important consequences, including, but not limited to:

- increasing our vulnerability to general adverse economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to the payment of interest and principal due under our outstanding debt, which will limit our ability to obtain additional financing to fund future working capital, capital expenditures, share buy-back programs, acquisitions, pay dividends, development of our coal reserves or other general corporate requirements;
- limiting our flexibility in planning for, or reacting to, changes in our business and in the coal industry;
- placing us at a competitive disadvantage compared to our competitors with lower leverage and better access to capital resources; and
- limiting our ability to implement our business strategy.

Our senior secured credit agreement and the indenture governing our 11.00% senior secured notes limit the incurrence of additional indebtedness unless specified tests or exceptions are met. In addition, our senior secured credit agreement and the indenture governing our 11.00% senior secured notes subject us to financial and/or other restrictive covenants. Under our senior secured credit agreement, we must comply with certain financial covenants on a quarterly basis, including a maximum first lien gross leverage ratio, a maximum total net leverage ratio and a minimum fixed charge coverage ratio, as defined therein. Our senior secured credit agreement and the indenture governing our 11.00% senior secured notes impose a number of restrictions upon us, such as restrictions on us granting liens on our assets, making investments, paying dividends, stock repurchases, selling assets and engaging in acquisitions. Failure by us to comply with these covenants could result in an event of default that, if not cured or waived, could have a material adverse effect on us.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to sell assets, seek additional capital or seek to restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to sell material assets or operations to attempt to meet our debt service and other obligations. Our senior secured credit agreement and the indenture governing our 11.00% senior secured notes restrict our ability to sell assets and use the proceeds from the sales. We may not be able to consummate those sales or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

Increases in interest rates or changes in the underlying base rate could adversely affect our business.

We have exposure to increases in interest rates. Based on our current variable debt level of $336 million as of December 31, 2020, primarily comprised of funds drawn on our Term Loan A and Term Loan B Facilities, an increase of one percentage point in the interest rate will result in an increase in annual interest expense of $3 million. As a result, our results of operations, cash flows and financial condition could be materially adversely affected by significant increases in interest rates. In addition, our Term Loan A, Term Loan B, revolving credit and securitization facilities, as well as other short-term financing arrangements, utilize LIBOR as a basis for calculating interest. Those facilities allow for an alternative base rate in calculating interest. In the event that LIBOR would no longer be a published rate index, the allowable alternative base rate may increase our interest costs associated with those facilities.

Hedging transactions may limit our potential gains or cause us to lose money.

We enter into hedging arrangements in an effort to limit our exposure to interest rate volatility. These hedging arrangements may reduce, but will not eliminate, the potential effects of changing interest rates on our cash flow from operations for the periods covered by these arrangements. Furthermore, while intended to help reduce the effects of volatile interest rates, such transactions, depending on the hedging instrument used, may limit our potential gains if interest rates were to fall substantially over the price established by the hedge. In addition, these arrangements expose us to risks of financial loss in a variety of circumstances, including when:

- a counterparty is unable to satisfy its obligations; or
- there is an adverse change in the expected differential between the underlying interest rate in the derivative instrument and actual interest rates.

However, it is not always possible for us to engage in a derivative transaction that completely mitigates our exposure to interest rates. Furthermore, our price hedging strategy and future hedging transactions will be determined at the discretion of management. Our financial statements may reflect a gain or loss arising from an exposure to interest rates for which we are unable to enter into a completely effective hedge transaction.

Currently, our hedging arrangements partially mitigate our exposure to fluctuations in LIBOR interest rates through December 2022. In the event that LIBOR would no longer be a published rate index, we would have to modify, settle, or exchange the existing hedging arrangements. This could result in a loss of money and could adversely affect our results of operations, business and financial condition.

Terrorist attacks or cyber incidents 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, to process and record financial and operating data, communicate with our employees and business partners, estimate quantities of coal reserves, as well as other activities related to our businesses. Strategic targets, such as energy-related assets, may be at greater risk of future terrorist or cyber attacks than other targets in the United States. Deliberate attacks on our assets, or security breaches in our systems or infrastructure, or cloud-based applications 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. Similarly, our vendors or service providers could be the subject of such attacks or breaches that result in the risks of corruption or loss of our proprietary and sensitive data and/or the other disruptions as described above. In addition to the existing risks, the adoption of new technologies may also increase our exposure to data breaches or our ability to detect and remediate effects of a breach. 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, results of operations and cash flows. 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.

Certain provisions in our multi-year coal sales contracts may provide limited protection during adverse economic conditions, may result in economic penalties to us or permit the customer to terminate the contract.

Price adjustment, “price reopener” and other similar provisions in our multi-year coal sales contracts may reduce the protection from coal price volatility traditionally provided by coal supply contracts. Price reopener provisions are present in several of our multi-year coal sales contracts. These price reopener 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, sometimes within a specified range of prices. 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. Any adjustment or renegotiations leading to a significantly lower contract price could adversely affect our profitability.

Most of our coal sales agreements contain provisions requiring us to deliver coal within certain ranges for specific coal quality characteristics such as heat content, sulfur, ash, moisture, volatile matter, grindability, ash fusion temperature and size consistency. Failure to meet these conditions could result in penalties or rejection of the coal at the election of the customer. Our coal sales contracts also typically contain force majeure provisions allowing for the suspension of performance by either party for the duration of specified events. Force majeure events include, but are not limited to, floods, earthquakes, storms, fire, faults in the coal seam or other geologic conditions, other natural catastrophes, wars, terrorist acts, civil disturbances or disobedience, strikes, railroad transportation delays caused by a force majeure event and actions or restraints by court order and governmental authority or arbitration award. Depending on the language of the contract, some contracts may terminate upon continuance of an event of force majeure that extends for a period greater than three to twelve months and some contracts may obligate us to perform notwithstanding what would typically be a force majeure event.

Our ability to operate our business effectively could be impaired if we fail to attract and retain qualified personnel, or if a meaningful segment of our employees become unionized.

Our ability to operate our business and implement our strategies depends, in part, on our continued ability to attract and retain the qualified personnel necessary to conduct our business. Efficient coal mining using modern techniques and equipment requires skilled employees in multiple disciplines such as electricians, equipment operators, mechanics, engineers and welders, among others. Although we have not historically encountered shortages for these types of skilled employees, competition in the future may increase for such positions, especially as it relates to needs of other industries with respect to these positions, including oil and gas. If we experience shortages of skilled employees in the future, our labor and overall productivity or costs could be materially adversely affected. In the future, we may utilize a greater number of external contractors for portions of our operations. The costs of these contractors have historically been higher than that of our employees. If our labor and contractor prices increase, or if we experience materially increased health and benefit costs with respect to our employees, our results of operations could be materially adversely affected.

Except for 36 of our employees at the CONSOL Marine Terminal who unionized in 2018, none of our employees are currently represented by a labor union or covered under a collective bargaining agreement, although many employers in our industry have employees who belong to a union. It is possible that employees at our other locations may join or seek recognition to form a labor union, or we may be required to become a labor agreement signatory. If some or all of our current non-union operations were to become unionized, we could incur an increased risk of work stoppages, reduced productivity and higher labor costs. Also, if we fail to maintain good relations with our employees at the CONSOL Marine Terminal, we could potentially experience labor disputes, work stoppages or other disruptions in the business of the CONSOL Marine Terminal, which could negatively impact the profitability of the CONSOL Marine Terminal.

If we do not maintain effective internal controls over financial reporting, we could fail to accurately report our financial results.

During the course of the preparation of our financial statements, we evaluate our internal controls to identify and correct deficiencies in our internal controls over financial reporting. If we fail to maintain an effective system of disclosure controls or internal control over financial reporting, including satisfaction of the requirements of the Sarbanes-Oxley Act, we may not be able to accurately or timely report on our financial results or adequately identify and reduce fraud. As a result, the financial condition of our business could be adversely affected, current and potential future stockholders could lose confidence in us and/or our reported financial results, which may cause a negative effect on the trading price of our common stock, and we could be exposed to litigation or regulatory proceedings, which may be costly or divert management attention.

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Risks Related to Our Common Stock and the Securities Market

Our stock price may fluctuate significantly.

The market price of our common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- our quarterly or annual earnings, or those of other companies in our industry;
- actual or anticipated fluctuations in our operating results;
- changes in earnings estimates by securities analysts or our ability to meet those estimates or our earnings guidance;
- the operating and stock price performance of other comparable companies;
- overall market fluctuations and domestic and worldwide economic conditions;
- other factors described in these “Risk Factors” and elsewhere in this Annual Report on Form 10-K.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock. As a result of these factors, holders of our common stock may not be able to resell their shares at or above the market price at which they purchased their shares or may not be able to resell them at all. In addition, price volatility with our common stock may be greater if trading volume is low.

Furthermore, shares of our common stock are freely tradeable without restriction or further registration under the U.S. Securities Act of 1933, as amended (the “Securities Act”), unless the shares are owned by one of our “affiliates,” as that term is defined in Rule 405 under the Securities Act. As a result, a sale of a substantial amount of our common stock, or the perception that such a sale may take place, could cause our stock price to decline.

If securities analysts do not publish research or reports about our Company, or issue unfavorable commentary about us or downgrade our shares, the price of our shares could decline.

The trading market for our shares depends in part on the research and reports that third-party securities analysts publish about our Company and our industry. Because our ordinary shares were initially distributed to the public through the separation and distribution, there was not a marketing effort relating to the initial distribution of our shares of the type that would typically be part of an initial public offering of shares. We may be unable or slow to attract research coverage and if one or more analysts cease coverage of our Company, we could lose visibility in the market. The impact of the revised EU Markets in Financial Instruments Directive (“MiFID”), which requires that investment managers and investment advisors located in the EU “unbundle” research costs from commissions, may result in fewer securities analysts covering our Company. This is because investment firms subject to MiFID are no longer permitted to pay for research using client commissions or “soft dollars” and instead must pay such costs directly or through a research payment account funded by clients and governed by a budget that is agreed by the client, thereby raising their costs of providing research coverage. In addition, one or more analysts providing research coverage of our Company could use estimation or valuation methods that we do not agree with, downgrade our shares or issue other negative commentary about our company or our industry. As a result of one or more of these factors, the trading price of our shares could decline.

We cannot guarantee the timing, amount, or payment of dividends on our common stock in the future.

The payment and amount of any future dividend will be subject to the sole discretion of our board of directors and will depend upon many factors, including our financial condition and prospects, our capital requirements and access to capital markets, covenants associated with certain of our debt obligations, legal requirements and other factors that our board of directors may deem relevant, and there can be no assurance that we will pay a dividend in the future.

Your percentage of ownership in us may be diluted in the future.

Your percentage of ownership in us may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including, without limitation, equity awards that we may be granting to our directors, officers and employees. Such issuances may have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock.

It is anticipated that the compensation committee of the board of directors of the Company will grant additional equity awards to Company employees and directors, from time to time, under the Company’s compensation and employee benefit plans. These additional awards will have a dilutive effect on the Company’s earnings per share, which could adversely affect the market price of the Company’s common stock.

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In addition, our amended and restated certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over our common stock with respect to dividends and distributions, as our board of directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant the holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of our common stock.

There can be no assurance that we will continue to repurchase shares of our common stock or outstanding debt securities.

In December 2017, CONSOL Energy's Board of Directors approved a program to repurchase, from time to time, the Company's outstanding shares of common stock or its 11.00% Senior Secured Second Lien Notes due 2025, in an aggregate amount of up to $50 million through the period ending June 30, 2019. The program was subsequently amended by CONSOL Energy's Board of Directors on four separate occasions, the most recent of which occurred in May 2020. As a result of such amendments, CONSOL may now repurchase up to $270 million of the Company's common stock or its 11.00% Senior Secured Second Lien Notes due 2025 through the period ending June 30, 2022, subject to certain limitations in the Company's credit agreement and the tax matters agreement. Our share repurchase program does not obligate us to repurchase any specific number of debt securities or common shares and may be suspended from time to time or terminated at any time prior to its expiration. There can be no assurance that we will repurchase shares or debt securities under the repurchase program in the future in any particular amounts or at all. A reduction in, or elimination of, share repurchases could have a negative effect on our share price.

Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws, and of Delaware law, may prevent or delay an acquisition of us, which could decrease the trading price of our common stock.

The Company's amended and restated certificate of incorporation and amended and restated by-laws and Delaware law contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with the Company's board of directors rather than to attempt a hostile takeover. These provisions include, among others:

- the inability of our stockholders to act by written consent unless such written consent is unanimous;
- the inability of our stockholders to call special meetings;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings;
- the right of our board of directors to issue preferred stock without stockholder approval;
- the fact that our board of directors will initially be divided into three classes; and
- the ability of our directors, and not stockholders, to fill vacancies (including those resulting from an enlargement of our board of directors) on our board of directors.

In addition, we are subject to Section 203 of the Delaware General Corporation Law ("DGCL"). Section 203 provides that, subject to limited exceptions, persons that (without prior board approval) acquire, or are affiliated with a person that acquires, more than 15% of the outstanding voting stock of a Delaware corporation shall not engage in any business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or its affiliate becomes the holder of more than 15% of the corporation's outstanding voting stock.

We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions could have the effect of delaying, deferring or preventing a change in control or the removal of the existing board of directors and/or management, of deterring potential acquirers from making an offer to our stockholders and of limiting any opportunity to realize premiums over prevailing market prices for our common stock in connection therewith. This could be the case notwithstanding that a majority of our stockholders might benefit from such a change in control or offer.

In addition, an acquisition or further issuance of the Company's stock could trigger the application of Section 355(e) of the Code, causing the distribution to be taxable to our former parent. Under the tax matters agreement, the Company would be required to indemnify our former parent for the resulting tax, and this indemnity obligation might discourage, delay or prevent a change of control that could be considered favorable.

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Our certificate of incorporation designates the State Courts of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain an alternative judicial forum for disputes with us or our directors, officers, employees or agents.

Our certificate of incorporation provides that unless we consent in writing to the selection of an alternative forum, a state court sitting in the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware) will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders;
- any action asserting a claim arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our bylaws;
- any action asserting a claim that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein; or
- any action asserting an internal corporate claim as defined in Section 115 of the DGCL.

Any person or entity purchasing or otherwise holding any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our certificate of incorporation described in the preceding sentence. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

See "Detail Coal Operations" in Item 1 of this Annual Report on Form 10-K for a description of our mining properties, incorporated herein by this reference. In addition to our mining properties referenced in the prior sentence, through our CONSOL Marine Terminal located in the Port of Baltimore, we provide coal and export terminal services. Our principal executive offices are located at 1000 CONSOL Energy Drive, Suite 100, Canonsburg, Pennsylvania 15317-6506. See the map under "Our Company" in Item 1 of this Annual Report on Form 10-K for the location of the Company's material properties.

ITEM 3. Legal Proceedings

Our operations are subject to a variety of risks and disputes normally incidental to our business. As a result, we may, at any given time, be a defendant in various legal proceedings and litigation arising in the ordinary course of business. However, we are not currently subject to any material litigation. Refer to Note 22, "Commitments and Contingent Liabilities," in the Notes to the Audited Consolidated Financial Statements in Item 8 of this Form 10-K, incorporated herein by this reference.

ITEM 4. Mine Safety and Health Administration Safety Data

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 and Item 104 of Regulation S-K is included in Exhibit 95 to this annual report.

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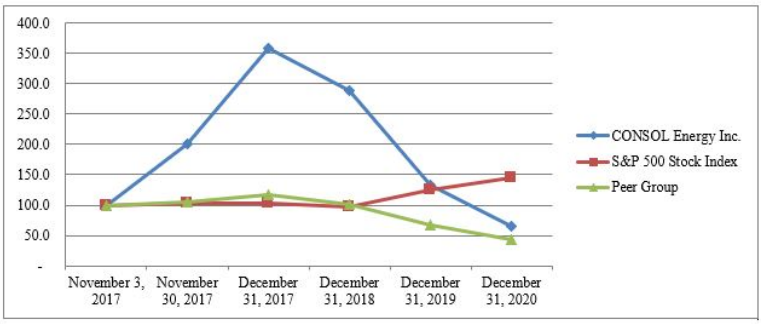
PART II

ITEM 5. Market for Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities

Shares of the Company's common stock are listed on the New York Stock Exchange and trade under the symbol "CEIX". Trading of the Company's common stock began as "when-issued" trading on November 3, 2017 and began as "regular-way" trading on November 29, 2017.

As of February 1, 2021, there were 89 holders of record of our common stock.

The following performance graph compares CONSOL Energy's cumulative total shareholder return to that of the Company's peer group and the Standard & Poor's 500 Stock Index. The peer group, for the purposes of the information presented below, is comprised of Alliance Resource Partners LP, Arch Resources, Inc. (formerly known as Arch Coal Inc.), Contura Energy, Inc., Cloud Peak Energy, Inc., Foresight Energy LP, Hallador Energy Company, Peabody Energy Corporation, Ramaco Resources, Inc., Warrior Met Coal, Inc. and Westmoreland Coal Company.



The graph above tracks the performance of an initial investment of $100 in CONSOL Energy's common stock and each member of the peer group and the Standard & Poor's 500 Stock Index, including the reinvestment of any dividends, from November 3, 2017 (beginning of "when-issued" trading) through December 31, 2020.

	November 3, 2017	November 30, 2017	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
CONSOL Energy Inc.	100.0	200.0	359.2	288.4	132.1	65.7
S&P 500 Stock Index	100.0	102.3	103.3	96.9	124.9	145.3
Peer Group	100.0	104.8	117.8	100.7	66.7	43.7

The above information is being furnished pursuant to Regulation S-K, Item 201 (e) (Performance Graph).

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Repurchases of Equity Securities

There were no repurchases of the Company's equity securities during the three months ended December 31, 2020. Since the December 2017 inception of the Company's current stock, unit and debt repurchase program, CONSOL Energy Inc.'s Board of Directors subsequently amended the program on four separate occasions. As a result of such amendments, the Company may now repurchase up to $270 million of the Company's stock and debt until June 30, 2022. As of February 12, 2021, approximately $91.4 million remained available under the stock, unit and debt repurchase program. The program does not obligate CONSOL Energy to acquire any particular amount of its common stock or notes, and can be modified or suspended at any time at the Company's discretion. See Note 5 - Stock, Unit and Debt Repurchases of the Notes to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information.

Dividends

The declaration and payment of dividends by CONSOL Energy is subject to the discretion of CONSOL Energy's Board of Directors, and no assurance can be given that CONSOL Energy will pay dividends in the future. The determination to pay dividends in the future will depend upon, among other things, general business conditions, CONSOL Energy's financial results, contractual and legal restrictions regarding the payment of dividends by CONSOL Energy, planned investments by CONSOL Energy and such other factors as the Board of Directors deems relevant. The Company's Senior Secured Credit Facilities limit CONSOL Energy's ability to pay dividends up to $25 million annually, which increases to $50 million annually when the Company's total net leverage ratio is less than 1.50 to 1.00 and subject to an aggregate amount up to a cumulative credit calculation set forth in the facilities, with additional conditions of no outstanding borrowings and no more than $200 million of outstanding letters of credit on the Revolving Credit Facility, and the total net leverage ratio shall not be greater than 2.00 to 1.00. The total net leverage ratio was 2.54 to 1.00 and the cumulative credit was approximately $16 million at December 31, 2020. The cumulative credit starts with $50 million and builds with excess cash flow commencing in 2018. The Senior Secured Credit Facilities do not permit dividend payments in the event of default. The Indenture to the 11.00% Senior Secured Second Lien Notes limits dividends when the Company's total net leverage ratio exceeds 2.00 to 1.00 and subject to an amount not to exceed an annual rate of 4.0% of the quoted public market value per share of such common stock at the time of the declaration. The Indenture does not permit dividend payments in the event of default.

See Part III, Item 12. “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” for information relating to CONSOL Energy's equity compensation plans.

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

Merger with CONSOL Coal Resources LP

On December 30, 2020, we completed the acquisition of all of the outstanding common units of CONSOL Coal Resources, and CONSOL Coal Resources became our indirect wholly-owned subsidiary (see Note 2 - Major Transactions in the Notes to the Audited Consolidated Financial Statements in Item 8 of this Form 10-K for additional information). In connection with the closing of the CCR Merger, we issued approximately 8.0 million shares of our common stock to acquire the approximately 10.9 million common units of CCR held by third-party CCR investors at a fixed exchange ratio of 0.73 shares of CEIX common stock for each CCR unit, for total implied consideration of $51.7 million.

COVID-19 Update

The Company is monitoring the impact of the COVID-19 pandemic (“COVID-19”) and has taken, and will continue to take, steps to mitigate the potential risks and impact on the Company and its employees. The health and safety of our employees is paramount. In response to two employees testing positive for COVID-19, the Company temporarily curtailed production at the Bailey Mine for two weeks at the end of March. To date, the Company has experienced a few localized outbreaks, but due to the health and safety procedures put in place by the Company, we have been able to continue operating without production curtailment. The Company continues to monitor the health and safety of its employees closely in order to limit potential risks to our employees, contractors, family members and the community.

We are considered a critical infrastructure company by the U.S. Department of Homeland Security. As a result, we were exempt from Pennsylvania Governor Tom Wolf's executive order, issued in March 2020, closing all businesses that are not life sustaining until Pennsylvania's phased reopening, which began in the second quarter of 2020. The unprecedented decline in coal demand that began in the first quarter hit its lowest point in May 2020, and has improved through the fourth quarter. In response to the decline in demand for our coal as a result of COVID-19, we idled four of our five longwalls for periods of time beginning in the second quarter. As demand improved, we restarted longwalls and ultimately ran four of the five longwalls for the majority of the third quarter and for the entire fourth quarter. This decline in coal demand has negatively impacted our operational, sales and financial performances year-to-date and we expect that this negative impact will continue as the pandemic continues. However, we saw steady improvement in the demand for our coal throughout the third and fourth quarters of 2020.

While some government-imposed shut-downs of non-essential businesses in the United States and abroad have been phased out, there is a possibility that such shut-downs may be reinstated after being lifted as COVID-19 continues to spread rapidly. We expect that depressed domestic and international demand for our coal will continue for so long as there are widespread, government-imposed shut-downs of business activity. Depressed demand for our coal may also result from a general recession or reduction in overall business activity caused by COVID-19. Additionally, some of our customers have already attempted, and may in the future attempt, to invoke force majeure or similar provisions in the contracts they have in place with us in order to avoid taking possession of and paying us for our coal that they are contractually obligated to purchase. Sustained decrease in demand for our coal and the failure of our customers to purchase coal from us that they are obligated to purchase pursuant to existing contracts would have a material adverse effect on our results of operations and financial condition. The extent to which COVID-19 may adversely impact our business depends on future developments, which are highly uncertain and unpredictable, including new information concerning the severity of the outbreak, the pace and effectiveness of vaccination efforts and the effectiveness of actions globally to contain or mitigate its effects. We expect this will continue to negatively impact our results of operations, cash flows and financial condition. The Company will continue to take steps it believes are appropriate to mitigate the impacts of COVID-19 on its operations, liquidity and financial condition.

2020 Highlights:

- Coal shipments recovered to 5.9 million tons in Q4 2020, compared to 4.5 million tons in Q3 2020 and 2.3 million tons in Q2 2020.
- Total consolidated indebtedness reduced by $56.2 million – reduced TLA, TLB and Second Lien debt outstanding by $22.5 million, $2.8 million and $54.5 million, respectively.
- Continued to take advantage of strong equipment financing market by raising $60 million of new capital during 2020 at a weighted average interest rate of 6%.
- Consummated the CCR merger transaction with strong shareholder support.

Outlook for 2021:

- We expect that the PAMC will sell approximately 22 million to 24 million tons in 2021.
- For 2021 and 2022, our contracted position, as of February 9, 2021, is at 18.2 million tons and 5.6 million tons, respectively.
- We are planning to make capital expenditures during 2021 in the range of $100 million to $125 million, excluding any spending on the Itmann project.

How We Evaluate Our Operations

Our management team uses a variety of financial and operating metrics to analyze our performance. These metrics are significant factors in assessing our operating results and profitability. The metrics include: (i) coal production, sales volumes and average revenue per ton; (ii) cost of coal sold, a non-GAAP financial measure; (iii) cash cost of coal sold, a non-GAAP financial measure; (iv) average margin per ton sold, an operating ratio derived from non-GAAP financial measures; and (v) average cash margin per ton sold, an operating ratio derived from non-GAAP financial measures.

Cost of coal sold, cash cost of coal sold, average margin per ton sold and average cash margin per ton sold normalize the volatility contained within comparable GAAP measures by adjusting certain non-operating or non-cash transactions. Each of these non-GAAP metrics are used as supplemental financial measures by management and by external users of our financial statements, such as investors, industry analysts, lenders and ratings agencies, to assess:

- our operating performance as compared to the operating performance of other companies in the coal industry, without regard to financing methods, historical cost basis or capital structure;
- the ability of our assets to generate sufficient cash flow;
- our ability to incur and service debt and fund capital expenditures;
- the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities; and
- the attractiveness of capital projects and acquisitions and the overall rates of return on alternative investment opportunities.

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These non-GAAP financial measures should not be considered an alternative to total costs, net income, operating cash flow, or any other measure of financial performance or liquidity presented in accordance with GAAP. These measures exclude some, but not all, items that affect measures presented in accordance with GAAP, and these measures and the way we calculate them may vary from those of other companies. As a result, the items presented below may not be comparable to similarly titled measures of other companies.

Reconciliation of Non-GAAP Financial Measures

We evaluate our cost of coal sold and cash cost of coal sold on an aggregate basis. We define cost of coal sold as operating and other production costs related to produced tons sold, along with changes in coal inventory, both in volumes and carrying values. The cost of coal sold includes items such as direct operating costs, royalty and production taxes, direct administration costs, and depreciation, depletion and amortization costs on production assets. Our costs exclude any indirect costs, such as selling, general and administrative costs, freight expenses, interest expenses, depreciation, depletion and amortization costs on non-production assets and other costs not directly attributable to the production of coal. The cash cost of coal sold includes cost of coal sold less depreciation, depletion and amortization costs on production assets. The GAAP measure most directly comparable to cost of coal sold and cash cost of coal sold is total costs and expenses.

The following table presents a reconciliation of cost of coal sold and cash cost of coal sold to total costs and expenses, the most directly comparable GAAP financial measure, on a historical basis, for each of the periods indicated (in thousands).

	Years Ended December 31,		
	2020	2019	2018
Total Costs and Expenses	$ 1,030,885	$ 1,332,806	$ 1,344,402

Freight Expense	(39,990)	(19,667)	(43,572)
Selling, General and Administrative Costs	(72,706)	(67,111)	(65,346)
Gain (Loss) on Debt Extinguishment	21,352	(24,455)	(3,922)
Interest Expense, net	(61,186)	(66,464)	(83,848)
Other Costs (Non-Production)	(124,739)	(101,900)	(135,081)
Depreciation, Depletion and Amortization (Non-Production)	(39,668)	(32,388)	(30,961)
Cost of Coal Sold	$ 713,948	$ 1,020,821	$ 981,672
Depreciation, Depletion and Amortization (Production)	(171,092)	(174,709)	(170,303)
Cash Cost of Coal Sold	$ 542,856	$ 846,112	$ 811,369

We define average margin per ton sold as average revenue per ton sold, net of average cost of coal sold per ton. We define average cash margin per ton sold as average revenue per ton sold, net of average cash cost of coal sold per ton. The GAAP measure most directly comparable to average margin per ton sold and average cash margin per ton sold is total coal revenue.

The following table presents a reconciliation of average margin per ton sold and average cash margin per ton sold to total coal revenue, the most directly comparable GAAP financial measure, on a historical basis, for each of the periods indicated (in thousands, except per ton information).

	Years Ended December 31,		
	2020	**2019**	**2018**
Total Coal Revenue (PAMC Segment)	$ 771,363	$ 1,288,529	$ 1,364,292
Operating and Other Costs	667,595	948,012	946,450
Less: Other Costs (Non-Production)	(124,739)	(101,900)	(135,081)
Total Cash Cost of Coal Sold	542,856	846,112	811,369
Add: Depreciation, Depletion and Amortization	210,760	207,097	201,264
Less: Depreciation, Depletion and Amortization (Non-Production)	(39,668)	(32,388)	(30,961)
Total Cost of Coal Sold	$ 713,948	$ 1,020,821	$ 981,672
Total Tons Sold (in millions)	18.7	27.3	27.7
Average Revenue per Ton Sold	$ 41.31	$ 47.17	$ 49.28
Average Cash Cost of Coal Sold per Ton	29.12	30.97	29.29
Depreciation, Depletion and Amortization Costs per Ton Sold	9.12	6.40	6.17
Average Cost of Coal Sold per Ton	38.24	37.37	35.46
Average Margin per Ton Sold	3.07	9.80	13.82
Add: Depreciation, Depletion and Amortization Costs per Ton Sold	9.12	6.40	6.17
Average Cash Margin per Ton Sold	$ 12.19	$ 16.20	$ 19.99

We define adjusted EBITDA as (i) net income (loss) plus income taxes, net interest expense and depreciation, depletion and amortization, as adjusted for (ii) certain non-cash items, such as long-term incentive awards. The GAAP measure most directly comparable to adjusted EBITDA is net income (loss).

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	For the Year Ended December 31, 2020			
Dollars in thousands	**PA Mining Complex**	**CONSOL Marine Terminal**	**Other**	**Total Company**
Net Income (Loss)	$ 16,185	$ 32,537	$ (61,936)	$ (13,214)
Add: Income Tax Expense	—	—	3,972	3,972
Add: Interest Expense, net	1,236	6,166	53,784	61,186
Less: Interest Income	(10)	—	(1,220)	(1,230)
Earnings (Loss) Before Interest & Taxes (EBIT)	17,411	38,703	(5,400)	50,714
Add: Depreciation, Depletion & Amortization	198,272	5,095	7,393	210,760
Earnings Before Interest, Taxes and DD&A (EBITDA)	$ 215,683	$ 43,798	$ 1,993	$ 261,474
Adjustments:				
Stock/Unit-Based Compensation	$ 9,905	$ 558	$ 1,116	$ 11,579
CCR Merger Fees	2,623	—	7,199	9,822
Gain on Debt Extinguishment	—	—	(21,352)	(21,352)
Total Pre-tax Adjustments	12,528	558	(13,037)	49
Adjusted EBITDA	$ 228,211	$ 44,356	$ (11,044)	$ 261,523

	For the Year Ended December 31, 2019			
Dollars in thousands	**PA Mining Complex**	**CONSOL Marine Terminal**	**Other**	**Total Company**
Net Income (Loss)	$ 197,112	$ 33,758	$ (137,312)	$ 93,558
Add: Income Tax Expense	—	—	4,539	4,539
Add: Interest Expense, net	—	6,088	60,376	66,464
Less: Interest Income	—	—	(2,937)	(2,937)
Earnings (Loss) Before Interest & Taxes (EBIT)	197,112	39,846	(75,334)	161,624
Add: Depreciation, Depletion & Amortization	185,616	4,078	17,403	207,097
Earnings (Loss) Before Interest, Taxes and DD&A (EBITDA)	$ 382,728	$ 43,924	$ (57,931)	$ 368,721
Adjustments:				
Stock/Unit-Based Compensation	$ 11,626	$ 567	$ 567	$ 12,760
Loss on Debt Extinguishment	—	—	24,455	24,455
Total Pre-tax Adjustments	11,626	567	25,022	37,215
Adjusted EBITDA	$ 394,354	$ 44,491	$ (32,909)	$ 405,936

	For the Year Ended December 31, 2018			
Dollars in thousands	**PA Mining Complex**	**CONSOL Marine Terminal**	**Other**	**Total Company**
Net Income (Loss)	$ 291,605	$ 30,647	$ (143,467)	$ 178,785
Add: Income Tax Expense	—	—	8,828	8,828
Add: Interest Expense, net	—	6,052	77,796	83,848
Less: Interest Income	—	—	(2,146)	(2,146)
Earnings (Loss) Before Interest & Taxes (EBIT)	291,605	36,699	(58,989)	269,315
Add: Depreciation, Depletion & Amortization	178,969	3,782	18,513	201,264
Earnings (Loss) Before Interest, Taxes and DD&A (EBITDA)	$ 470,574	$ 40,481	$ (40,476)	$ 470,579
Adjustments:				
Stock/Unit-Based Compensation	$ 9,395	$ 420	$ 420	$ 10,235
Loss on Debt Extinguishment	—	—	3,922	3,922
Total Pre-tax Adjustments	9,395	420	4,342	14,157
Adjusted EBITDA	$ 479,969	$ 40,901	$ (36,134)	$ 484,736

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Results of Operations: ***Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019***

Net (Loss) Income Attributable to CONSOL Energy Inc. Shareholders

CONSOL Energy reported net loss attributable to CONSOL Energy Inc. shareholders of $10 million for the year ended December 31, 2020, compared to net income attributable to CONSOL Energy Inc. shareholders of $76 million for the year ended December 31, 2019.

CONSOL Energy consists of the Pennsylvania Mining Complex and the CONSOL Marine Terminal, as well as various corporate and other business activities that are not allocated to the PAMC or the CONSOL Marine Terminal. The other business activities include the development of the Itmann Mine, the Greenfield Reserves, closed and idle mine activities, selling, general and administrative activities, interest expense and income taxes, as well as various other non-operated activities.

PAMC ANALYSIS:

The PAMC division's principal activities consist of mining, preparation and marketing of thermal coal. The division also includes selling, general and administrative costs, as well as various other activities assigned to the PAMC division, but not included in the cost components on a per unit basis.

The PAMC division had earnings before income tax of $17 million for the year ended December 31, 2020, compared to earnings before income tax of $197 million for the year ended December 31, 2019. Variances are discussed below.

	For the Years Ended December 31,		
(in millions)	**2020**	**2019**	**Variance**
Revenue:			
Coal Revenue	$ 771	$ 1,289	$ (518)
Freight Revenue	40	20	20
Miscellaneous Other Income	84	23	61
Total Revenue and Other Income	895	1,332	(437)
Cost of Coal Sold:			
Operating Costs	543	846	(303)
Depreciation, Depletion and Amortization	171	175	(4)
Total Cost of Coal Sold	714	1,021	(307)
Other Costs:			
Other Costs	44	20	24
Depreciation, Depletion and Amortization	27	11	16
Total Other Costs	71	31	40
Freight Expense	40	20	20
Selling, General and Administrative Costs	53	63	(10)
Total Costs and Expenses	878	1,135	(257)
Earnings Before Income Tax	$ 17	$ 197	$ (180)

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Coal Production

The table below presents total tons produced (in thousands) from the Pennsylvania Mining Complex for the periods indicated:

	For the Years Ended December 31,		
Mine	**2020**	**2019**	**Variance**
Bailey	8,669	12,218	(3,549)
Enlow	5,691	10,043	(4,352)
Harvey	4,410	5,024	(614)
Total	18,770	27,285	(8,515)

Coal production was 18.8 million tons for the year ended December 31, 2020, compared to 27.3 million tons for the year ended December 31, 2019. The PAMC division's coal production decreased primarily due to the temporary idling of longwalls at the Bailey and Enlow Fork mines. This was mainly in response to weakened customer demand as a result of a warmer than normal winter, followed by global demand destruction due to the COVID-19 pandemic and, in response, the widespread government-imposed shut-downs, which significantly reduced electricity consumption and, therefore, demand for the Company's coal.

Coal Operations

The PAMC division's coal revenue and cost components on a per unit basis for these periods were as follows:

	For the Years Ended December 31,		
	2020	**2019**	**Variance**
Total Tons Sold (in millions)	18.7	27.3	(8.6)
Average Revenue per Ton Sold	$ 41.31	$ 47.17	$ (5.86)
Average Cash Cost of Coal Sold per Ton (1)	$ 29.12	$ 30.97	$ (1.85)
Depreciation, Depletion and Amortization Costs per Ton Sold (Non-Cash Cost)	9.12	6.40	2.72
Average Cost of Coal Sold per Ton (1)	$ 38.24	$ 37.37	$ 0.87
Average Margin per Ton Sold (1)	$ 3.07	$ 9.80	$ (6.73)
Add: Depreciation, Depletion and Amortization Costs per Ton Sold	9.12	6.40	2.72
Average Cash Margin per Ton Sold (1)	$ 12.19	$ 16.20	$ (4.01)

(1) Average cash cost of coal sold per ton and average cost of coal sold per ton are non-GAAP measures, and average margin per ton sold and average cash margin per ton sold are operating ratios derived from non-GAAP measures. See "*How We Evaluate Our Operations - Reconciliation of Non-GAAP Financial Measures*" for a reconciliation of non-GAAP measures to the most directly comparable GAAP measures.

Coal Revenue

Coal revenue was $771 million for the year ended December 31, 2020, compared to $1,289 million for the year ended December 31, 2019. Total tons sold decreased in the period-to-period comparison in response to weakened customer demand due to a warmer than normal winter followed by the COVID-19 pandemic, each of which reduced electricity consumption and, therefore, demand for the Company's coal. Additionally, lower natural gas prices as compared to the prior year contributed to electric generation trending toward gas, rather than coal, as a fuel source. The decrease in overall demand, including in both the domestic and export markets the Company serves, resulted in lower pricing received on the Company's sales contracts.

Freight Revenue and Freight Expense

Freight revenue is the amount billed to customers for transportation costs incurred. This revenue is based on the weight of coal shipped, negotiated freight rates and method of transportation, primarily rail, used by the customers to which the Company contractually provides transportation services. Freight revenue is completely offset by freight expense. Freight revenue and freight expense were both $40 million for the year ended December 31, 2020, compared to $20 million for the year ended December 31, 2019. The $20 million increase was due to increased shipments to customers where the Company was contractually obligated to provide transportation services.

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Miscellaneous Other Income

Miscellaneous other income was $84 million for the year ended December 31, 2020, compared to $23 million for the year ended December 31, 2019. The $61 million increase was primarily the result of the sale of certain mining rights and additional customer contract buyouts in the year ended December 31, 2020, offset, in part, by a decrease in sales of externally purchased coal to blend and resell. These partial contract buyouts involved negotiations to reduce coal quantities of several customer contracts in exchange for payment of certain fees to the Company, and do not impact forward contract terms.

Cost of Coal Sold

Cost of coal sold is comprised of operating costs related to produced tons sold, along with changes in both the volumes and carrying values of coal inventory. The costs of coal sold include items such as direct operating costs, royalties and production taxes, direct administration costs and depreciation, depletion, and amortization costs on production assets. Total cost of coal sold was $714 million for the year ended December 31, 2020, or $307 million lower than the $1,021 million for the year ended December 31, 2019. Average cost of coal sold per ton was $38.24 for the year ended December 31, 2020, compared to $37.37 for the year ended December 31, 2019. The decrease in the total cost of coal sold was primarily driven by decreased production activity during the year ended December 31, 2020, mainly in response to weakened market demand, while on a per unit basis, the decreased production resulted in an overall increase in the average cost of coal sold per ton.

Other Costs

Other costs include items that are assigned to the PAMC division but are not included in unit costs, such as idle mine costs, coal reserve holding costs and purchased coal costs. Total other costs increased $40 million in the year ended December 31, 2020 compared to the year ended December 31, 2019. The increase was primarily attributable to the temporary idling of longwalls at the Bailey and Enlow Fork mines due to the COVID-19 pandemic and, in response, the widespread government-imposed shutdowns, which significantly reduced electricity consumption and industrial activity and, therefore, demand for the Company's coal.

Selling, General and Administrative Costs

The amount of selling, general and administrative costs related to the PAMC division was $53 million for the year ended December 31, 2020, compared to $63 million for the year ended December 31, 2019. The $10 million decrease in the period-to-period comparison was primarily related to several initiatives launched by management to reduce costs, including compensation reductions, curtailment of discretionary expenses and headcount management, partially offset by fees incurred as a result of the CCR Merger.

CONSOL MARINE TERMINAL ANALYSIS:

The CONSOL Marine Terminal division provides coal export terminal services through the Port of Baltimore. The division also includes selling, general and administrative activities and interest expense, as well as various other activities assigned to the CONSOL Marine Terminal division.

The CONSOL Marine Terminal division had earnings before income tax of $33 million for the year ended December 31, 2020, compared to earnings before income tax of $34 million for the year ended December 31, 2019.

	For the Years Ended December 31,		
(in millions)	**2020**	**2019**	**Variance**
Revenue:			
Terminal Revenue	$ 67	$ 67	$ —
Miscellaneous Other Income	1	1	—
Total Revenue and Other Income	68	68	—
Other Costs and Expenses:			
Operating and Other Costs	20	22	(2)
Depreciation, Depletion and Amortization	5	4	1
Selling, General, and Administrative Costs	4	2	2
Interest Expense, net	6	6	—
Total Other Costs and Expenses	35	34	1
Earnings Before Income Tax	$ 33	$ 34	$ (1)

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Overall earnings before income tax were consistent in the period-to-period comparison. The improvement in operating and other costs was the result of cost reduction initiatives implemented at the CONSOL Marine Terminal, and was also directly related to reduced throughput due to weakened export markets and global demand destruction as a result of the COVID-19 pandemic and, in response, the widespread government-imposed shut-downs. However, due to the take-or-pay arrangements in both the years ended December 31, 2020 and 2019, the decline in demand was mitigated. This improvement was offset by an increase in selling, general, and administrative costs, which are allocated to the Company's divisions based on a percentage of resources utilized, a percentage of total revenue and a percentage of total projected capital expenditures.

OTHER ANALYSIS:

The other division includes revenue and expenses from various corporate and diversified business activities that are not allocated to the PAMC or the CONSOL Marine Terminal divisions. The diversified business activities include the development of the Itmann Mine, the Greenfield Reserves, closed mine activities, selling, general and administrative activities, interest expense and income taxes, as well as various other non-operated activities.

Other business activities had a loss before income tax of $59 million for the year ended December 31, 2020, compared to a loss before income tax of $133 million for the year ended December 31, 2019. Variances are discussed below.

	For the Years Ended December 31,		
(in millions)	**2020**	**2019**	**Variance**
Revenue:			
Coal Revenue	$ 2	$ —	$ 2
Miscellaneous Other Income	42	29	13
Gain on Sale of Assets	15	2	13
Total Revenue and Other Income	59	31	28
Other Costs and Expenses:			
Operating and Other Costs	60	61	(1)
Depreciation, Depletion and Amortization	8	17	(9)
Selling, General, and Administrative Costs	16	2	14
(Gain) Loss on Debt Extinguishment	(21)	24	(45)
Interest Expense, net	55	60	(5)
Total Other Costs and Expenses	118	164	(46)
Loss Before Income Tax	$ (59)	$ (133)	$ 74

Miscellaneous Other Income

Miscellaneous other income was $42 million for the year ended December 31, 2020, compared to $29 million for the year ended December 31, 2019. The change is due to the following items:

	For the Years Ended December 31,		
(in millions)	**2020**	**2019**	**Variance**
Sale of Certain Coal Lease Contracts	$ 18	$ —	$ 18
Royalty Income - Non-Operated Coal	12	22	(10)
Litigation Proceeds	9	—	9
Property Easements and Option Income	1	2	(1)
Rental Income	1	2	(1)
Interest Income	1	3	(2)
Total Miscellaneous Other Income	$ 42	$ 29	$ 13

The increase in income resulting from the sale of certain coal lease contracts is attributable to one of several transactions completed in the year ended December 31, 2020 related to the Company's non-operating surface and mineral assets outside of the PAMC. These transactions helped to enhance the Company's liquidity and improve its financial flexibility. See Note 2 - Major Transactions in the Notes to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information.

Royalty income - non-operated coal decreased in the period-to-period comparison due to a decline in the revenues earned as a result of less operating activity by third-party companies mining in reserves to which we have a royalty claim.

Litigation proceeds in the amount of $9 million were received during the year ended December 31, 2020 as a result of positive developments in legal matters in which the Company is the plaintiff.

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Gain on Sale of Assets

Gain on sale of assets increased $13 million in the period-to-period comparison primarily due to the sale of various gas wells during the year ended December 31, 2020.

Operating and Other Costs

Operating and other costs were $60 million for the year ended December 31, 2020, compared to $61 million for the year ended December 31, 2019. Operating and other costs decreased in the period-to-period comparison due to the following items:

	For the Years Ended December 31,		
(in millions)	**2020**	**2019**	**Variance**
Employee-Related Legacy Liability Expense	$ 26	$ 37	$ (11)
Lease Rental Expense	1	1	—
Coal Reserve Holding Costs	5	5	—
Closed and Idle Mines	4	4	—
Bank Fees	1	1	—
Litigation Expense	8	4	4
Other	15	9	6
Total Operating and Other Costs	$ 60	$ 61	$ (1)

Employee-Related Legacy Liability Expense decreased $11 million in the period-to-period comparison primarily due to changes in actuarial assumptions made at the beginning of each year. See Note 15 - Pension and Other Postretirement Benefits Plans and Note 16 - Coal Workers' Pneumoconiosis and Workers' Compensation in the Notes to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization decreased $9 million in the period-to-period comparison due to adjustments to the Company's asset retirement obligations based on current projected cash outflows.

Selling, General and Administrative Costs

Selling, general and administrative costs are allocated to the Company's Other division based on a percentage of resources utilized, a percentage of total revenue and a percentage of total projected capital expenditures. The increase of $14 million is primarily a result of fees incurred in connection with the CCR Merger and also a result of increases in the portion of selling, general and administrative expenses allocated to the Other division due to an increase of resources utilized at the Itmann Mine (as a result of its continued development), closed mines and in other business development activities as compared to the prior year.

(Gain) Loss on Debt Extinguishment

Gain on debt extinguishment of $21 million was recognized in the year ended December 31, 2020 due to the open market repurchases of the Company's 11.00% Senior Secured Second Lien Notes due 2025, which traded well below par value.

Loss on debt extinguishment of $24 million was recognized in the year ended December 31, 2019 due to the open market repurchases of the Company's 11.00% Senior Secured Second Lien Notes due 2025, the $110 million required repayment on the Term Loan B Facility, and the refinancing of the Company's Revolving Credit Facility, Term Loan A Facility and Term Loan B Facility. See Note 13 - Debt in the Notes to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information.

Interest Expense, net

Interest expense, net of amounts capitalized, is comprised of interest on the Company's Senior Secured Credit Facilities, the 11.00% Senior Secured Second Lien Notes due 2025 and the 5.75% MEDCO Revenue Bonds. Interest expense, net of amounts capitalized, decreased $5 million in the period-to-period comparison, primarily related to the $110 million required repayment on the Term Loan B Facility, as well as the refinancing of the Company's Revolving Credit Facility, Term Loan A Facility and Term Loan B Facility, both of which occurred during the first quarter of 2019. The decrease is also attributable to repurchases of the Company's 11.00% Senior Secured Second Lien Notes due 2025 during the years ended December 31, 2020 and 2019, totaling approximately $54 million and $53 million, respectively (see Note 5 - Stock, Unit and Debt Repurchases of the Notes to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information).

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Results of Operations: Year Ended December 31, 2019 Compared with the Year Ended December 31, 2018

Net Income Attributable to CONSOL Energy Inc. Shareholders

CONSOL Energy reported net income attributable to CONSOL Energy Inc. shareholders of $76 million for the year ended December 31, 2019, compared to net income attributable to CONSOL Energy Inc. shareholders of $153 million for the year ended December 31, 2018.

CONSOL Energy consists of the Pennsylvania Mining Complex and the CONSOL Marine Terminal, as well as various corporate and other business activities that are not allocated to the PAMC or the CONSOL Marine Terminal. The other business activities include the Greenfield Reserves, closed and idle mine activities, selling, general and administrative activities, interest expense and income taxes, as well as various other non-operated activities.

PAMC ANALYSIS:

The PAMC division's principal activities consist of mining, preparation and marketing of thermal coal. The division also includes selling, general and administrative costs, as well as various other activities assigned to the PAMC division, but not included in the cost components on a per unit basis.

The PAMC division had earnings before income tax of $197 million for the year ended December 31, 2019, compared to earnings before income tax of $291 million for the year ended December 31, 2018. Variances are discussed below.

	For the Years Ended December 31,		
(in millions)	**2019**	**2018**	**Variance**
Revenue:			
Coal Revenue	$ 1,289	$ 1,364	$ (75)
Freight Revenue	20	44	(24)
Miscellaneous Other Income	23	21	2
Total Revenue and Other Income	1,332	1,429	(97)
Cost of Coal Sold:			
Operating Costs	846	811	35
Depreciation, Depletion and Amortization	175	170	5
Total Cost of Coal Sold	1,021	981	40
Other Costs:			
Other Costs	20	44	(24)
Depreciation, Depletion and Amortization	11	9	2
Total Other Costs	31	53	(22)
Freight Expense	20	44	(24)
Selling, General and Administrative Costs	63	60	3
Total Costs and Expenses	1,135	1,138	(3)
Earnings Before Income Tax	$ 197	$ 291	$ (94)

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Coal Production

The table below presents total tons produced (in thousands) from the Pennsylvania Mining Complex for the periods indicated:

	For the Years Ended December 31,		
Mine	**2019**	**2018**	**Variance**
Bailey	12,218	12,735	(517)
Enlow	10,043	9,876	167
Harvey	5,024	4,981	43
Total	27,285	27,592	(307)

Coal production was 27.3 million tons for the year ended December 31, 2019, compared to 27.6 million tons for the year ended December 31, 2018. The PAMC division's coal production decreased slightly, mainly due to reduced production at the Bailey mine resulting from one additional longwall move and other operational delays. This was partially offset by increased production at the Enlow Fork mine, as geological conditions improved throughout the first half of 2019 compared to the year-ago period. The Harvey mine set an individual production record in 2019, exceeding its previous record set in 2018, and marking its third consecutive record-setting year.

Coal Operations

The PAMC division's coal revenue and cost components on a per unit basis for these periods were as follows:

	For the Years Ended December 31,		
	2019	**2018**	**Variance**
Total Tons Sold (in millions)	27.3	27.7	(0.4)
Average Revenue per Ton Sold	$ 47.17	$ 49.28	$ (2.11)
Average Cash Cost of Coal Sold per Ton (1)	$ 30.97	$ 29.29	$ 1.68
Depreciation, Depletion and Amortization Costs per Ton Sold (Non-Cash Cost)	6.40	6.17	0.23
Average Cost of Coal Sold per Ton (1)	$ 37.37	$ 35.46	$ 1.91
Average Margin per Ton Sold (1)	$ 9.80	$ 13.82	$ (4.02)
Add: Depreciation, Depletion and Amortization Costs per Ton Sold	6.40	6.17	0.23
Average Cash Margin per Ton Sold (1)	$ 16.20	$ 19.99	$ (3.79)

(1) Average cash cost of coal sold per ton and average cost of coal sold per ton are non-GAAP measures and average margin per ton sold and average cash margin per ton sold are operating ratios derived from non-GAAP measures. See "*How We Evaluate Our Operations - Reconciliation of Non-GAAP Financial Measures*" for a reconciliation of non-GAAP measures to the most directly comparable GAAP measures.

Coal Revenue

Coal revenue was $1,289 million for the year ended December 31, 2019, compared to $1,364 million for the year ended December 31, 2018. The $75 million decrease was primarily attributable to a $2.11 lower average sales price per ton sold in the 2019 period, mainly driven by lower domestic netback contract pricing compared to the year-ago period, as well as a decrease in tons sold. This decrease was partially offset by an increase in prices the Company received for its export coal.

Freight Revenue and Freight Expense

Freight revenue is the amount billed to customers for transportation costs incurred. This revenue is based on the weight of coal shipped, negotiated freight rates and method of transportation, primarily rail, used by the customers to which the Company contractually provides transportation services. Freight revenue is completely offset by freight expense. Freight revenue and freight expense were both $20 million for the year ended December 31, 2019, compared to $44 million for the year ended December 31, 2018. The $24 million decrease was due to decreased shipments to customers where the Company was contractually obligated to provide transportation services.

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Miscellaneous Other Income

Miscellaneous other income was $23 million for the year ended December 31, 2019, compared to $21 million for the year ended December 31, 2018. The $2 million increase was primarily the result of customer contract buyouts totaling $10 million in the year ended December 31, 2019, offset, in part, by a decrease in sales of externally purchased coal to blend and resell.

Cost of Coal Sold

Cost of coal sold is comprised of operating costs related to produced tons sold, along with changes in both the volumes and carrying values of coal inventory. The costs of coal sold include items such as direct operating costs, royalties and production taxes, direct administration costs and depreciation, depletion, and amortization costs on production assets. Total cost of coal sold was $1,021 million for the year ended December 31, 2019, or $40 million higher than the $981 million for the year ended December 31, 2018. Total costs per ton sold were $37.37 per ton in the year ended December 31, 2019, compared to $35.46 per ton in the year ended December 31, 2018. The increase in the total cost of coal sold was primarily driven by additional equipment rebuilds and longwall overhauls due to the timing of longwall moves and panel development. Also, the Company faced atypical challenges during 2019, including a roof fall and equipment breakdowns. These geological and equipment-related issues resulted in higher mine maintenance and project expenses. Subsidence expense also increased in the year-to-year comparison, primarily due to the timing and nature of the properties undermined.

Other Costs

Other costs include items that are assigned to the PAMC division but are not included in unit costs, such as coal reserve holding costs and purchased coal costs. Total other costs decreased $22 million in the year ended December 31, 2019 compared to the year ended December 31, 2018. The decrease was primarily attributable to additional costs incurred in the year-ago period related to externally purchased coal to blend and resell, discretionary employee benefit expenses and demurrage charges.

Selling, General and Administrative Costs

At December 31, 2019, CONSOL Energy was party to a service agreement with CCR that required CONSOL Energy to provide certain selling, general and administrative services to CCR. These services are paid monthly based on an agreed-upon fixed fee that is reset at least annually. See Note 24 - Related Party Transactions of the Notes to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information. An additional portion of CONSOL Energy's selling, general and administrative costs are allocated to the PAMC division, outside of the service agreement, based on a percentage of total revenue and a percentage of total projected capital expenditures. The amount of selling, general and administrative costs related to the PAMC division was $63 million for the year ended December 31, 2019, compared to $60 million for the year ended December 31, 2018. The $3 million increase in the period-to-period comparison was primarily related to accelerated non-cash amortization recorded in the year ended December 31, 2019 for retiree-eligible employees who received awards under the Company's Performance Incentive Plan and an increase in expenditures related to the conversion to and implementation of a different Enterprise Resource and Planning system, partially offset by the reversal of stock-based compensation expense related to forfeitures of awards under the Company's Performance Incentive Plan during the year ended December 31, 2019.

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CONSOL MARINE TERMINAL ANALYSIS:

The CONSOL Marine Terminal division provides coal export terminal services through the Port of Baltimore. The division also includes selling, general and administrative activities and interest expense, as well as various other activities assigned to the CONSOL Marine Terminal division.

The CONSOL Marine Terminal division had earnings before income tax of $34 million for the year ended December 31, 2019, compared to earnings before income tax of $31 million for the year ended December 31, 2018.

	For the Years Ended December 31,		
(in millions)	**2019**	**2018**	**Variance**
Revenue:			
Terminal Revenue	$ 67	$ 65	$ 2
Miscellaneous Other Income	1	2	(1)
Total Revenue and Other Income	68	67	1
Other Costs and Expenses:			
Operating and Other Costs	22	24	(2)
Depreciation, Depletion and Amortization	4	4	—
Selling, General, and Administrative Costs	2	2	—
Interest Expense, net	6	6	—
Total Other Costs and Expenses	34	36	(2)
Earnings Before Income Tax	$ 34	$ 31	$ 3

Overall earnings before income tax were improved in the period-to-period comparison. A take-or-pay agreement was entered into during the year ended December 31, 2018. A full year of revenue was earned under this agreement during the year ended December 31, 2019, which resulted in an improvement in Terminal Revenue in the period-to-period comparison. This was coupled with an improvement in operating and other costs as a result of cost reduction efforts.

OTHER ANALYSIS:

The other division includes revenue and expenses from various corporate and diversified business activities that are not allocated to the PAMC or the CONSOL Marine Terminal divisions. The diversified business activities include the development of the Itmann Mine, the Greenfield Reserves, closed mine activities, selling, general and administrative activities, interest expense and income taxes, as well as various other non-operated activities.

Other business activities had a loss before income tax of $133 million for the year ended December 31, 2019, compared to a loss before income tax of $134 million for the year ended December 31, 2018. Variances are discussed below.

	For the Years Ended December 31,		
(in millions)	**2019**	**2018**	**Variance**
Revenue:			
Miscellaneous Other Income	$ 29	$ 36	$ (7)
Gain on Sale of Assets	2	1	1
Total Revenue and Other Income	31	37	(6)
Other Costs and Expenses:			
Operating and Other Costs	61	68	(7)
Depreciation, Depletion and Amortization	17	18	(1)
Selling, General and Administrative Costs	2	3	(1)
Loss on Debt Extinguishment	24	4	20
Interest Expense, net	60	78	(18)
Total Other Costs and Expenses	164	171	(7)
Loss Before Income Tax	$ (133)	$ (134)	$ 1

Miscellaneous Other Income

Miscellaneous other income was $29 million for the year ended December 31, 2019, compared to $36 million for the year ended December 31, 2018. The change is due to the following items:

	For the Years Ended December 31,		
(in millions)	**2019**	**2018**	**Variance**
Royalty Income - Non-Operated Coal	$ 22	$ 25	$ (3)
Property Easements and Option Income	2	6	(4)
Rental Income	2	3	(1)
Interest Income	3	2	1
Total Miscellaneous Other Income	$ 29	$ 36	$ (7)

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Operating and Other Costs

Operating and other costs were $61 million for the year ended December 31, 2019, compared to $68 million for the year ended December 31, 2018. Operating and other costs decreased in the period-to-period comparison due to the following items:

	For the Years Ended December 31,		
(in millions)	**2019**	**2018**	**Variance**
Employee-Related Legacy Liability Expense	$ 37	$ 42	$ (5)
Lease Rental Expense	1	2	(1)
Coal Reserve Holding Costs	5	2	3
Closed and Idle Mines	4	4	—
Bank Fees	1	3	(2)
Litigation Expense	4	4	—
Other	9	11	(2)
Total Operating and Other Costs	$ 61	$ 68	$ (7)

Employee-Related Legacy Liability Expense decreased $5 million in the period-to-period comparison primarily due to changes in actuarial assumptions made at the beginning of each year. See Note 15 - Pension and Other Postretirement Benefits Plans and Note 16 - Coal Workers' Pneumoconiosis and Workers' Compensation in the Notes to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information.

Depreciation, Depletion and Amortization

Depreciation, depletion, and amortization decreased $1 million in the period-to-period comparison due to adjustments to the Company's asset retirement obligations during the year ended December 31, 2019 based on current projected cash outflows.

Selling, General and Administrative Costs

Selling, general and administrative costs are allocated to the Company's Other division based on a percentage of total revenue and a percentage of total projected capital expenditures. Selling, general and administrative costs remained materially consistent in the period-to-period comparison.

Loss on Debt Extinguishment

Loss on debt extinguishment of $24 million was recognized in the year ended December 31, 2019 due to the open market repurchases of the Company's 11.00% Senior Secured Second Lien Notes due 2025, the $110 million required repayment on the Term Loan B Facility, and the refinancing of the Company's Revolving Credit Facility, Term Loan A Facility and Term Loan B Facility. See Note 13 - Debt in the Notes to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information.

Loss on debt extinguishment of $4 million was recognized in the year ended December 31, 2018 due to accelerated payments made on the Term Loan A Facility and the open market repurchases of the Company's 11.00% Senior Secured Second Lien Notes due 2025.

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Interest Expense, net

Interest Expense, net of amounts capitalized, is comprised of interest on the Company's Senior Secured Credit Facilities, the 11.00% Senior Secured Second Lien Notes due 2025 and the 5.75% MEDCO Revenue Bonds. Interest expense, net of amounts capitalized, decreased $18 million in the period-to-period comparison, primarily related to the $110 million required repayment on the Term Loan B Facility, as well as the refinancing of the Company's Revolving Credit Facility, Term Loan A Facility and Term Loan B Facility, both of which occurred during the first quarter of 2019. The decrease is also attributable to repurchases of the Company's 11.00% Senior Secured Second Lien Notes during the year ended December 31, 2019 (see Note 5 - Stock, Unit and Debt Repurchases of the Notes to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information).

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make judgments, estimates and assumptions that affect reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities in the Consolidated Financial Statements and at the date of the financial statements. See Note 1 - Significant Accounting Policies in the Notes to the Consolidated Financial Statements in Item 8 of this Form 10-K for further discussion. CONSOL Energy bases its estimates on historical experience and on various other assumptions that it believes are reasonable under the circumstances, the results of which form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The Company evaluates its estimates on an on-going basis. Actual results could differ from those estimates upon subsequent resolution of identified matters. Management believes that the estimates utilized are reasonable. The following critical accounting policies are materially impacted by judgments, assumptions and estimates used in the preparation of the Consolidated Financial Statements.

Asset Retirement Obligations

The Surface Mining Control and Reclamation Act established operational, reclamation and closure standards for all aspects of surface mining as well as most aspects of deep mining. CONSOL Energy accrues for the costs of current coal mine disturbance and final coal mine and gas well closure, including the cost of treating mine water discharge where necessary. Estimates of the Company's total asset retirement obligations, which are based upon permit requirements and CONSOL Energy engineering expertise related to these requirements, including the current portion, were approximately $249 million at December 31, 2020. This liability is reviewed annually, or when events and circumstances indicate an adjustment is necessary, by CONSOL Energy management and engineers. The estimated liability can significantly change if actual costs vary from assumptions or if governmental regulations change significantly.

Accounting for asset retirement obligations requires that the fair value of an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. For active locations, the present value of the estimated asset retirement obligations is capitalized as part of the carrying amount of the long-lived asset. For locations that have been fully depleted or closed, the present value of the change is recorded directly to the consolidated statements of income. Asset retirement obligations primarily relate to the reclamation of land upon mine closure, the treatment of mine water discharge where necessary, and the plugging of gas wells acquired for mining purposes. Changes in the assumptions used to calculate the liabilities can have a significant effect on the asset retirement obligations. The amounts of assets and liabilities recorded are dependent upon a number of variables, including the estimated future expenditures, estimated mine lives, assumptions involving inflation rates and the assumed credit-adjusted risk-free interest rate.

Accounting for asset retirement obligations also requires depreciation of the capitalized asset retirement obligation and accretion of the asset retirement obligation over time. The depreciation will generally be determined on a units-of-production basis, whereas the accretion to be recognized will escalate over the life of the producing assets.

The Company believes that the accounting estimates related to asset retirement obligations are “critical accounting estimates” because the Company must assess the expected amount and timing of asset retirement obligations. In addition, the Company must determine the estimated present value of future liabilities. Future results of operations for any particular quarterly or annual period could be materially affected by changes in the Company’s assumptions.

Income Taxes

Deferred tax assets and liabilities are recognized using enacted tax rates for the estimated future tax effects of temporary differences between the book and tax basis of recorded assets and liabilities. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion of the deferred tax asset will not be realized. All available evidence, both positive and negative, must be considered in determining the need for a valuation allowance. At December 31, 2020, CONSOL Energy has deferred tax assets in excess of deferred tax liabilities of approximately $69 million. At December 31, 2020, CONSOL Energy had a valuation allowance of $3 million on deferred tax assets.

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CONSOL Energy evaluates all tax positions taken on the state and federal tax filings to determine if the position is more likely than not to be sustained upon examination. For positions that meet the more likely than not to be sustained criteria, an evaluation to determine the largest amount of benefit, determined on a cumulative probability basis, that is more likely than not to be realized upon ultimate settlement is determined. A previously recognized tax position is reversed when it is subsequently determined that a tax position no longer meets the more likely than not threshold to be sustained. The evaluation of the sustainability of a tax position and the probable amount that is more likely than not is based on judgment, historical experience and on various other assumptions that CONSOL Energy believes are reasonable under the circumstances. The results of these estimates, that are not readily apparent from other sources, form the basis for recognizing an uncertain tax liability. Actual results could differ from those estimates upon subsequent resolution of identified matters.

The Company believes that accounting estimates related to income taxes are “critical accounting estimates” because the Company must assess the likelihood that deferred tax assets will be recovered from future taxable income and exercise judgment regarding the amount of financial statement benefit to record for uncertain tax positions. When evaluating whether or not a valuation allowance must be established on deferred tax assets, the Company exercises judgment in determining whether it is more likely than not (a likelihood of more than 50%) that some portion or all of the deferred tax assets will not be realized. The Company considers all available evidence, both positive and negative, to determine whether, based on the weight of the evidence, a valuation allowance is needed, including carrybacks, tax planning strategies, reversal of deferred tax assets and liabilities and forecasted future taxable income. In making the determination related to uncertain tax positions, the Company considers the amounts and probabilities of the outcomes that could be realized upon ultimate settlement of an uncertain tax position using the facts, circumstances and information available at the reporting date to establish the appropriate amount of financial statement benefit. To the extent that an uncertain tax position or valuation allowance is established or increased or decreased during a period, the Company must include an expense or benefit within tax expense in the income statement. Future results of operations for any particular quarterly or annual period could be materially affected by changes in the Company’s assumptions.

Recoverable Coal Reserves

There are numerous uncertainties inherent in estimating quantities and values of economically recoverable coal reserves, including many factors beyond the Company's control. As a result, estimates of economically recoverable coal reserves are by their nature uncertain. Information about CONSOL Energy's reserves consists of estimates based on engineering, economic and geological data assembled and analyzed by the Company's staff. CONSOL Energy's coal reserves are periodically reviewed by an independent third party consultant. Some of the factors and assumptions which impact economically recoverable reserve estimates include:

- geological conditions;
- historical production from the area compared with production from other producing areas;
- the assumed effects of regulations and taxes by governmental agencies;
- assumptions governing future prices; and
- future operating costs.

Each of these factors may in fact vary considerably from the assumptions used in estimating reserves. For these reasons, estimates of the economically recoverable quantities of coal attributable to a particular group of properties, and classifications of these reserves based on risk of recovery and estimates of future net cash flows, may vary substantially. Actual production, revenues and expenditures with respect to the Company's reserves will likely vary from estimates, and these variances may be material. See "Risk Factors" in Item 1A of this report for a discussion of the uncertainties in estimating CONSOL Energy's reserves.

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Liquidity and Capital Resources

CONSOL Energy's potential sources of liquidity include cash generated from operations, cash on hand, borrowings under the revolving credit facility and securitization facility (which are discussed below), and, if necessary, the ability to issue additional equity or debt securities. The Company believes that cash generated from these sources will be sufficient to meet its short-term working capital requirements, long-term capital expenditure requirements, and debt servicing obligations, as well as to provide required letters of credit.

The demand for coal experienced unprecedented decline toward the end of the first quarter of 2020, which continued for much of the year, driven by widespread government-imposed lockdowns caused by the COVID-19 pandemic. This decline in coal demand has negatively impacted our operational, sales and financial performances and we expect that this negative impact will continue for at least as long as the pandemic continues. However, we saw steady improvement in the demand for our coal throughout the third and fourth quarters of 2020. During the fourth quarter of 2020, the Company made repayments of $10 million, $6 million, $9 million and $1 million on its finance leases, Term Loan A Facility, 11.00% Senior Secured Second Lien Notes and Term Loan B Facility, respectively. As of December 31, 2020, our total liquidity was $326 million, including $51 million of cash and cash equivalents. As of December 31, 2020, our $400 million revolving credit facility has no borrowings and is currently only used for providing letters of credit with $126 million issued.

While some government-imposed shut-downs of non-essential businesses in the United States and abroad have been phased out, there is a possibility that such shut-downs may be reinstated as COVID-19 continues to spread rapidly. We expect that depressed demand for our coal will continue for so long as there is a widespread, government-imposed shut-down of business activity. Depressed demand for our coal may also result from a general recession or reduction in overall business activity caused by COVID-19. Additionally, some of our customers have already attempted, and may in the future attempt, to invoke force majeure or similar provisions in the contracts they have in place with us in order to avoid taking possession of and paying us for our coal that they are contractually obligated to purchase. Sustained decrease in demand for our coal and the failure of our customers to purchase coal from us that they are obligated to purchase pursuant to existing contracts would have a material adverse effect on our results of operations and financial condition. The extent to which COVID-19 may adversely impact our business depends on future developments, which are highly uncertain and unpredictable, including new information concerning the severity of the outbreak and the pace and effectiveness of vaccination efforts or actions globally to contain or mitigate its effects. We expect this matter to negatively impact our results of operations, cash flows and financial condition. The Company will continue to take the appropriate steps to mitigate the impact on the Company's operations, liquidity and financial condition.

In March 2020, the President of the United States signed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") into law. The CARES Act has various liquidity boosting provisions that affect the Company related to income taxes and employee taxes. The Company has evaluated the various provisions, particularly the increased amount of deductible interest from 30% of adjusted taxable income to 50% for tax years 2019 and 2020. This is expected to reduce the Company's cash tax burden for 2019 and 2020, resulting in additional cash flow from operations. In addition to a decrease in the cash paid for income taxes, the Company has deferred the payment of its portion of Social Security payroll taxes in accordance with the provisions of the CARES Act. Also, for the year ended December 31, 2020, the Company is entitled to approximately $3 million in payroll retention credits in accordance with the provisions of the CARES Act. These sources of cash flow will aid in reducing uncertainty over the economic and operational impacts of COVID-19.

The Company expects to maintain adequate liquidity through its operating cash flow and revolving credit facility to fund its working capital and capital expenditures requirements. The Company's cash flow from operations in 2020 was supported by its contracted position and ongoing cost and capital control measures. The Company started experiencing some delays in collections of accounts receivable in the second half of 2019; however, the COVID-related decline in demand has impacted some of our customers, resulting in continued delays in collections and delivering contracted tons. This trend improved during the third and fourth quarters of 2020, although global demand for coal remained challenging. However, if these delays continue or increase, the Company may have less cash flow from operations and may have less borrowing capacity under its securitization facility (under which borrowing capacity is based on certain current accounts receivable).

The Company started a capital construction project on the PAMC coal refuse disposal area in 2017, which is expected to continue through 2021. The Company began construction of the Itmann Mine in the second half of 2019. Given the ongoing uncertainty in the marketplace, COVID-related demand decline and other corporate priorities, the Company chose to slow the spending on construction of the Itmann Mine in 2020.

Uncertainty in the financial markets brings additional potential risks to CONSOL Energy. These risks include a reduction of our ability to raise capital in the equity markets due to declines in the Company's stock price, less availability and higher costs of additional credit, potential counterparty defaults, and commercial bank failures. Financial market disruptions may impact the Company's collection of trade receivables. As a result, CONSOL Energy regularly monitors the creditworthiness of its customers and counterparties and manages credit exposure through payment terms, credit limits, prepayments and security.

Over the past year, the insurance markets have been increasingly challenging, particularly for coal companies. We have experienced rising premiums, reduced coverage and fewer providers willing to underwrite policies and surety bonds. Terms have generally become more unfavorable, including increases in the amount of collateral required to secure surety bonds. Further cost burdens on our ability to maintain adequate insurance and bond coverage may adversely impact our operations, financial position and liquidity.

The Company is continuing to actively monitor the effects of the ongoing COVID-19 pandemic on its liquidity and capital resources. As disclosed previously and above, we took several steps during 2020 to reinforce our liquidity. From a coal shipment perspective, the decline in coal demand seemed to have hit its lowest point in May 2020, and has since shown some improvement. However, if the demand for our coal continues to decrease, this could adversely affect our liquidity in future quarters. Our Revolving Credit Facility, Term Loan A Facility, Term Loan B Facility, Securitization Facility and the Indenture entered into in connection with our 11.00% Senior Secured Second Lien Notes due 2025 (collectively, the "Credit Facilities") contain certain financial covenants. Events resulting from the effects of COVID-19 may negatively impact our liquidity and, as a result, our ability to comply with these covenants, which were amended during the second quarter of 2020. These events could lead us to seek further amendments or waivers from our lenders, limit access to or require accelerated repayment of amounts borrowed under the Credit Facilities, or require us to pursue alternative financing. We have no assurance that any such alternative financing, if required, could be obtained at terms acceptable to us, or at all, as a result of the effects of COVID-19 on capital markets at such time.

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Cash Flows (in millions)

	For the Years Ended December 31,		
	2020	2019	Change
Cash Provided by Operating Activities	$ 129	$ 245	$ (116)
Cash Used in Investing Activities	$ (76)	$ (173)	$ 97
Cash Used in Financing Activities	$ (82)	$ (257)	$ 175

Cash provided by operating activities decreased $116 million in the period-to-period comparison, primarily due to the impact of COVID-19 on the net income of the Company.

Cash used in investing activities decreased $97 million in the period-to-period comparison. Capital expenditures decreased primarily as a result of cost control measures put into place in response to the COVID-19 pandemic and the overall decline in coal markets.

	For the Years Ended December 31,		
	2020	2019	Change
Building and Infrastructure	$ 41	$ 66	$ (25)
Equipment Purchases and Rebuilds	25	57	(32)
Refuse Storage Area	17	32	(15)
IS&T Infrastructure	1	5	(4)
Other	2	10	(8)
Total Capital Expenditures	$ 86	$ 170	$ (84)

Cash used in financing activities decreased $175 million in the period-to-period comparison. During the year ended December 31, 2020, total payments of $80 million were made on the Company's Term Loan A Facility, Term Loan B Facility and 11.00% Senior Secured Second Lien Notes. The Company also received proceeds of approximately $19 million related to finance leasing arrangements in the year ended December 31, 2020. In connection with the June 2020 amendment of the Company's credit facility, approximately $8 million of financing-related fees and charges were paid in the year ended December 31, 2020.

During the year ended December 31, 2019, total payments of $188 million were made on the Company's Term Loan B Facility, 11.00% Senior Secured Second Lien Notes and the Term Loan A Facility, which included the required excess cash flow repayment of $110 million on the Term Loan B Facility (see Note 13 - Debt for additional information). The Company received additional proceeds on its Term Loan A Facility in the amount of $26 million as a result of the debt refinancing that occurred during the year ended December 31, 2019. In connection with the debt refinancing, approximately $18 million of financing-related fees and charges were paid in the year ended December 31, 2019. Also during the year ended December 31, 2019, CONSOL Energy shares were repurchased and CONSOL Coal Resources LP units were purchased, totaling $33 million.

Senior Secured Credit Facilities

In November 2017, the Company entered into a revolving credit facility with commitments up to $300 million (the "Revolving Credit Facility"), a Term Loan A Facility of up to $100 million (the "TLA Facility") and a Term Loan B Facility of up to $400 million (the "TLB Facility", and together with the Revolving Credit Facility and the TLA Facility, the "Senior Secured Credit Facilities"). On March 28, 2019, the Company amended the Senior Secured Credit Facilities to increase the borrowing commitment of the Revolving Credit Facility to $400 million and reallocate the principal amounts outstanding under the TLA Facility and TLB Facility. On June 5, 2020, the Company amended the Senior Secured Credit Facilities (the "amendment") to provide eight quarters of financial covenant relaxation, effect an increase in the rate at which borrowings under the Revolving Credit Facility and the TLA Facility bear interest, and add an anti-cash hoarding provision. Borrowings under the Company's Senior Secured Credit Facilities bear interest at a floating rate which can be, at the Company's option, either (i) LIBOR plus an applicable margin or (ii) an alternate base rate plus an applicable margin. The applicable margin for the Revolving Credit Facility and TLA Facility depends on the total net leverage ratio, whereas the applicable margin for the TLB Facility is fixed. The amendment increased the applicable margin by 50 basis points on both the Revolving Credit Facility and the TLA Facility. The maturity date of the Revolving Credit and TLA Facilities is March 28, 2023. The TLB Facility's maturity date is September 28, 2024. In June 2019, the TLA Facility began amortizing in equal quarterly installments of (i) 3.75% of the original principal amount thereof, for four consecutive quarterly installments commencing with the quarter ended June 30, 2019, (ii) 6.25% of the original principal amount thereof for the subsequent eight quarterly installments commencing with the quarter ended June 30, 2020 and (iii) 8.75% of the original principal amount thereof for the quarterly installments thereafter, with the remaining balance due at final maturity. In June 2019, the TLB Facility began amortizing in equal quarterly installments in an amount equal to 0.25% per annum of the amended principal amount thereof, with the remaining balance due at final maturity.

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Obligations under the Senior Secured Credit Facilities are guaranteed by (i) all owners of the PAMC held by the Company, (ii) any other members of the Company's group that own any portion of the collateral securing the Revolving Credit Facility, and (iii) subject to certain customary exceptions and agreed materiality thresholds, all other existing or future direct or indirect wholly-owned restricted subsidiaries of the Company. The obligations are secured by, subject to certain exceptions (including a limitation of pledges of equity interests in certain subsidiaries and certain thresholds with respect to real property), a first-priority lien on (i) the Company's interest in the Pennsylvania Mining Complex, (ii) the limited partner units of the Partnership held by the Company, (iii) the equity interests in CONSOL Coal Resources GP LLC held by the Company (iv) the CONSOL Marine Terminal and (v) the 1.5 billion tons of Greenfield Reserves. The Senior Secured Credit Facilities contain a number of customary affirmative covenants. In addition, the Senior Secured Credit Facilities contain a number of negative covenants, including (subject to certain exceptions) limitations on (among other things): indebtedness, liens, investments, acquisitions, dispositions, restricted payments, and prepayments of junior indebtedness. The amendment added additional conditions to be met for the covenants relating to investments in joint ventures, general investments, share repurchases, dividends, and repurchases of the Second Lien Notes. The additional conditions require no outstanding borrowings and no more than $200 million of outstanding letters of credit on the Revolving Credit Facility. Further restrictions apply to investments in joint ventures, share repurchases and dividends that require the total net leverage ratio shall not be greater than 2.00 to 1.00.

The Revolving Credit Facility and TLA Facility also include financial covenants, including (i) a maximum first lien gross leverage ratio, (ii) a maximum total net leverage ratio, and (iii) a minimum fixed charge coverage ratio. The maximum first lien gross leverage ratio is calculated as the ratio of Consolidated First Lien Debt to Consolidated EBITDA. Consolidated EBITDA, as used in the covenant calculation, excludes non-cash compensation expenses, non-recurring transaction expenses, extraordinary gains and losses, gains and losses on discontinued operations, non-cash charges related to legacy employee liabilities and gains and losses on debt extinguishment, and subtracts cash payments related to legacy employee liabilities. The maximum total net leverage ratio is calculated as the ratio of Consolidated Indebtedness, minus Cash on Hand, to Consolidated EBITDA. The minimum fixed charge coverage ratio is calculated as the ratio of Consolidated EBITDA to Consolidated Fixed Charges. Consolidated Fixed Charges, as used in the covenant calculation, include cash interest payments, cash payments for income taxes, scheduled debt repayments, dividends paid, and Maintenance Capital Expenditures. The amendment revised the financial covenants applicable to the Revolving Credit Facility and TLA Facility relating to the maximum first lien gross leverage ratio, maximum total net leverage ratio and minimum fixed charge coverage ratio, so that for the fiscal quarters ending June 30, 2020 through March 31, 2021, the maximum first lien gross leverage ratio shall be 2.50 to 1.00, the maximum total net leverage ratio shall be 3.75 to 1.00, and the minimum fixed charge coverage ratio shall be 1.00 to 1.00; for the fiscal quarters ending June 30, 2021 through September 30, 2021, the maximum first lien gross leverage ratio shall be 2.25 to 1.00 and the maximum total net leverage ratio shall be 3.50 to 1.00; for the fiscal quarters ending June 30, 2021 through March 31, 2022, the minimum fixed charge coverage ratio shall be 1.05 to 1.00; for the fiscal quarters ending December 31, 2021 through March 31, 2022, the maximum first lien gross leverage ratio shall be 2.00 to 1.00 and the maximum total net leverage ratio shall be 3.25 to 1.00; and for the fiscal quarters ending on or after June 30, 2022, the maximum first lien gross leverage ratio shall be 1.75 to 1.00, the maximum total net leverage ratio shall be 2.75 to 1.00 and the minimum fixed charge coverage ratio shall be 1.10 to 1.00. The maximum first lien gross leverage ratio was 1.64 to 1.00 at December 31, 2020. The maximum total net leverage ratio was 2.54 to 1.00 at December 31, 2020. The minimum fixed charge coverage ratio was 1.56 to 1.00 at December 31, 2020. The Company was in compliance with all of its financial covenants under the Senior Secured Credit Facilities as of December 31, 2020.

The TLB Facility also includes a financial covenant that requires the Company to repay a certain amount of its borrowings under the TLB Facility within ten business days after the date it files its Form 10-K with the Securities and Exchange Commission ("SEC") if the Company has excess cash flow (as defined in the credit agreement for the Senior Secured Credit Facilities) during the year covered by the applicable Form 10-K. During the year ended December 31, 2019, CONSOL Energy made the required repayment of approximately $110 million based on the amount of the Company's excess cash flow as of December 31, 2018. For fiscal year 2018, such repayment was equal to 75% of the Company's excess cash flow less any voluntary prepayments of its borrowings under the TLB Facility made by the Company during 2018. For all subsequent fiscal years, the required repayment is equal to a certain percentage of the Company's excess cash flow for such year, ranging from 0% to 75% depending on the Company's total net leverage ratio, less the amount of certain voluntary prepayments made by the Company, if any, under the TLB Facility during such fiscal year. Based on the Company's excess cash flow calculation, no repayment was required with respect to the year ended December 31, 2019 and approximately $5 million is required with respect to the year ended December 31, 2020.

During the year ended December 31, 2019, the Company entered into interest rate swaps, which effectively converted $150 million of the TLB Facility's floating interest rate to a fixed interest rate for the twelve months ending December 31, 2020 and 2021, and $50 million of the TLB Facility's floating interest rate to a fixed interest rate for the twelve months ending December 31, 2022.

The Senior Secured Credit Facilities contain customary events of default, including with respect to a failure to make payments when due, cross-default and cross-judgment default and certain bankruptcy and insolvency events.

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At December 31, 2020, the Revolving Credit Facility had no borrowings outstanding and $126 million of letters of credit outstanding, leaving $274 million of unused capacity. From time to time, CONSOL Energy is required to post financial assurances to satisfy contractual and other requirements generated in the normal course of business. Some of these assurances are posted to comply with federal, state or other government agencies' statutes and regulations. CONSOL Energy sometimes uses letters of credit to satisfy these requirements and these letters of credit reduce the Company's borrowing facility capacity.

Securitization Facility

On November 30, 2017, (1)(i) CONSOL Marine Terminals LLC, as an originator of receivables, (ii) CONSOL Pennsylvania Coal Company LLC ("CONSOL Pennsylvania"), as an originator of receivables and as initial servicer of the receivables for itself and the other originators (collectively, the "Originators"), each a wholly-owned subsidiary of CONSOL Energy, and (iii) CONSOL Funding LLC (the "SPV"), a Delaware special purpose entity and wholly-owned subsidiary of CONSOL Energy, as buyer, entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement") and (2)(i) CONSOL Thermal Holdings LLC, an indirect, wholly-owned subsidiary of the Partnership, as sub-originator (the "Sub-Originator"), and (ii) CONSOL Pennsylvania, as buyer and as initial servicer of the receivables for itself and the Sub-Originator, entered into a Sub-Originator Sale Agreement (the "Sub-Originator PSA"). In addition, on November 30, 2017, the SPV entered into a Receivables Financing Agreement (the "Receivables Financing Agreement") by and among (i) the SPV, as borrower, (ii) CONSOL Pennsylvania, as initial servicer, (iii) PNC Bank, as administrative agent, LC Bank and lender, and (iv) the additional persons from time to time party thereto as lenders. Together, the Purchase and Sale Agreement, the Sub-Originator PSA and the Receivables Financing Agreement establish the primary terms and conditions of an accounts receivable securitization program (the "Securitization"). In March 2020, the securitization facility was amended to, among other things, extend the maturity date from August 30, 2021 to March 27, 2023.

Pursuant to the Securitization, (i) the Sub-Originator sells current and future trade receivables to CONSOL Pennsylvania and (ii) the Originators sell and/or contribute current and future trade receivables (including receivables sold to CONSOL Pennsylvania by the Sub-Originator) to the SPV and the SPV, in turn, pledges its interests in the receivables to PNC Bank, which either makes loans or issues letters of credit on behalf of the SPV. The maximum amount of advances and letters of credit outstanding under the Securitization may not exceed $100 million.

Loans under the Securitization accrue interest at a reserve-adjusted LIBOR market index rate equal to the one-month Eurodollar rate. Loans and letters of credit under the Securitization also accrue a program fee and a letter of credit participation fee, respectively, ranging from 2.00% to 2.50% per annum depending on the total net leverage ratio of CONSOL Energy. In addition, the SPV paid certain structuring fees to PNC Capital Markets LLC and will pay other customary fees to the lenders, including a fee on unused commitments equal to 0.60% per annum.

The SPV's assets and credit are not available to satisfy the debts and obligations owed to the creditors of CONSOL Energy, the Sub-Originator or any of the Originators. The Sub-Originator, the Originators and CONSOL Pennsylvania as servicer are independently liable for their own customary representations, warranties, covenants and indemnities. In addition, CONSOL Energy has guaranteed the performance of the obligations of the Sub-Originator, the Originators and CONSOL Pennsylvania as servicer, and will guarantee the obligations of any additional originators or successor servicer that may become party to the Securitization. However, neither CONSOL Energy nor its affiliates will guarantee collectability of receivables or the creditworthiness of obligors thereunder.

The agreements comprising the Securitization contain various customary representations and warranties, covenants and default provisions which provide for the termination and acceleration of the commitments and loans under the Securitization in certain circumstances including, but not limited to, failure to make payments when due, breach of representation, warranty or covenant, certain insolvency events or failure to maintain the security interest in the trade receivables, and defaults under other material indebtedness.

At December 31, 2020, eligible accounts receivable totaled approximately $32 million. At December 31, 2020, the facility had no outstanding borrowings and $31 million of letters of credit outstanding, leaving $1 million of unused capacity. Costs associated with the receivables facility totaled $1,156 thousand for the year ended December 31, 2020. These costs have been recorded as financing fees which are included in Operating and Other Costs in the Consolidated Statements of Income. The Company has not derecognized any receivables due to its continued involvement in the collections efforts.

11.00% Senior Secured Second Lien Notes due 2025

On November 13, 2017, the Company issued $300 million in aggregate principal amount of 11.00% Senior Secured Second Lien Notes due 2025 (the "Second Lien Notes") pursuant to an indenture (the "Indenture") dated as of November 13, 2017, by and between the Company and UMB Bank, N.A., a national banking association, as trustee and collateral trustee (the "Trustee"). On November 28, 2017, certain subsidiaries of the Company executed a supplement to the Indenture and became party to the Indenture as a guarantor (the "Guarantors"). The Second Lien Notes are secured by second priority liens on substantially all of the assets of the Company and the Guarantors that are pledged and on a first-priority basis as collateral securing the Company's obligations under the Senior Secured Credit Facilities (described above), subject to certain exceptions under the Indenture.

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On or after November 15, 2021, the Company may redeem all or part of the Second Lien Notes at the redemption prices set forth below, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the rights of holders of the Second Lien Notes on the relevant record date to receive interest due on the relevant interest payment date), beginning on November 15 of the years indicated:

Year	Percentage
2021	105.50%
2022	102.75%
2023 and thereafter	100.00%

At any time or from time to time prior to November 15, 2021, the Company may also redeem all or a part of the Second Lien Notes, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium, as defined in the Indenture, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the rights of holders of the Second Lien Notes on the relevant record date to receive interest due on the relevant interest payment date).

The Indenture contains covenants that will limit the ability of the Company and the Guarantors, to (i) incur, assume or guarantee additional indebtedness or issue preferred stock; (ii) create liens to secure indebtedness; (iii) declare or pay dividends on the Company's common stock, redeem stock or make other distributions to the Company's stockholders; (iv) make investments; (v) restrict dividends, loans or other asset transfers from the Company's restricted subsidiaries; (vi) merge or consolidate, or sell, transfer, lease or dispose of substantially all of the Company's assets; (vii) sell or otherwise dispose of certain assets, including equity interests in subsidiaries; (viii) enter into transactions with affiliates; and (ix) create unrestricted subsidiaries. These covenants are subject to important exceptions and qualifications. If the Second Lien Notes achieve an investment grade rating from both Standard & Poor's Ratings Services and Moody's Investors Service, Inc. and no default under the Indenture exists, many of the foregoing covenants will terminate and cease to apply. The Indenture also contains customary events of default, including (i) default for 30 days in the payment when due of interest on the Notes; (ii) default in payment when due of principal or premium, if any, on the Notes at maturity, upon redemption or otherwise; (iii) covenant defaults; (iv) cross-defaults to certain indebtedness, and (v) certain events of bankruptcy or insolvency with respect to the Company or any of the Guarantors. If an event of default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Second Lien Notes may declare all the Notes to be due and payable immediately. If an event of default arises from certain events of bankruptcy or insolvency, with respect to the Company, any restricted subsidiary of the Company that is a significant subsidiary or any group of restricted subsidiaries of the Company that, taken together, would constitute a significant subsidiary, all outstanding Second Lien Notes will become due and payable immediately without further action or notice.

If the Company experiences certain kinds of changes of control, holders of the Second Lien Notes will be entitled to require the Company to repurchase all or any part of that holder's Second Lien Notes pursuant to an offer on the terms set forth in the Indenture. The Company will offer to make a cash payment equal to 101% of the aggregate principal amount of the Second Lien Notes repurchased plus accrued and unpaid interest on the Second Lien Notes repurchased to, but not including, the date of purchase, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

The Second Lien Notes were issued in a private offering that was exempt from the registration requirements of the Securities Act, to qualified institutional buyers in accordance with Rule 144A and to persons outside of the United States pursuant to Regulation S under the Securities Act.

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Debt

At December 31, 2020, CONSOL Energy had total long-term debt and finance lease obligations of $666 million outstanding, including the current portion of long-term debt of $54 million. This long-term debt consisted of:

- An aggregate principal amount of $270 million in connection with the Term Loan B (TLB) Facility, due in September 2024, less $1 million of unamortized bond discount. Borrowings under the TLB Facility bear interest at a floating rate.
- An aggregate principal amount of $167 million of 11.00% Senior Secured Second Lien Notes due in November 2025. Interest on the notes is payable May 15 and November 15 of each year.
- An aggregate principal amount of $66 million in connection with the Term Loan A (TLA) Facility, due in March 2023. Borrowings under the TLA Facility bear interest at a floating rate.
- An aggregate principal amount of $103 million of industrial revenue bonds which were issued to finance the Baltimore port facility, bear interest at 5.75% per annum and mature in September 2025. Interest on the industrial revenue bonds is payable March 1 and September 1 of each year. Payment of the principal and interest on the notes is guaranteed by CONSOL Energy.
- Advance royalty commitments of $2 million with a weighted average interest rate of 13.68% per annum.
- An aggregate principal amount of $59 million of finance leases and asset-backed financing arrangements with a weighted average interest rate of 5.79% and 3.61%, respectively.

At December 31, 2020, CONSOL Energy had no borrowings outstanding and approximately $126 million of letters of credit outstanding under the $400 million senior secured Revolving Credit Facility. At December 31, 2020, CONSOL Energy had no borrowings outstanding and approximately $31 million of letters of credit outstanding under the $100 million Securitization Facility.

Stock, Unit and Debt Repurchases

In December 2017, CONSOL Energy's Board of Directors approved a program to repurchase, from time to time, the Company's outstanding shares of common stock or its 11.00% Senior Secured Second Lien Notes due 2025, in an aggregate amount of up to $50 million through the period ending June 30, 2019. The program was subsequently amended by CONSOL Energy's Board of Directors in July 2018 to allow up to $100 million of repurchases of the Company's common stock or its 11.00% Senior Secured Second Lien Notes due 2025, subject to certain limitations in the Company's current credit agreement and that certain tax matters agreement entered into by and between the Company and its former parent on November 28, 2017 (the "TMA"). The Company's Board of Directors also authorized the Company to use up to $25 million of the program to purchase CONSOL Coal Resources LP's outstanding common units in the open market. In May 2019, CONSOL Energy's Board of Directors approved an expansion of the program in the amount of $75 million, bringing the aggregate limit of the program to $175 million. The May 2019 expansion also increased the aggregate limit of the amount of CONSOL Coal Resources LP's common units that can be purchased under the program to $50 million, which is consistent with the Company's credit facility covenants that prohibit the Company from using more than $50 million for the purchase of CONSOL Coal Resources LP's outstanding common units. The Company's Board of Directors also approved extending the termination date of the program from June 30, 2019 to June 30, 2020. In July 2019, CONSOL Energy's Board of Directors approved an expansion of the program in the amount of $25 million, bringing the aggregate limit of the program to $200 million. On May 8, 2020, CONSOL Energy's Board of Directors approved an expansion of the stock, unit and debt repurchase program. The aggregate amount of the program's expansion was $70 million, bringing the total amount of the Company's stock, unit and debt repurchase program to $270 million. The Company's Board of Directors also approved extending the termination date of the program from June 30, 2020 to June 30, 2022.

Under the terms of the program, CONSOL Energy is permitted to make repurchases in the open market, in privately negotiated transactions, accelerated repurchase programs or in structured share repurchase programs. CONSOL Energy is also authorized to enter into one or more 10b5-1 plans with respect to any of the repurchases. Any repurchases of common stock, notes or units are to be funded from available cash on hand or short-term borrowings. The program does not obligate CONSOL Energy to acquire any particular amount of its common stock, notes or units, and can be modified or suspended at any time at the Company's discretion. The program is conducted in compliance with applicable legal requirements and within the limits imposed by any credit agreement, receivables purchase agreement, indenture or the TMA and is subject to market conditions and other factors.

During the year ended December 31, 2020, the Company spent approximately $32 million to retire $54 million of its 11.00% Senior Secured Second Lien Notes due 2025, which continued to trade well below par value. No common shares were repurchased and no common Partnership units were purchased under this program during the year ended December 31, 2020.

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Total Equity and Dividends

Total equity attributable to CONSOL Energy was $554 million at December 31, 2020 and $572 million at December 31, 2019. See the Consolidated Statements of Stockholders' Equity in Item 8 of this Form 10-K for additional details.

On December 30, 2020, the Merger of CCR was completed (see Note 2 – Major Transactions). CONSOL Energy accounted for the change in its ownership interest in CCR as an equity transaction, which was reflected as a reduction of noncontrolling interest with corresponding increases to common stock and capital in excess of par value.

The declaration and payment of dividends by CONSOL Energy is subject to the discretion of CONSOL Energy's Board of Directors, and no assurance can be given that CONSOL Energy will pay dividends in the future. The determination to pay dividends in the future will depend upon, among other things, general business conditions, CONSOL Energy's financial results, contractual and legal restrictions regarding the payment of dividends by CONSOL Energy, planned investments by CONSOL Energy and such other factors as the Board of Directors deems relevant. The Company's Senior Secured Credit Facilities limit CONSOL Energy's ability to pay dividends up to $25 million annually, which increases to $50 million annually when the Company's total net leverage ratio is less than 1.50 to 1.00 and subject to an aggregate amount up to a cumulative credit calculation set forth in the facilities, with additional conditions of no outstanding borrowings and no more than $200 million of outstanding letters of credit on the Revolving Credit Facility, and the total net leverage ratio shall not be greater than 2.00 to 1.00. The total net leverage ratio was 2.54 to 1.00 and the cumulative credit was approximately $16 million at December 31, 2020. The cumulative credit starts with $50 million and builds with excess cash flow commencing in 2018. The Senior Secured Credit Facilities do not permit dividend payments in the event of default. The Indenture to the 11.00% Senior Secured Second Lien Notes limits dividends when the Company's total net leverage ratio exceeds 2.00 to 1.00 and subject to an amount not to exceed an annual rate of 4.0% of the quoted public market value per share of such common stock at the time of the declaration. The Indenture does not permit dividend payments in the event of default.

Off-Balance Sheet Transactions

CONSOL Energy does not maintain off-balance sheet transactions, arrangements, obligations or other relationships with unconsolidated entities or others that are reasonably likely to have a material current or future effect on CONSOL Energy's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources which are not disclosed in the Notes to the Consolidated Financial Statements of this Form 10-K. CONSOL Energy participates in the United Mine Workers of America (the "UMWA") Combined Benefit Fund and the UMWA 1992 Benefit Plan which generally accepted accounting principles recognize on a pay-as-you-go basis. These benefit arrangements may result in additional liabilities that are not recognized on the Consolidated Balance Sheet at December 31, 2020. The various multi-employer benefit plans are discussed in Note 17—Other Employee Benefit Plans in the Notes to the Consolidated Financial Statements in Item 8 of this Form 10-K. CONSOL Energy's total contributions under the Coal Industry Retiree Health Benefit Act of 1992 were $5,383, $6,042 and $6,829 for the years ended December 31, 2020, 2019 and 2018, respectively. Based on available information at December 31, 2020, CONSOL Energy's obligation for the UMWA Combined Benefit Fund and 1992 Benefit Plan is estimated to be approximately $56,039. CONSOL Energy also uses a combination of surety bonds, corporate guarantees and letters of credit to secure its financial obligations for employee-related, environmental, performance and various other items which are not reflected on the Consolidated Balance Sheet at December 31, 2020. Management believes these items will expire without being funded. See Note 22—Commitments and Contingent Liabilities in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K for additional details of the various financial guarantees that have been issued by CONSOL Energy.

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Recent Accounting Pronouncements

In January 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2021-01 - Reference Rate Reform (Topic 848) to clarify that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. Specifically, certain provisions in Topic 848, if elected by an entity, apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. Amendments in this Update to the expedients and exceptions in Topic 848 capture the incremental consequences of the scope clarification and tailor the existing guidance to derivative instruments affected by the discounting transition. Management has elected to apply this Update subsequent to March 12, 2020. Management is currently evaluating the impact of this guidance, but does not expect this update to have a material impact on the Company's financial statements.

In March 2020, the FASB issued ASU 2020-04 - Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in this Update provide optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. In response to concerns about structural risks of interbank offered rates (IBORs), and, particularly, the risk of cessation of the London Interbank Offered Rate (LIBOR), regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction based and less susceptible to manipulation. This Update also provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this Update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The amendments in this Update are effective for all entities as of March 12, 2020 through December 31, 2022. An entity may elect to apply the amendments for contract modifications by Topic or Industry Subtopic as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. Once elected for a Topic or an Industry Subtopic, the amendments in this Update must be applied prospectively for all eligible contract modifications for that Topic or Industry Subtopic. Management has elected to apply this Update subsequent to March 12, 2020. Management is currently evaluating the impact of this guidance, but does not expect this update to have a material impact on the Company's financial statements.

In January 2020, the FASB issued ASU 2020-01 - Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815). The amendments in this Update clarify certain interactions between the guidance to account for certain equity securities under Topic 321, the guidance to account for investments under the equity method of accounting in Topic 323, and the guidance in Topic 815, which could change how an entity accounts for an equity security under the measurement alternative or a forward contract or purchased option to purchase securities that, upon settlement of the forward contract or exercise of the purchased option, would be accounted for under the equity method of accounting or the fair value option in accordance with Topic 825, Financial Instruments. These amendments improve current GAAP by reducing diversity in practice and increasing comparability of the accounting for these interactions. The amendments in this Update are effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted. Management does not expect this update to have a material impact on the Company's financial statements.

In December 2019, the FASB issued ASU 2019-12 - Income Taxes (Topic 740) to reduce the complexity of accounting for income taxes while maintaining or improving the usefulness of the information provided to users of financial statements. The amendments in Update 2019-12 will remove the following exceptions: (1) the exception to the incremental approach for intra-period tax allocation; (2) exceptions to accounting for basis differences when there are ownership changes in foreign investments; and (3) the exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. The amendments in Update 2019-12 will also simplify the accounting for income taxes in the areas of franchise tax, step up in the tax basis of goodwill associated with a business combination, allocation of current and deferred tax expense to a legal entity that is not subject to tax in its separate financial statements, and presentation of the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the

enactment date. The Update adds minor codification improvements for income taxes related to employee stock ownership plans and investments in qualified affordable housing projects accounted for using the equity method. These changes will be effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. Management does not expect this update to have a material impact on the Company's financial statements.

In August 2018, the FASB issued ASU 2018-14 - Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20) to improve the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required by GAAP. The amendments modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. These changes will be effective for fiscal years ending after December 15, 2020, including interim periods within those fiscal years. The Company adopted this guidance in 2020, and there was no material impact on the Company's financial statements.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In addition to the risks inherent in operations, CONSOL Energy is exposed to financial, market, political and economic risks. The following discussion provides additional detail regarding the Company's exposure to the risks related to changes in commodity prices, interest rates and foreign exchange rates.

Commodity Price Risk

CONSOL Energy is exposed to market price risk in the normal course of selling coal. CONSOL Energy sells coal in the spot market and under both short-term and multi-year contracts that may contain base prices subject to pre-established price adjustments that reflect (i) variances in the quality characteristics of coal delivered to the customer beyond threshold quality characteristics specified in the applicable sales contract, (ii) the actual calorific value of coal delivered to the customer, and/or (iii) changes in electric power prices in the markets in which the Company's customers operate, as adjusted for any factors set forth in the applicable contract.

CONSOL Energy has established risk management policies and procedures to strengthen the internal control environment of the marketing of commodities produced from its asset base. CONSOL Energy's market risk strategy incorporates fundamental risk management tools to assess market price risk and establish a framework in which management can maintain a portfolio of transactions within pre-defined risk parameters.

Interest Rate Risk

CONSOL Energy's interest expense is sensitive to changes in the general level of interest rates in the United States. At December 31, 2020, CONSOL Energy had $328 million aggregate principal amount of debt outstanding under fixed-rate instruments, including unamortized debt issuance costs of $3 million, and $329 million of debt outstanding under variable-rate instruments, including unamortized debt issuance costs of $7 million. CONSOL Energy's primary exposure to market risk for changes in interest rates relates to the Company's senior secured credit facilities. We enter into hedging arrangements in an effort to limit our exposure to interest rate volatility. These hedging arrangements may reduce, but will not eliminate, the potential effects of changing interest rates on our cash flow from operations for the periods covered by these arrangements. Furthermore, while intended to help reduce the effects of volatile interest rates, such transactions, depending on the hedging instrument used, may limit our potential gains if interest rates were to fall substantially over the price established by the hedge. Currently, our hedging arrangements partially mitigate our exposure to fluctuations in LIBOR interest rates through December 2022. A hypothetical 100 basis-point increase in the average rate for CONSOL Energy's variable-rate instruments would decrease pre-tax future earnings by $2 million.

Foreign Exchange Rate Risk

All of CONSOL Energy’s transactions are denominated in U.S. dollars, and, as a result, the Company does not have material exposure to currency exchange-rate risks. However, because coal is sold internationally in U.S. dollars, general economic conditions in foreign markets and changes in foreign currency exchange rates may provide the Company's international competitors with a competitive advantage. If CONSOL Energy's competitors' currencies decline against the U.S. dollar or against the Company's international customers' local currencies, those competitors may be able to offer lower prices for coal to the Company's customers. Furthermore, if the currencies of CONSOL Energy's overseas customers were to significantly decline in value in comparison to the U.S. dollar, those customers may seek decreased prices for the coal the Company sells to them. Consequently, currency fluctuations could adversely affect the competitiveness of CONSOL Energy's coal in international markets.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of CONSOL Energy Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of CONSOL Energy Inc. and Subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, stockholders’ equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 12, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosures to which it relates.

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Asset Retirement Obligations - Closed Mines

Description of the Matter	CONSOL Energy accrues for the costs of current coal mine disturbance and final coal mine and gas well closure, including the cost of treating mine water discharge where necessary. Estimates of the Company’s asset retirement obligations are based upon permit requirements and CONSOL Energy’s assessment of these requirements. The total asset retirement obligations, including the current portion, were approximately $249 million at December 31, 2020. This liability is reviewed annually, or when events and circumstances indicate an adjustment is necessary, by CONSOL Energy management and engineers. The estimated liability can significantly change if actual costs vary from the assumptions used in estimating the obligation or if governmental regulations change significantly. As discussed in Note 1 and Note 8 of the consolidated financial statements, the Company’s accounting for Asset Retirement Obligations requires that the fair value of an Asset Retirement Obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. For active locations, the present value of the estimated asset retirement costs is capitalized as part of the carrying amount of the long-lived asset. For locations that have been fully depleted, or closed, the present value of the change is recorded directly to the consolidated statements of income.

Auditing the amounts recorded for closed-mine asset retirement obligations is complex due to the nature of the assumptions used in the measurement process. The amounts recorded for asset retirement obligations are dependent upon a number of factors, including the estimated future expenditures, estimated mine life, inflation rates and the assumed credit-adjusted risk-free interest rate.

How We Addressed the Matter in Our Audit

We tested controls that address the risk of material misstatement relating to the measurement of the closed-mine asset retirement obligation. For example, we tested controls over management's review of the asset retirement obligation calculation, management's review over the timing and amount of expected asset retirement costs and management's review over the significant assumptions discussed above.

To test the closed-mine asset retirement obligation calculation, our audit procedures included, among others, assessing the methodology, testing the significant assumptions discussed above and testing the underlying data used by the Company in its analyses. We compared the assumptions used in developing the inflation rate, credit-adjusted risk-free rate and proved reserves used by management to historical trends, published reports and publicly available information. We compared the expected amounts and timing of asset retirement obligations costs to historical data and evaluated the changes in those amounts. For example, we evaluated management's methodology for determining the amount and timing of asset retirement obligation costs which is utilized to measure the asset retirement obligation, to current year activity, published pricing data and historical amounts. In addition, we also involved our specialist to assist in our evaluation of management's assumptions, including regulatory requirements, reclamation plans, estimated asset retirement obligation costs, and engineering drawings for consistency with permit requirements. We also tested the completeness and accuracy of the data used in the Company's calculation.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2017.
Pittsburgh, Pennsylvania
February 12, 2021

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CONSOL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except per share data)

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Revenue and Other Income:			
Coal Revenue	$ 772,662	$ 1,288,529	$ 1,364,292
Terminal Revenue	66,810	67,363	64,926
Freight Revenue	39,990	19,667	43,572
Miscellaneous Other Income (Note 4)	126,886	53,349	58,660
Gain on Sale of Assets	15,295	1,995	565
Total Revenue and Other Income	1,021,643	1,430,903	1,532,015
Costs and Expenses:			
Operating and Other Costs	667,595	948,012	946,450
Depreciation, Depletion and Amortization	210,760	207,097	201,264
Freight Expense	39,990	19,667	43,572
Selling, General and Administrative Costs	72,706	67,111	65,346
(Gain) Loss on Debt Extinguishment	(21,352)	24,455	3,922
Interest Expense, net	61,186	66,464	83,848
Total Costs and Expenses	1,030,885	1,332,806	1,344,402
(Loss) Earnings Before Income Tax	(9,242)	98,097	187,613
Income Tax Expense (Note 6)	3,972	4,539	8,828
Net (Loss) Income	(13,214)	93,558	178,785
Less: Net (Loss) Income Attributable to Noncontrolling Interest	(3,459)	17,557	25,809
Net (Loss) Income Attributable to CONSOL Energy Inc. Shareholders	$ (9,755)	$ 76,001	$ 152,976
(Loss) Earnings per Share:			
Total Basic (Loss) Earnings per Share	$ (0.37)	$ 2.82	$ 5.48
Total Dilutive (Loss) Earnings per Share	$ (0.37)	$ 2.81	$ 5.38

The accompanying notes are an integral part of these financial statements.

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CONSOL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands)

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Net (Loss) Income	$ (13,214)	$ 93,558	$ 178,785
Other Comprehensive Income (Loss):			
Actuarially Determined Long-Term Liability Adjustments:			
Amortization of Prior Service Credits (net of tax: $619, $697, $662)	(1,786)	(2,075)	(2,246)
Recognized Net Actuarial Loss (net of tax: $(5,596), $(3,958), $(5,590))	16,161	11,773	18,960
Other Comprehensive (Loss) Gain before Reclassifications (net of tax: $109, $11,690, $(14,986))	(145)	(34,830)	49,627
Unrecognized Loss on Derivatives:			
Unrealized Loss on Cash Flow Hedges (net of tax: $674, $37, $0)	(2,004)	(117)	—
Other Comprehensive Income (Loss)	12,226	(25,249)	66,341
Comprehensive (Loss) Income	$ (988)	$ 68,309	$ 245,126
Less: Comprehensive (Loss) Income Attributable to Noncontrolling Interest	(3,400)	17,551	25,803
Comprehensive Income Attributable to CONSOL Energy Inc. Shareholders	$ 2,412	$ 50,758	$ 219,323

The accompanying notes are an integral part of these financial statements.

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CONSOL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	December 31, 2020	**December 31, 2019**
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 50,850	$ 80,293
Accounts and Notes Receivable		
Trade Receivables, net	118,289	131,688
Other Receivables, net	42,157	40,984
Inventories (Note 9)	56,200	54,131
Prepaid Expenses and Other Assets	25,445	30,933
Total Current Assets	292,941	338,029

Property, Plant and Equipment (Note 10):		
Property, Plant and Equipment	5,143,696	5,008,180
Less—Accumulated Depreciation, Depletion and Amortization	3,094,634	2,916,015
Total Property, Plant and Equipment—Net	2,049,062	2,092,165
Other Assets:		
Deferred Income Taxes (Note 6)	68,821	103,505
Right of Use Asset - Operating Leases (Note 14)	53,436	72,632
Other, net	59,106	87,471
Total Other Assets	181,363	263,608
TOTAL ASSETS	$ 2,523,366	$ 2,693,802

The accompanying notes are an integral part of these financial statements.

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CONSOL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	December 31, 2020	December 31, 2019
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts Payable	$ 71,229	$ 106,223
Current Portion of Long-Term Debt (Note 13 and Note 14)	53,846	50,272
Other Accrued Liabilities (Note 12)	243,395	235,769
Total Current Liabilities	368,470	392,264
Long-Term Debt:		
Long-Term Debt (Note 13)	566,858	653,802
Finance Lease Obligations (Note 14)	36,203	9,036
Total Long-Term Debt	603,061	662,838
Deferred Credits and Other Liabilities:		
Postretirement Benefits Other Than Pensions (Note 15)	387,637	432,496
Pneumoconiosis Benefits (Note 16)	229,720	202,142
Asset Retirement Obligations (Note 8)	228,182	250,211
Workers' Compensation (Note 16)	64,390	61,194
Salary Retirement (Note 15)	35,359	49,930
Operating Lease Liability (Note 14)	35,655	55,413
Other	17,373	14,919
Total Deferred Credits and Other Liabilities	998,316	1,066,305
TOTAL LIABILITIES	1,969,847	2,121,407
Stockholders' Equity:		
Common Stock, $0.01 Par Value; 62,500,000 Shares Authorized, 34,031,374 Shares Issued and Outstanding at December 31, 2020; 25,932,618 Shares Issued and Outstanding at December 31, 2019	340	259
Capital in Excess of Par Value	642,887	523,762
Retained Earnings	246,850	259,903
Accumulated Other Comprehensive Loss	(336,558)	(348,725)
Total CONSOL Energy Inc. Stockholders' Equity	553,519	435,199
Noncontrolling Interest	—	137,196
TOTAL EQUITY	553,519	572,395
TOTAL LIABILITIES AND EQUITY	$ 2,523,366	$ 2,693,802

The accompanying notes are an integral part of these financial statements.

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CONSOL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands)

	Common Stock	Capital in Excess of Par Value	Retained (Deficit) Earnings	Accumulated Other Comprehensive (Loss) Income	Total CONSOL Energy Inc. Stockholders' Equity	Non-Controlling Interest	Total Equity
December 31, 2017	$ 280	$ 552,793	$ (43,713)	$ (305,100)	$ 204,260	$ 139,381	$ 343,641
Net Income	—	—	152,976	—	152,976	25,809	178,785
Actuarially Determined Long-Term Liability Adjustments (Net of $19,914 Tax)	—	—	—	66,347	66,347	(6)	66,341
Comprehensive Income	—	—	152,976	66,347	219,323	25,803	245,126
Separation Adjustments	—	7,216	—	—	7,216	—	7,216
Issuance of Common Stock	1	(1)	—	—	—	—	—
Repurchases of Common Stock (708,245 Shares)	(7)	(13,988)	(11,844)	—	(25,839)	—	(25,839)
Purchase of CCR Units (167,958 Units)	—	(905)	—	—	(905)	(2,174)	(3,079)
Reclassification of Stranded Tax Effect of Change in Tax Law	—	—	84,729	(84,729)	—	—	—
Amortization of Stock-Based Compensation Awards	—	8,392	—	—	8,392	1,843	10,235
Shares/Units Withheld for Taxes	—	(2,512)	—	—	(2,512)	(912)	(3,424)
Distributions to Noncontrolling Interest	—	—	—	—	—	(22,265)	(22,265)
December 31, 2018	$ 274	$ 550,995	$ 182,148	$ (323,482)	$ 409,935	$ 141,676	$ 551,611
Net Income	—	—	76,001	—	76,001	17,557	93,558
Actuarially Determined Long-Term Liability Adjustments (Net of $8,429 Tax)	—	—	—	(25,126)	(25,126)	(6)	(25,132)
Interest Rate Hedge (Net of ($37) Tax)	—	—	—	(117)	(117)	—	(117)
Comprehensive Income (Loss)	—	—	76,001	(25,243)	50,758	17,551	68,309
Issuance of Common Stock	2	(2)	—	—	—	—	—
Repurchases of Common Stock (1,717,497 Shares)	(17)	(34,470)	1,754	—	(32,733)	—	(32,733)
Purchase of CCR Units (26,297 Units)	—	(29)	—	—	(29)	(340)	(369)
Amortization of Stock-Based Compensation Awards	—	11,351	—	—	11,351	1,409	12,760
Shares/Units Withheld for Taxes	—	(4,083)	—	—	(4,083)	(880)	(4,963)
Distributions to Noncontrolling Interest	—	—	—	—	—	(22,220)	(22,220)
December 31, 2019	$ 259	$ 523,762	$ 259,903	$ (348,725)	$ 435,199	$ 137,196	$ 572,395
Net Loss	—	—	(9,755)	—	(9,755)	(3,459)	(13,214)
Actuarially Determined Long-Term Liability Adjustments (Net of ($4,868) Tax)	—	—	—	14,171	14,171	59	14,230
Interest Rate Hedge (Net of ($674) Tax)	—	—	—	(2,004)	(2,004)	—	(2,004)
Comprehensive (Loss) Income	—	—	(9,755)	12,167	2,412	(3,400)	(988)
Adoption of ASU 2016-13 (Net of ($1,109) Tax)	—	—	(3,298)	—	(3,298)	—	(3,298)
Issuance of Common Stock	2	(2)	—	—	—	—	—
Amortization of Stock-Based Compensation Awards	—	11,161	—	—	11,161	418	11,579
Shares/Units Withheld for Taxes	—	(646)	—	—	(646)	(217)	(863)
Distributions to Noncontrolling Interest	—	—	—	—	—	(5,575)	(5,575)
CCR Merger	79	108,612	—	—	108,691	(128,422)	(19,731)
December 31, 2020	$ 340	$ 642,887	$ 246,850	$ (336,558)	$ 553,519	$ —	$ 553,519

The accompanying notes are an integral part of these financial statements.

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CONSOL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	For the Years Ended December 31,		
	2020	2019	2018
Cash Flows from Operating Activities:			
Net (Loss) Income	$ (13,214)	$ 93,558	$ 178,785
Adjustments to Reconcile Net (Loss) Income to Net Cash Provided by Operating Activities:			
Depreciation, Depletion and Amortization	210,760	207,097	201,264

Stock/Unit-Based Compensation	11,579	12,760	10,235
Gain on Sale of Assets	(15,295)	(1,995)	(565)
Amortization of Debt Issuance Costs	7,447	6,416	8,858
(Gain) Loss on Debt Extinguishment	(21,352)	24,455	3,922
Deferred Income Taxes	11,685	(17,419)	(16,482)
Equity in Earnings of Affiliates	1,251	—	—
Changes in Operating Assets:			
Trade and Other Receivables	11,130	(38,960)	39,157
Inventories	(2,069)	(5,485)	4,774
Prepaid Expenses and Other Assets	7,574	497	(7,307)
Changes in Other Assets	(21,058)	17,302	15,583
Changes in Operating Liabilities:			
Accounts Payable	(30,759)	(21,714)	37,488
Other Operating Liabilities	(2,915)	(7,884)	(38,659)
Changes in Other Liabilities	(25,433)	(24,062)	(23,528)
Net Cash Provided by Operating Activities	129,331	244,566	413,525
Cash Flows from Investing Activities:			
Capital Expenditures	(86,004)	(169,739)	(145,749)
Proceeds from Sales of Assets	9,899	2,201	2,103
Other Investing Activity	(229)	(5,003)	(10,000)
Net Cash Used in Investing Activities	(76,334)	(172,541)	(153,646)
Cash Flows from Financing Activities:			
Proceeds from Finance Lease Obligations	19,314	—	—
Payments on Finance Lease Obligations	(28,295)	(18,549)	(15,484)
Proceeds from Term Loan A	—	26,250	—
Payments on Term Loan A	(22,500)	(11,250)	(26,250)
Payments on Term Loan B	(2,750)	(124,437)	(4,000)
Payments on Second Lien Notes	(32,064)	(59,421)	(28,182)
Proceeds from Asset-Backed Financing	—	3,757	—
Payments on Asset-Backed Financing	(705)	(240)	—
Distributions to Noncontrolling Interest	(5,575)	(22,220)	(22,265)
Shares/Units Withheld for Taxes	(863)	(4,963)	(3,424)
Repurchases of Common Stock	—	(32,733)	(25,839)
Purchases of CCR Units	—	(369)	(3,079)
Spin Distribution to CNX Resources Corporation	—	—	(18,234)
Debt Issuance and Financing Fees	(9,002)	(12,492)	(2,166)
Net Cash Used in Financing Activities	(82,440)	(256,667)	(148,923)
Net (Decrease) Increase in Cash and Cash Equivalents and Restricted Cash	(29,443)	(184,642)	110,956
Cash and Cash Equivalents and Restricted Cash at Beginning of Period	80,293	264,935	153,979
Cash and Cash Equivalents and Restricted Cash at End of Period	$ 50,850	$ 80,293	$ 264,935

The accompanying notes are an integral part of these financial statements.

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CONSOL ENERGY INC. AND SUBSIDIARIES
NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES:

A summary of the significant accounting policies of CONSOL Energy Inc. and its subsidiaries ("we," "our," "us," "our Company," "the Company" and "CONSOL Energy") is presented below. These, together with the other notes that follow, are an integral part of the Consolidated Financial Statements.

Basis of Consolidation

The Consolidated Financial Statements include the accounts of CONSOL Energy Inc. and its wholly-owned and majority-owned and/or controlled subsidiaries. The portion of these entities that is not owned by the Company is presented as non-controlling interest. All significant intercompany transactions and accounts have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as various disclosures. Actual results could differ from those estimates. The most significant estimates included in the preparation of the consolidated financial statements are related to other postretirement benefits, coal workers' pneumoconiosis, workers' compensation, salary retirement benefits, stock-based compensation, asset retirement obligations, deferred income tax assets and liabilities, contingencies and the values of coal properties.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and on deposit at banking institutions as well as all highly liquid short-term securities with original maturities of three months or less.

Restricted Cash

Restricted cash represents cash collateral supporting the Company's surety bond portfolio and letters of credit issued under the Company's accounts receivable securitization program. As of December 31, 2020 and 2019, the Company had no restricted cash.

Trade Receivables and Allowance for Credit Losses

Trade receivables are recorded at the invoiced amount and do not bear interest. Trade credit is extended based upon evaluations of each customer's ability to perform its obligations, which is assessed regularly. See Note 7 - Credit Losses for additional information regarding the Company's measurement of expected credit losses. There were no material financing receivables with a contractual maturity greater than one year at December 31, 2020 and 2019.

Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of coal inventories is determined by the first-in, first-out (FIFO) method. Coal inventory costs include labor, supplies, equipment costs, operating overhead, depreciation, depletion, amortization, and other related costs. The cost of supplies inventory is determined by the average cost method and includes operating and maintenance supplies to be used in the Company's coal operations.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost upon acquisition. Expenditures which extend the useful lives of existing plant and equipment are capitalized. Interest costs applicable to major asset additions are capitalized during the construction period. Costs of additional mine facilities required to maintain production after a mine reaches the production stage, generally referred to as “receding face costs,” are expensed as incurred; however, the costs of additional airshafts and new portals are capitalized. Planned major maintenance costs which do not extend the useful lives of existing plant and equipment are expensed as incurred.

Coal exploration costs are expensed as incurred. Coal exploration costs include those incurred to ascertain existence, location, extent or quality of ore or minerals before beginning the development stage of the mine. Costs of developing new underground mines and certain underground expansion projects are capitalized. Underground development costs, which are costs incurred to make the mineral physically accessible, include costs to prepare property for shafts, driving main entries for ventilation, haulage, personnel, construction of airshafts, roof protection and other facilities.

Airshafts and capitalized mine development associated with a coal reserve are amortized on a units-of-production basis as the coal is produced so that each ton of coal is assigned a portion of the unamortized costs. The Company employs this method to match costs with the related revenues realized in a particular period. Rates are updated when revisions to coal reserve estimates are made. Coal reserve estimates are reviewed when information becomes available that indicates a reserve change is needed, or at a minimum once a year. Any material effect from changes in estimates is disclosed in the period the change occurs. Amortization of development costs begins when the development phase is complete and the production phase begins. At an underground mine, the end of the development phase and the beginning of the production phase takes place when construction of the mine for economic extraction is substantially complete. Coal extracted during the development phase is incidental to the mine’s production capacity and is not considered to shift the mine into the production phase.

Coal reserves are either owned in fee or controlled by lease. The duration of the leases vary; however, the lease terms are generally extended automatically to the exhaustion of economically recoverable reserves, as long as active mining continues. Coal interests held by lease provide the same rights as fee ownership for mineral extraction and are legally considered real property interests. Depletion of leased coal interests is computed using the units-of-production method over recoverable coal reserves. The Company also makes advance payments (advanced mining royalties) to lessors under certain lease agreements that are recoupable against future production, and it makes payments that are generally based upon a specified rate per ton or a percentage of gross realization from the sale of the coal. The Company evaluates its properties for impairment issues whenever events or circumstances indicate that the carrying amount may not be recoverable.

Costs to obtain coal lands are capitalized based on the cost at acquisition and are amortized using the units-of-production method over all estimated recoverable reserve tons assigned and accessible to the mine. Recoverable coal reserves are estimated on a clean coal ton equivalent, which excludes non-recoverable coal reserves and anticipated central preparation plant processing refuse. Rates are updated when revisions to coal reserve estimates are made. Coal reserve estimates are reviewed when events and circumstances indicate a reserve change is needed, or at a minimum once a year. Amortization of coal interests begins when the coal reserve is produced. At an underground mine, a ton is considered produced once it reaches the surface area of the mine. Any material effect from changes in estimates is disclosed in the period the change occurs.

Advance mining royalties are advance payments made to lessors under terms of mineral lease agreements that are recoupable against future production using the units-of-production method. Depletion of leased coal interests is computed using the units-of-production method over recoverable coal reserves. Advance mining royalties and leased coal interests are evaluated for impairment issues whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any revisions are accounted for prospectively as changes in accounting estimates.

When properties are retired or otherwise disposed, the related cost and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is recognized in Gain on Sale of Assets in the Consolidated Statements of Income.

Depreciation of plant and equipment is calculated using the straight-line method over the estimated useful lives or lease terms, generally as follows:

	Years
Buildings and improvements	10 to 45
Machinery and equipment	3 to 25
Leasehold improvements	Life of Lease

Capitalization of Interest

Interest costs associated with the development of significant properties and projects are capitalized until the project is substantially complete and ready for its intended use. A weighted average cost of borrowing rate is used. For the years ended December 31, 2020, 2019 and 2018, capitalized interest totaled $1,911, $6,686 and $6,033, respectively.

Impairment of Long-lived Assets

Impairment of long-lived assets is recorded when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying value. The carrying value of the assets is then reduced to its estimated fair value which is usually measured based on an estimate of future discounted cash flows. There were no indicators of impairment and, therefore, no impairment losses were recorded during the years ended December 31, 2020, 2019 and 2018.

Income Taxes

The Company files a consolidated federal income tax return and utilizes the asset and liability method to account for income taxes. The provision for income taxes represents amounts paid or estimated to be payable, net of amounts refunded or estimated to be refunded, for the current year and the change in deferred taxes, exclusive of amounts recorded in Other Comprehensive Income (Loss). Any refinements to prior years' taxes made due to subsequent information are reflected as adjustments in the current period.

Deferred income tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities and are recognized using enacted tax rates for the effect of such temporary differences. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

In accounting for uncertainty in income taxes of a tax position taken or expected to be taken in a tax return, the Company utilizes a recognition threshold and measurement attribute for the financial statement recognition and measurement. The recognition threshold requires the Company to determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position in order to record any financial statement benefit. If it is more likely than not that a tax position will be sustained, then the Company must measure the tax position to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

Postretirement Benefits Other Than Pensions

Postretirement benefit obligations established by the Coal Industry Retiree Health Benefit Act of 1992 (the Coal Act) are treated as a multi-employer plan which requires expense to be recorded for the associated obligations as payments are made. Postretirement benefits other than pensions, except for those established pursuant to the Coal Act, are accounted for in accordance with the Retirement Benefits Compensation and Non-retirement Postemployment Benefits Compensation Topics of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification, which requires employers to accrue the cost of such retirement benefits for the employees' active service periods. Such liabilities are determined on an actuarial basis and CONSOL Energy administers these liabilities through a combination of self-insured and fully insured agreements. Differences between actual and expected results or changes in the value of obligations are recognized through Other Comprehensive Income (Loss).

Pneumoconiosis Benefits and Workers' Compensation

CONSOL Energy is required by federal and state statutes to provide benefits to certain current and former totally disabled employees or their dependents for awards related to coal workers' pneumoconiosis. CONSOL Energy is also required by various state statutes to provide workers' compensation benefits for employees who sustain employment-related physical injuries or some types of occupational disease. Workers' compensation benefits include compensation for disability, medical costs, and on some occasions, the cost of rehabilitation. CONSOL Energy is primarily self-insured for these benefits. Provisions for estimated benefits are determined on an actuarial basis.

Asset Retirement Obligations

Mine closing costs and costs associated with dismantling and removing de-gasification facilities are accrued using the accounting treatment prescribed by the Asset Retirement and Environmental Obligations Topic of the FASB Accounting Standards Codification. This topic requires the fair value of an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. For active locations, the present value of the estimated asset retirement obligation is capitalized as part of the carrying amount of the long-lived asset. For locations that have been fully depleted or closed, the present value of the change is recorded directly to the consolidated statements of income. Generally, the capitalized asset retirement obligation is depreciated on a units-of-production basis. Accretion of the asset retirement obligation is recognized over time and generally will escalate over the life of the producing asset. Accretion is included in Depreciation, Depletion and Amortization on the Consolidated Statements of Income. Asset retirement obligations primarily relate to the closure of mines, which includes treatment of water and the reclamation of land upon exhaustion of coal reserves. Accrued mine closing costs, perpetual care costs, reclamation and costs associated with dismantling and removing de-gasification facilities are regularly reviewed by management and are revised for changes in future estimated costs and regulatory requirements.

Subsidence

Subsidence occurs when there is sinking or shifting of the ground surface due to the removal of underlying coal. Areas affected may include, although are not limited to, streams, property, roads, pipelines and other land and surface structures. Total estimated subsidence claims are recognized in the period when the related coal has been extracted and are included in Operating and Other Costs on the Consolidated Statements of Income and Other Accrued Liabilities on the Consolidated Balance Sheets. On occasion, CONSOL Energy prepays the estimated damages prior to undermining the property, in return for a release of liability. Prepayments are included as assets and either recognized as Prepaid Expenses and Other Assets or in Other Assets on the Consolidated Balance Sheets if the payment is made less than or greater than one year, respectively, prior to undermining the property.

Retirement Plans

CONSOL Energy has non-contributory defined benefit retirement plans. Effective December 31, 2015, CONSOL's qualified defined benefit retirement plan was frozen. The benefits for these plans are based primarily on years of service and employees' pay. These plans are accounted for using the guidance outlined in the Compensation - Retirement Benefits Topic of the FASB Accounting Standards Codification. The costs of these retiree benefits are recognized over the employees' service periods. CONSOL Energy uses actuarial methods and assumptions in the valuation of defined benefit obligations and the determination of expense. Differences between actual and expected results or changes in the value of obligations and plan assets are recognized through Other Comprehensive Income (Loss).

Stock-Based Compensation

Eligible CONSOL Energy employees have historically participated in equity-based compensation plans. CONSOL Energy recognizes compensation expense for all stock-based compensation awards based on the grant date fair value estimated in accordance with the provisions of the Stock Compensation Topic of the FASB Accounting Standards Codification. CONSOL Energy recognizes these compensation costs on a straight-line basis over the requisite service period of the award, which is generally the award's vesting term.

Under the CCR 2015 Long-Term Incentive Plan (the "LTIP"), the General Partner issued long-term equity-based awards intended to compensate the recipients thereof based on the performance of CCR's common units and the recipients' continued service during the vesting period, as well as to align CCR's long-term interests with those of the unitholders. The LTIP limits the number of units that may be delivered pursuant to vested awards to 2,300,000 common units, subject to proportionate adjustment in the event of unit splits and similar events. Common units subject to awards that are canceled, forfeited, withheld to satisfy exercise prices or tax withholding obligations or otherwise terminated without delivery of the common units will be available for delivery pursuant to other awards.

The General Partner has also granted equity-based phantom units that vest over a period of a director's continued service. The phantom units will be paid in common units or an amount of cash equal to the fair market value of a unit based on the vesting date. The awards accelerated upon completion of the CCR Merger (see Note 2 - Major Transactions for additional information). Compensation expense is recognized on a straight-line basis over the requisite service period, which is generally the vesting term.

Revenue Recognition

Revenues are generally recognized when title passes to the customers and the price is fixed and determinable. Generally, title passes when coal is loaded at the central preparation facility and, on occasion, at terminal locations or other customer destinations. The Company's coal contract revenue per ton is fixed and determinable and adjusted for nominal quality adjustments. Some coal contracts also contain positive electric power price-related adjustments in addition to a fixed base price per ton. The Company's coal contracts generally do not allow for retroactive adjustments to pricing after title to the coal has passed. See Note 3 - Revenue for additional information.

Freight Revenue and Expense

Shipping and handling costs invoiced to coal customers and paid to third-party carriers are recorded as Freight Revenue and Freight Expense, respectively.

Contingencies

From time to time, CONSOL Energy, or its subsidiaries, is subject to various lawsuits and claims with respect to such matters as personal injury, wrongful death, damage to property, exposure to hazardous substances, governmental regulations (including environmental remediation), employment and contract disputes, and other claims and actions arising out of the normal course of business. Liabilities are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. Estimates are developed through consultation with legal counsel involved in the defense of these matters and are based upon the nature of the lawsuit, progress of the case in court, view of legal counsel, prior experience in similar matters and management's intended response. Environmental liabilities are not discounted or reduced by possible recoveries from third-parties. Legal fees associated with defending these various lawsuits and claims are expensed when incurred.

Derivative Instruments

The Company generally utilizes derivative instruments to manage exposures to interest rate risk on long-term debt. The Company enters into interest rate swaps in order to achieve a mix of fixed and variable rate debt that it deems appropriate. These interest rate swaps have been designated as cash flow hedges of future variable interest payments and are accounted for as an asset or a liability in the accompanying Consolidated Balance Sheets at their fair value (see Note 21 - Fair Value of Financial Instruments for additional information).

In a cash flow hedge, the Company hedges the risk of changes in future cash flows related to the underlying item being hedged. Changes in the fair value of the derivative instrument used as a hedge instrument in a cash flow hedge are recorded in other comprehensive income or loss. Amounts in other comprehensive income or loss are reclassified to earnings when the hedged transaction affects earnings and are classified in a manner consistent with the transaction being hedged. The Company evaluates the effectiveness of its hedging relationships both at the hedge's inception and on an ongoing basis. Any ineffective portion of the change in fair value of a derivative instrument used as a hedge instrument in a cash flow hedge is recognized immediately in earnings.

Earnings per Share

Basic earnings per share are computed by dividing net (loss) income attributable to CONSOL Energy Inc. shareholders by the weighted average shares outstanding during the reporting period. Dilutive earnings per share are computed similarly to basic earnings per share, except that the weighted average shares outstanding are increased to include additional shares from restricted stock units and performance share units, if dilutive. The number of additional shares is calculated by assuming that outstanding restricted stock units and performance share units were released, and that the proceeds from such activities were used to acquire shares of common stock at the average market price during the reporting period.

The table below sets forth the share-based awards that have been excluded from the computation of diluted earnings per share because their effect would be anti-dilutive:

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Anti-Dilutive Restricted Stock Units	1,400,950	175,752	620
Anti-Dilutive Performance Share Units	110,470	20,202	6,363
	1,511,420	195,954	6,983

The computations for basic and dilutive (loss) earnings per share are as follows:

Dollars in thousands, except per share data	For the Years Ended December 31,		
	2020	**2019**	**2018**
Numerator:			
Net (Loss) Income	$ (13,214)	$ 93,558	$ 178,785
Less: Net (Loss) Income Attributable to Noncontrolling Interest	(3,459)	17,557	25,809
Net (Loss) Income Attributable to CONSOL Energy Inc. Shareholders	$ (9,755)	$ 76,001	$ 152,976
Denominator:			
Weighted-average shares of common stock outstanding	26,066,971	26,938,339	27,928,245
Effect of dilutive shares *	—	132,769	491,517
Weighted-average diluted shares of common stock outstanding	26,066,971	27,071,108	28,419,762
(Loss) Earnings per Share:			
Basic	$ (0.37)	$ 2.82	$ 5.48
Dilutive	$ (0.37)	$ 2.81	$ 5.38

* During periods in which the Company incurs a net loss, diluted weighted average shares outstanding are equal to basic weighted average shares outstanding because the effect of all equity awards is anti-dilutive.

As of December 31, 2020, CONSOL Energy has 500,000 shares of preferred stock, none of which are issued or outstanding.

Shares of common stock outstanding were as follows:

	2020	2019	2018
Balance, Beginning of Year	25,932,618	27,437,844	27,973,281
Issuance Related to CCR Merger (1)	7,967,690	—	—
Retirement Related to Stock Repurchase (2)	—	(1,717,497)	(708,245)
Issuance Related to Stock-Based Compensation (3)	131,066	212,271	172,808
Balance, End of Year	34,031,374	25,932,618	27,437,844

(1) See Note 2 - Major Transactions for additional information.
(2) See Note 5 - Stock, Unit and Debt Repurchases for additional information.
(3) See Note 18 - Stock-Based Compensation for additional information.

Recent Accounting Pronouncements

In January 2021, the FASB issued Accounting Standards Update ("ASU") 2021-01 - Reference Rate Reform (Topic 848) to clarify that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. Specifically, certain provisions in Topic 848, if elected by an entity, apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. Amendments in this Update to the expedients and exceptions in Topic 848 capture the incremental consequences of the scope clarification and tailor the existing guidance to derivative instruments affected by the discounting transition. Management has elected to apply this Update subsequent to March 12, 2020. Management is currently evaluating the impact of this guidance, but does not expect this update to have a material impact on the Company's financial statements.

In March 2020, the FASB issued ASU 2020-04 - Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in this Update provide optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. In response to concerns about structural risks of interbank offered rates (IBORs), and, particularly, the risk of cessation of the London Interbank Offered Rate (LIBOR), regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction based and less susceptible to manipulation. This Update also provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this Update apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The amendments in this Update are effective for all entities as of March 12, 2020 through December 31, 2022. An entity may elect to apply the amendments for contract modifications by Topic or Industry Subtopic as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. Once elected for a Topic or an Industry Subtopic, the amendments in this Update must be applied prospectively for all eligible contract modifications for that Topic or Industry Subtopic. Management has elected to apply this Update subsequent to March 12, 2020. Management is currently evaluating the impact of this guidance, but does not expect this update to have a material impact on the Company's financial statements.

In January 2020, the FASB issued ASU 2020-01 - Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815). The amendments in this Update clarify certain interactions between the guidance to account for certain equity securities under Topic 321, the guidance to account for investments under the equity method of accounting in Topic 323, and the guidance in Topic 815, which could change how an entity accounts for an equity security under the measurement alternative or a forward contract or purchased option to purchase securities that, upon settlement of the forward contract or exercise of the purchased option, would be accounted for under the equity method of accounting or the fair value option in accordance with Topic 825, Financial Instruments. These amendments improve current GAAP by reducing diversity in practice and increasing comparability of the accounting for these interactions. The amendments in this Update are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. Management does not expect this update to have a material impact on the Company's financial statements.

In December 2019, the FASB issued ASU 2019-12 - Income Taxes (Topic 740) to reduce the complexity of accounting for income taxes while maintaining or improving the usefulness of the information provided to users of financial statements. The amendments in Update 2019-12 will remove the following exceptions: (1) the exception to the incremental approach for intra-period tax allocation; (2) exceptions to accounting for basis differences when there are ownership changes in foreign investments; and (3) the exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. The amendments in Update 2019-12 will also simplify the accounting for income taxes in the areas of franchise tax, step up in the tax basis of goodwill associated with a business combination, allocation of current and deferred tax expense to a legal entity that is not subject to tax in its separate financial statements, and presentation of the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. The Update adds minor codification improvements for income taxes related to employee stock ownership plans and investments in qualified affordable housing projects accounted for using the equity method. These changes will be effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. Management does not expect this update to have a material impact on the Company's financial statements.

In August 2018, the FASB issued ASU 2018-14 - Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20) to improve the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required by GAAP. The amendments modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. These changes will be effective for fiscal years ending after December 15, 2020, including interim periods within those fiscal years. The Company adopted this guidance in 2020, and there was no material impact on the Company's financial statements.

Reclassifications

During the year ended December 31, 2020, the Company added the CONSOL Marine Terminal to its reportable segments disclosed in Note 23 - Segment Information. As a result, certain reclassifications of 2019 and 2018 segment information have been made to conform to the 2020 presentation. During the year ended December 31, 2019, certain 2018 amounts were reclassified to conform with the report classifications of 2019, including the reclassification of amortization of debt issuance costs and loss on debt extinguishment within the Operating Activities section of the Consolidated Statements of Cash Flows. These reclassifications had no effect on previously reported total assets, net income, stockholders' equity or cash flow from operating activities.

NOTE 2—MAJOR TRANSACTIONS:

Merger with CONSOL Coal Resources LP

On October 22, 2020, CONSOL Energy, the Partnership, the General Partner, a wholly-owned subsidiary of CONSOL Energy and one of its wholly-owned subsidiaries ("Merger Sub") entered into a definitive merger agreement (the "Merger Agreement") pursuant to which Merger Sub merged with and into the Partnership, with the Partnership surviving as an indirect, wholly-owned subsidiary of CONSOL Energy (the "Merger"). On December 30, 2020, the Merger was completed and CONSOL Energy issued 7,967,690 shares of common stock to acquire the 10,912,138 common units of CCR not owned by CONSOL Energy prior to the Merger at a fixed exchange ratio of 0.73 shares of CONSOL Energy common stock for each CCR unit, for total implied consideration of $51,710. As a result of the Merger, CCR's common units are no longer publicly traded.

Except for the Partnership's incentive distribution rights, which were automatically canceled immediately prior to the effective time of the Merger for no consideration in accordance with CCR's partnership agreement, the interests in CCR owned by CONSOL Energy and its subsidiaries remain outstanding as limited partner interests in the surviving entity. The General Partner will continue to own the non-economic general partner interest in the surviving entity.

Since CONSOL Energy controlled CCR prior to the Merger and continues to control CCR after the Merger, CONSOL Energy accounted for the change in its ownership interest in CCR as an equity transaction, which was reflected as a reduction of noncontrolling interest with corresponding increases to common stock and capital in excess of par value. No gain or loss was recognized in CONSOL Energy's Consolidated Statements of Income as a result of the Merger. The tax effects of the Merger were reported as adjustments to deferred income taxes and capital in excess of par value.

Prior to the effective date of the Merger, public unitholders held a 39.3% equity interest in CCR's outstanding common units and CONSOL Energy owned the remaining 60.7% equity interest. The earnings of CCR that were attributed to its common units held by the public prior to the Merger are reflected in Net (Loss) Income Attributable to Noncontrolling Interest in the Consolidated Statements of Income.

We incurred $9,822 of transaction costs directly attributable to the Merger during the year ended December 31, 2020, including financial advisory, legal service and other professional fees, which were recorded to Selling, General and Administrative Costs in the Consolidated Statements of Income.

Settlement Transaction with Murray Energy

On September 16, 2020, CONSOL entered into a settlement transaction with (i) Murray Energy Holdings Co., Murray Energy Corporation, and their direct and indirect subsidiaries (such entities that are debtors in possession in Murray Energy Holdings Co.'s jointly administered Chapter 11 cases, the "Debtors") and (ii) ACNR Holdings, Inc. (together with its direct and indirect subsidiaries, "Murray NewCo") to fully and finally resolve the disputes raised in the CONSOL Adversary Case and any and all other disputes, controversies, or causes of action between and among them related to (a) the Debtors' rejection of the 2013 stock purchase agreement ("SPA") and CONSOL's waiver of any objection thereto; (b) the Debtors' assumption and assignment to Murray NewCo (or its designated direct or indirect subsidiaries) and payment of certain cure and other amounts relating to the First Overriding Royalty Agreement, as amended, the Second Overriding Royalty Agreement, as amended, the Water Treatment Cost Sharing Agreement, as amended, and the Master Entry Driver Lease Agreement; (c) the Debtors' assumption and assignment to Murray NewCo (or its designated direct or indirect subsidiaries) of the Cooperation and Safety Agreement, the Surface Use Agreement, the Substation and Power Line Agreement, the Substation and Power Line Rights-of-Way, the McMillian Assignment, the Partial Powerline Assignment, the 2013 Well Plugging Consent Order and Agreement, and the 2020 Well Plugging Agreement; (d) the Debtors' and CONSOL's continued cooperation about certain matters consistent with historical practice, including (i) with respect to each parties' payment obligations related to certain claims relating to certain worker's compensation, Black Lung, and long-term disability and (ii) with respect to easements and boundaries as set forth in the 2013 SPA and the Closing Land Letter Agreement; (e) the Debtors' assumption of, and CONSOL's payment of certain amounts relating to, the Split Leases; (f) CONSOL's transfer to Murray NewCo (or its designated direct or indirect subsidiaries), and Murray NewCo's (or its designated direct or indirect subsidiaries') payment for, certain coalbed methane wells, gas wells, and land; (g) the usage by CONSOL of the power structure of Murray NewCo (or its designated direct or indirect subsidiaries) on agreed upon terms and the Debtors' and Murray NewCo's release of the alleged claim for CONSOL's prior usage; (h) CONSOL's dismissal of *CONSOL Energy Inc. v Murray Energy Holdings Co., et al.*, Adversary Case 2:20-ap-02036, with prejudice, which dismissal will be contingent upon (1) the Debtors' assumption and assignment to Murray NewCo (or its designated direct or indirect subsidiaries) of the Assumed CONSOL Agreements and (2) the Debtors' compliance with the terms of the CONSOL Term Sheets and other agreements consistent with these transactions; and (i) certain other terms and conditions consistent with the foregoing. The foregoing agreements and compromises, which have been memorialized in definitive documentation, shall be treated as a single, integrated transaction. The effect of the agreements, as amended, in the normal course of business resulted in CONSOL recognizing (a) Miscellaneous Other Income of $18,561 related to the Sale of Certain Coal Lease Contracts and other income, (b) Gain on Sale of Assets of $6,230 related to the sale of certain gas wells and equipment, and (c) a reduction of Operating and Other Costs of $1,940 as a result of expense rebates offset with various cure costs, all of which are included in the Consolidated Statements of Income for the year ended December 31, 2020. As of December 31, 2020, the various transactions between the parties resulted in $4,867 of Other Receivables, net, and $22,055 of Other Assets, net, included in the Consolidated Balance Sheets. As of December 31, 2019, various transactions between the parties resulted in $13,567 of Other Receivables, net, included in the Consolidated Balance Sheets. See Note 22 - Commitments and Contingent Liabilities with respect to additional information relating to certain liabilities of the Company under the Coal Act (as defined below).

NOTE 3—REVENUE:

The following table disaggregates CONSOL Energy's revenue from contracts with customers to depict how the nature, amount, timing and uncertainty of the Company's revenues and cash flows are affected by economic factors:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Coal Revenue	$ 772,662	$ 1,288,529	$ 1,364,292
Terminal Revenue	66,810	67,363	64,926
Freight Revenue	39,990	19,667	43,572
Total Revenue from Contracts with Customers	$ 879,462	$ 1,375,559	$ 1,472,790

Coal Revenue

CONSOL Energy's coal revenue is generally recognized when title passes to the customer and the price is fixed and determinable. Generally, title passes when coal is loaded at the central preparation facility and, on occasion, at terminal locations or other customer destinations. The Company's coal contract revenue per ton is fixed and determinable and adjusted for nominal quality adjustments. Some coal contracts also contain positive electric power price-related adjustments, which represent market-driven price adjustments, wherein no additional value is exchanged, in addition to a fixed base price per ton. The Company's coal contracts generally do not allow for retroactive adjustments to pricing after title to the coal has passed. The Company's coal supply contracts and other sales and operating revenue contracts vary in length from short-term to long-term contracts and do not typically have significant financing components.

The estimated transaction price from each of the Company's contracts is based on the total amount of consideration to which the Company expects to be entitled under the contract. Included in the transaction price for certain coal supply contracts is the impact of variable consideration, including quality price adjustments, handling services, per ton price fluctuations based on certain coal sales price indices and anticipated payments in lieu of shipments. The estimated transaction price for each contract is allocated to the Company's performance obligations based on relative stand-alone selling prices determined at contract inception. The Company has determined that each ton of coal represents a separate and distinct performance obligation. Some of the Company's contracts span multiple years and have annual pricing modifications, based upon market-driven or inflationary adjustments, where no additional value is exchanged. Management believes that the invoice price is the most appropriate rate at which to recognize revenue.

While CONSOL Energy does, from time to time, experience costs of obtaining coal customer contracts with amortization periods greater than one year, those costs are generally immaterial to the Company's net (loss) income. At December 31, 2020, 2019 and 2018, the Company did not have any capitalized costs to obtain customer contracts on its Consolidated Balance Sheets. As of and for the years ended December 31, 2020, 2019 and 2018, the Company has not recognized any amortization of previously existing capitalized costs of obtaining customer contracts. Further, the Company has not recognized any coal revenue in the current period that is not a result of current period performance.

Terminal Revenue

Terminal revenues are attributable to the Company's CONSOL Marine Terminal and include revenues earned from providing receipt and unloading of coal from rail cars, transporting coal from the receipt point to temporary storage or stockpile facilities located at the Terminal, stockpiling, blending, weighing, sampling, redelivery, and loading of coal onto vessels. Revenues for these services are generally earned on a rateable basis, and performance obligations are considered fulfilled as the services are performed.

The CONSOL Marine Terminal does not normally experience material costs of obtaining customer contracts with amortization periods greater than one year. At December 31, 2020, 2019 and 2018, the Company did not have any capitalized costs to obtain customer contracts on its Consolidated Balance Sheets. As of and for the years ended December 31, 2020, 2019 and 2018, the Company has not recognized any amortization of previously existing capitalized costs of obtaining Terminal customer contracts. Further, the Company has not recognized any revenue in the current period that is not a result of current period performance.

Freight Revenue

Some of CONSOL Energy's coal contracts require that the Company sell its coal at locations other than its central preparation plant. The cost to transport the Company's coal to the ultimate sales point is passed through to the Company's customers and CONSOL Energy recognizes the freight revenue equal to the transportation costs when title of the coal passes to the customer.

Contract Balances

Contract assets are recorded separately from trade receivables in the Company's Consolidated Balance Sheets and are reclassified to trade receivables as title passes to the customer and the Company's right to consideration becomes unconditional. Payments for coal shipments are typically due within two to four weeks from the invoice date. CONSOL Energy typically does not have material contract assets that are stated separately from trade receivables since the Company's performance obligations are satisfied as control of the goods or services passes to the customer, thereby granting the Company an unconditional right to receive consideration. Contract liabilities relate to consideration received in advance of the satisfaction of the Company's performance obligations. Contract liabilities are recognized as revenue at the point in time when control of the good passes to the customer, or over time when services are provided.

NOTE 4—MISCELLANEOUS OTHER INCOME:

	For the Years Ended December 31,		
	2020	2019	2018
Contract Buyout	$ 44,703	$ 9,959	$ 350
Sale of Certain Mining Rights	39,437	—	—
Sale of Certain Coal Lease Contracts	17,847	—	—
Royalty Income - Non-Operated Coal	12,032	22,208	24,722
Litigation Proceeds	8,624	—	—
Rental Income	1,314	2,517	3,804
Interest Income	1,230	2,937	2,146
Property Easements and Option Income	907	1,631	5,644
Purchased Coal Sales	—	12,385	19,152
Other	792	1,712	2,842
Miscellaneous Other Income	$ 126,886	$ 53,349	$ 58,660

Contract buyout income was primarily the result of partial contract buyouts that involved negotiations to reduce coal quantities several customers were otherwise obligated to purchase under contracts in exchange for payment of certain fees to the Company, and do not impact forward contract terms.

The sale of certain mining rights was a transaction in connection with future coal reserves completed in the year ended December 31, 2020.

The sale of certain coal lease contracts was in connection with one of several transactions completed in the year ended December 31, 2020 related to the Company's non-operating surface and mineral assets outside of the Pennsylvania Mining Complex.

Royalty income represents earned revenue related to overriding royalty agreements or coal reserve leases between the Company and third-party operators.

Litigation proceeds were received during the year ended December 31, 2020 as a result of positive developments in legal matters in which the Company is the plaintiff.

Purchased coal sales include earned revenue related to coal purchased externally by the Company to blend and resell in order to fulfill various contracts.

NOTE 5— STOCK, UNIT AND DEBT REPURCHASES:

In December 2017, CONSOL Energy’s Board of Directors approved a program to repurchase, from time to time, the Company's outstanding shares of common stock or its 11.00% Senior Secured Second Lien Notes due 2025, in an aggregate amount of up to $50 million through the period ending June 30, 2019. The program was subsequently amended by CONSOL Energy’s Board of Directors in July 2018 to allow up to $100 million of repurchases of the Company’s common stock or its 11.00% Senior Secured Second Lien Notes due 2025, subject to certain limitations in the Company’s current credit agreement and the TMA. The Company’s Board of Directors also authorized the Company to use up to $25 million of the program to purchase CONSOL Coal Resources LP’s outstanding common units in the open market. In May 2019, CONSOL Energy's Board of Directors approved an expansion of the program in the amount of $75 million, bringing the aggregate limit of the program to $175 million. The May 2019 expansion also increased the aggregate limit of the amount of CCR's common units that could be purchased under the program to $50 million, which was consistent with the Company's credit facility covenants that prohibited the Company from using more than $50 million for the purchase of CCR's outstanding common units. The Company's Board of Directors also approved extending the termination date of the program from June 30, 2019 to June 30, 2020. In July 2019, CONSOL Energy's Board of Directors approved an expansion of the program in the amount of $25 million, bringing the aggregate limit of the Company's stock, unit and debt repurchase program to $200 million. In May 2020, CONSOL Energy's Board of Directors approved an expansion of the program in the amount of $70 million, bringing the aggregate limit of the Company's stock, unit and debt repurchase program to $270 million. The Company's Board of Directors also approved extending the termination date of the program from June 30, 2020 to June 30, 2022. As a result of the Merger, CCR's common units are no longer publicly traded. See Note 2 - Major Transactions for additional information regarding the CCR Merger.

Under the terms of the program, CONSOL Energy is permitted to make repurchases in the open market, in privately negotiated transactions, accelerated repurchase programs or in structured share repurchase programs. CONSOL Energy is also authorized to enter into one or more 10b5-1 plans with respect to any of the repurchases. Any repurchases of common stock or notes are to be funded from available cash on hand or short-term borrowings. The program does not obligate CONSOL Energy to acquire any particular amount of its common stock and notes, and can be modified or suspended at any time at the Company’s discretion. The program is conducted in compliance with applicable legal requirements and within the limits imposed by any credit agreement, receivables purchase agreement, indenture, or the TMA, and is subject to market conditions and other factors.

During the years ended December 31, 2020, 2019 and 2018, the Company repurchased approximately $54,481, $52,648 and $25,724 of its 11.00% Senior Secured Second Lien Notes due 2025, respectively. No common shares were repurchased and no common Partnership units were purchased under this program during the year ended December 31, 2020. During the years ended December 31, 2019 and 2018, the Company repurchased and retired 1,717,497 and 708,245 shares of the Company's common stock at an average price of $19.06 and $36.48 per share, respectively. During the years ended December 31, 2019 and 2018, 26,297 and 167,958 of the Partnership's common units were purchased at an average price of $14.05 and $18.33 per unit, respectively.

NOTE 6—INCOME TAXES:

The components of income tax expense (benefit) were as follows:

	For The Years Ended December 31,		
	2020	2019	2018
Current:			
U.S. Federal	$ (5,933)	$ 15,905	$ 20,634
U.S. State	(2,294)	4,717	3,240
Non-U.S.	514	1,336	1,436
	(7,713)	21,958	25,310
Deferred:			
U.S. Federal	10,936	(9,386)	(7,509)
U.S. State	749	(8,033)	(8,973)
	11,685	(17,419)	(16,482)
Total Income Tax Expense	$ 3,972	$ 4,539	$ 8,828

A reconciliation of income tax expense (benefit) and the amount computed by applying the statutory federal income tax rate of 21% to (loss) income from operations before income tax is:

	For the Years Ended December 31,					
	2020		2019		2018	
	Amount	Percent	Amount	Percent	Amount	Percent
Statutory U.S. federal income tax rate	$ (1,941)	21.0%	$ 20,600	21.0%	$ 39,399	21.0%
State income taxes, net of federal tax benefit	(1,109)	12.0	3,125	3.2	3,240	1.7
Effect of foreign income taxes	406	(4.4)	1,336	1.4	28	—
Excess tax depletion	—	—	(13,141)	(13.4)	(20,873)	(11.1)
Effect of change in U.S. tax law	—	—	—	—	2,777	1.5
Compensation	1,310	(14.2)	1,799	1.8	935	0.5
Valuation allowance	1,479	(16.0)	1,400	1.4	(1,379)	(0.7)
Tax credits	1,150	(12.4)	(2,536)	(2.6)	(980)	(0.5)
Non-controlling interest	726	(7.9)	(3,687)	(3.8)	(5,420)	(2.9)
State rate change and prior period adjustments	1,797	(19.4)	(4,565)	(4.6)	(9,448)	(5.0)
Other	154	(1.6)	208	0.2	549	0.3
Income Tax Expense / Effective Rate	$ 3,972	(42.9)%	$ 4,539	4.6%	$ 8,828	4.8%

Significant components of deferred tax assets and liabilities were as follows:

	December 31,	
	2020	2019
Deferred Tax Asset:		
Postretirement benefits other than pensions	$ 101,673	$ 110,504
Pneumoconiosis benefits	60,284	52,521
Asset retirement obligations	56,779	60,260
Workers' compensation	17,493	16,750
Mine subsidence	17,271	17,110
Operating lease liability	11,377	14,757
Salary retirement	9,446	14,761
State bonus, net of Federal	6,918	7,042
Net operating loss	6,134	—
Compensation	5,158	3,841
Long-term disability	2,757	3,031
Financing	2,077	16,806
Foreign tax credits	—	1,400
Other	4,175	2,456
Total Deferred Tax Asset	301,542	321,239
Valuation Allowance	(2,879)	(1,400)
Net Deferred Tax Asset	298,663	319,839
Deferred Tax Liability:		
Property, plant and equipment	(172,026)	(173,849)
Equity Partnerships	(35,570)	(17,028)
Right of use assets	(11,338)	(14,757)
Advance mining royalties	(10,908)	(10,700)
Total Deferred Tax Liability	(229,842)	(216,334)
Net Deferred Tax Asset	$ 68,821	$ 103,505

Certain provisions of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), which was signed into law by the President of the United States in March 2020, impact the Company and are therefore contemplated in the 2020 income tax provision computations. The CARES Act contained modifications on the limitation of business interest such that the Company anticipates full utilization of all interest expense for federal income tax purposes.

At December 31, 2020, the Company has net operating loss carryforwards of approximately $15,135 and $40,032 for federal and state income tax purposes, respectively, which will be available to offset future taxable income. Approximately $25,180 will not expire and the remaining amount, if unused, will expire between 2030 and 2040.

As required by U.S. GAAP, a valuation allowance is required when it is more likely than not that all or a portion of a deferred tax asset will not be realized. Management must review all available evidence, both positive and negative, in determining the need for a valuation allowance. After considering all available evidence, management has determined that a valuation allowance in the amount of $2,879 is appropriate to establish for certain state tax attributes not anticipated to be utilized before expiration.

The Company utilizes the “more likely than not” standard in recognizing a tax benefit in its financial statements. For the years ended December 31, 2020 and 2019, the Company did not have any unrecognized tax benefits.

The Company is subject to taxation in the United States and its various states, as well as Canada and its various provinces. Under the provisions of the Tax Matters Agreement between the Company and its former parent, certain subsidiaries of the Company are subject to examination for tax years beginning December 31, 2016 through November 28, 2017. Furthermore, the Company is subject to examination for the period November 28, 2017 through December 31, 2020 for federal and state returns.

NOTE 7—CREDIT LOSSES:

Effective January 1, 2020, the Company adopted ASU 2016-013, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* using a modified retrospective approach. This ASU replaces the incurred loss impairment model with an expected credit loss impairment model for financial instruments, including trade and other receivables. The amendment requires entities to consider forward-looking information to estimate expected credit losses, resulting in earlier recognition of losses for receivables that are current or not yet due, which were not considered under previous accounting guidance. The Company recorded a cumulative-effect adjustment to retained earnings in the amount of $3,298, net of $1,109 of income taxes, for expected credit losses on financial assets at the adoption date.

The following table illustrates the impact of ASC 326.

	January 1, 2020		
	As Reported Under ASC 326	Pre-ASC 326 Adoption	Impact of ASC 326 Adoption
Trade Receivables	$ 3,051	$ 2,100	$ 951
Other Receivables	3,372	711	2,661
Other Assets	795	—	795
Allowance for Credit Losses on Receivables	$ 7,218	$ 2,811	$ 4,407

The Company is exposed to credit losses primarily through sales of products and services. The Company's expected loss allowance methodology for accounts receivable is developed using historical collection experience, current and future economic and market conditions and a review of the current status of customers' trade and other accounts receivables. Due to the short-term nature of such receivables, the estimate of the amount of accounts receivable that may not be collected is based on an aging of the accounts receivable balances and the financial condition of customers. Additionally, specific allowance amounts are established to record the appropriate provision for customers that have a higher probability of default. The Company's monitoring activities include timely account reconciliations, dispute resolution, payment confirmation, consideration of customers' financial condition and macroeconomic conditions.

Balances are written off when determined to be uncollectible. The Company considered the current and expected future economic and market conditions surrounding the novel coronavirus (COVID-19) pandemic and determined that the estimate of credit losses was not significantly impacted.

Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for changes to the assessment of anticipated payment, changes in economic conditions, current industry trends in the markets the Company serves, and changes in the financial health of the Company's counterparties.

The following table provides a roll-forward of the allowance for credit losses by portfolio segment that is deducted from the amortized cost basis of accounts receivable to present the net amount expected to be collected.

	Trade Receivables	Other Receivables	Other Assets
Beginning Balance, January 1, 2020	$ 2,100	$ 711	$ —
Adoption of ASU 2016-13, cumulative-effect adjustment to retained earnings	951	2,661	795
Provision for expected credit losses	1,375	1,338	866
Ending Balance, December 31, 2020	$ 4,426	$ 4,710	$ 1,661

NOTE 8—ASSET RETIREMENT OBLIGATIONS:

CONSOL Energy accrues for mine closing costs, perpetual water care costs, and costs associated with the plugging of degasification wells using the accounting treatment prescribed by the Asset Retirement and Environmental Obligations Topic of the FASB Accounting Standards Codification. CONSOL Energy recognizes capitalized asset retirement obligations by increasing the carrying amount of related long-lived assets.

The reconciliation of changes in the Company's asset retirement obligations at December 31, 2020 and 2019 is as follows:

	As of December 31,	
	2020	2019
Balance at Beginning of Period	$ 271,952	$ 267,001
Accretion Expense	17,905	20,116
Payments	(13,529)	(13,030)
Revisions in Estimated Cash Flows	(9,248)	(2,135)
Other	(18,311)	—
Balance at End of Period	$ 248,769	$ 271,952

For the year ended December 31, 2020, Other includes $(18,311) related to the disposition of degasification wells.

NOTE 9—INVENTORIES:

Inventory components consist of the following:

	December 31,	
	2020	2019
Coal	$ 7,163	$ 2,484
Supplies	49,037	51,647
Total Inventories	$ 56,200	$ 54,131

NOTE 10—PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consists of the following:

	December 31,	
	2020	2019
Plant and Equipment	$ 3,134,149	$ 3,028,514
Coal Properties and Surface Lands	874,567	872,909
Airshafts	452,976	437,003
Mine Development	354,691	342,706
Advance Mining Royalties	327,313	327,048
Total Property, Plant and Equipment	5,143,696	5,008,180
Less: Accumulated Depreciation, Depletion and Amortization	3,094,634	2,916,015
Total Property, Plant and Equipment - Net	$ 2,049,062	$ 2,092,165

As of December 31, 2020 and 2019, property, plant and equipment includes gross assets under finance leases of $112,334 and $52,729, respectively. Accumulated amortization for finance leases was $56,761 and $31,373 at December 31, 2020 and 2019, respectively. Amortization expense for assets under finance leases approximated $24,066, $15,691 and $13,148 for the years ended December 31, 2020, 2019 and 2018, respectively, and is included in Depreciation, Depletion and Amortization in the accompanying Consolidated Statements of Income. See Note 14 - Leases for further discussion of finance leases.

NOTE 11—ACCOUNTS RECEIVABLE SECURITIZATION:

CONSOL Energy and certain of its U.S. subsidiaries are parties to a trade accounts receivable securitization facility with financial institutions for the sale on a continuous basis of eligible trade accounts receivable. In March 2020, the securitization facility was amended to, among other things, extend the maturity date from August 30, 2021 to March 27, 2023.

Pursuant to the securitization facility, CONSOL Thermal Holdings LLC sells current and future trade receivables to CONSOL Pennsylvania Coal Company LLC. CONSOL Marine Terminals LLC and CONSOL Pennsylvania Coal Company LLC sell and/or contribute current and future trade receivables (including receivables sold to CONSOL Pennsylvania Coal Company LLC by CONSOL Thermal Holdings LLC) to CONSOL Funding LLC (the "SPV"). The SPV, in turn, pledges its interests in the receivables to PNC Bank, which either makes loans or issues letters of credit on behalf of the SPV. The maximum amount of advances and letters of credit outstanding under the securitization facility may not exceed $100 million.

Loans under the securitization facility accrue interest at a reserve-adjusted LIBOR market index rate equal to the one-month Eurodollar rate. Loans and letters of credit under the securitization facility also accrue a program fee and a letter of credit participation fee, respectively, ranging from 2.00% to 2.50% per annum depending on the total net leverage ratio of CONSOL Energy. In addition, the SPV paid certain structuring fees to PNC Capital Markets LLC and pays other customary fees to the lenders, including a fee on unused commitments equal to 0.60% per annum.

At December 31, 2020, the Company's eligible accounts receivable yielded $31,868 of borrowing capacity. At December 31, 2020, the facility had no outstanding borrowings and $31,218 of letters of credit outstanding, leaving available borrowing capacity of $650. At December 31, 2019, the Company's eligible accounts receivable yielded $41,282 of borrowing capacity. At December 31, 2019, the facility had no outstanding borrowings and $41,211 of letters of credit outstanding, leaving available borrowing capacity of $71. Costs associated with the receivables facility totaled $1,156, $1,441 and $2,593 for the years ended December 31, 2020, 2019 and 2018, respectively. These costs have been recorded as financing fees which are included in Operating and Other Costs in the Consolidated Statements of Income. The Company has not derecognized any receivables due to its continued involvement in the collections efforts.

NOTE 12—OTHER ACCRUED LIABILITIES:

	December 31,	
	2020	2019
Subsidence Liability	$ 89,554	$ 90,645
Accrued Payroll and Benefits	21,179	21,102
Accrued Other Taxes	7,126	4,753
Accrued Equipment Obligations	6,698	—
Accrued Interest	6,236	6,281
Other	23,845	16,281
Current Portion of Long-Term Liabilities:		
Postretirement Benefits Other than Pensions	26,073	31,833
Asset Retirement Obligations	20,587	21,741
Operating Lease Liability	20,241	19,479
Pneumoconiosis Benefits	12,203	12,331
Workers' Compensation	9,653	11,323
Total Other Accrued Liabilities	$ 243,395	$ 235,769

NOTE 13—DEBT:

	December 31,	
	2020	2019
Debt:		
Term Loan B due in September 2024 (Principal of $270,188 and $272,938 less Unamortized Discount of $938 and $1,187, respectively, 4.65% and 6.30% Weighted Average Interest Rate, respectively)	$ 269,250	$ 271,751
11.00% Senior Secured Second Lien Notes due November 2025	167,147	221,628
MEDCO Revenue Bonds in Series due September 2025 at 5.75%	102,865	102,865
Term Loan A due in March 2023 (5.50% and 5.55% Weighted Average Interest Rate, respectively)	66,250	88,750
Other Asset-Backed Financing Arrangements	2,813	9,289
Advance Royalty Commitments (13.68% and 10.78% Weighted Average Interest Rate, respectively)	2,185	1,895
Less: Unamortized Debt Issuance Costs	9,921	10,323
	600,589	685,855
Less: Amounts Due in One Year*	33,731	32,053
Long-Term Debt	$ 566,858	$ 653,802

*Excludes current portion of Finance Lease Obligations of $20,115 and $18,219 at December 31, 2020 and 2019, respectively.

Annual undiscounted maturities on long-term debt during the next five years and thereafter are as follows:

Year ended December 31,	Amount
2021	$ 33,731
2022	36,348
2023	12,526
2024	257,891
2025	270,184
Thereafter	768
Total Long-Term Debt Maturities	$ 611,448

In November 2017, CONSOL Energy entered into a revolving credit facility with commitments up to $300 million (the “Revolving Credit Facility”), a Term Loan A Facility of up to $100 million (the “TLA Facility”) and a Term Loan B Facility of up to $400 million (the “TLB Facility”, and together with the Revolving Credit Facility and the TLA Facility, the “Senior Secured Credit Facilities”). On March 28, 2019, the Company amended the Senior Secured Credit Facilities to increase the borrowing commitment of the Revolving Credit Facility to $400 million and reallocate the principal amounts outstanding under the TLA Facility and TLB Facility. On June 5, 2020, the Company amended the Senior Secured Credit Facilities (the “amendment”) to provide eight quarters of financial covenant relaxation, effect an increase in the rate at which borrowings under the Revolving Credit Facility and the TLA Facility bear interest, and add an anti-cash hoarding provision. Borrowings under the Company's Senior Secured Credit Facilities bear interest at a floating rate which can be, at the Company's option, either (i) LIBOR plus an applicable margin or (ii) an alternate base rate plus an applicable margin. The applicable margin for the Revolving Credit Facility and TLA Facility depends on the total net leverage ratio, whereas the applicable margin for the TLB Facility is fixed. The amendment increased the applicable margin by 50 basis points on both the Revolving Credit Facility and the TLA Facility. The maturity date of the Revolving Credit and TLA Facilities is March 28, 2023. The TLB Facility's maturity date is September 28, 2024. Obligations under the Senior Secured Credit Facilities (Term Loan B and Term Loan A, together with the Revolving Credit Facility, on which there were no outstanding borrowings at December 31, 2020) are guaranteed by (i) all owners of the PAMC held by the Company, (ii) any other members of the Company’s group that own any portion of the collateral securing the Revolving Credit Facility, and (iii) subject to certain customary exceptions and agreed materiality thresholds, all other existing or future direct or indirect wholly-owned restricted subsidiaries of the Company. The obligations are secured by, subject to certain exceptions (including a limitation of pledges of equity interests in certain subsidiaries and certain thresholds with respect to real property), a first-priority lien on (i) the Company’s interest in the PAMC, (ii) the limited partner units of the Partnership held by the Company, (iii) the equity interests in CONSOL Coal Resources GP LLC held by the Company, (iv) the CONSOL Marine Terminal and (v) the 1.5 billion tons of Greenfield Reserves.

The Senior Secured Credit Facilities contain a number of customary affirmative covenants. In addition, the Senior Secured Credit Facilities contain a number of negative covenants, including (subject to certain exceptions) limitations on (among other things): indebtedness, liens, investments, acquisitions, dispositions, restricted payments and prepayments of junior indebtedness. The amendment added additional conditions to be met for the covenants relating to investments in joint ventures, general investments, share repurchases, dividends and repurchases of Second Lien Notes. The additional conditions require no outstanding borrowings and no more than $200 million of outstanding letters of credit on the Revolving Credit Facility. Further restrictions apply to investments in joint ventures, share repurchases and dividends that require the total net leverage ratio shall not be greater than 2.00 to 1.00.

The Revolving Credit Facility and TLA Facility also include covenants relating to (i) a maximum first lien gross leverage ratio, (ii) a maximum total net leverage ratio, and (iii) a minimum fixed charge coverage ratio. The maximum first lien gross leverage ratio is calculated as the ratio of Consolidated First Lien Debt to Consolidated EBITDA. Consolidated EBITDA, as used in the covenant calculation, excludes non-cash compensation expenses, non-recurring transaction expenses, extraordinary gains and losses, gains and losses on discontinued operations, non-cash charges related to legacy employee liabilities and gains and losses on debt extinguishment, and subtracts cash payments related to legacy employee liabilities. The maximum total net leverage ratio is calculated as the ratio of Consolidated Indebtedness, minus Cash on Hand, to Consolidated EBITDA. The minimum fixed charge coverage ratio is calculated as the ratio of Consolidated EBITDA to Consolidated Fixed Charges. Consolidated Fixed Charges, as used in the covenant calculation, include cash interest payments, cash payments for income taxes, scheduled debt repayments, dividends paid and Maintenance Capital Expenditures. The amendment revised the financial covenants applicable to the Revolving Credit Facility and TLA Facility relating to the maximum first lien gross leverage ratio, maximum total net leverage ratio and minimum fixed charge coverage ratio, so that for the fiscal quarters ending June 30, 2020 through March 31, 2021, the maximum first lien gross leverage ratio shall be 2.50 to 1.00, the maximum total net leverage ratio shall be 3.75 to 1.00 and the minimum fixed charge coverage ratio shall be 1.00 to 1.00; for the fiscal quarters ending June 30, 2021 through September 30, 2021, the maximum first lien gross leverage ratio shall be 2.25 to 1.00 and the maximum total net leverage ratio shall be 3.50 to 1.00; for the fiscal quarters ending June 30, 2021 through March 31, 2022, the minimum fixed charge coverage ratio shall be 1.05 to 1.00; for the fiscal quarters ending December 31, 2021 through March 31, 2022, the maximum first lien gross leverage ratio shall be 2.00 to 1.00 and the maximum total net leverage ratio shall be 3.25 to 1.00; and for the fiscal quarters ending on or after June 30, 2022, the maximum first lien gross leverage ratio shall be 1.75 to 1.00, the maximum total net leverage ratio shall be 2.75 to 1.00 and the minimum fixed charge coverage ratio shall be 1.10 to 1.00. The maximum first lien gross leverage ratio was 1.64 to 1.00 at December 31, 2020. The maximum total net leverage ratio was 2.54 to 1.00 at December 31, 2020. The minimum fixed charge coverage ratio was 1.56 to 1.00 at December 31, 2020. The Company was in compliance with all of its financial covenants under the Senior Secured Credit Facilities as of December 31, 2020. The Company is continuing to actively monitor the effects of the ongoing COVID-19 pandemic on its liquidity.

The TLB Facility also includes a financial covenant that requires the Company to repay a certain amount of its borrowings under the TLB Facility within ten business days after the date it files its Form 10-K with the Securities and Exchange Commission if the Company has excess cash flow (as defined in the credit agreement for the Senior Secured Credit Facilities) during the year covered by the applicable Form 10-K. As of December 31, 2020, the required repayment of approximately $5 million has been classified as Current Portion of Long-Term Debt in the Consolidated Balance Sheets. During the year ended December 31, 2019, CONSOL Energy made the required repayment of approximately $110 million based on the amount of the Company's excess cash flow as of December 31, 2018. For fiscal year 2018, such repayment was equal to 75% of the Company’s excess cash flow less any voluntary prepayments of its borrowings under the TLB Facility made by the Company during 2018. For all subsequent fiscal years, the required repayment is equal to a certain percentage of the Company’s excess cash flow for such year, ranging from 0% to 75% depending on the Company’s total net leverage ratio, less the amount of certain voluntary prepayments made by the Company, if any, under the TLB Facility during such fiscal year. Based on the Company's excess cash flow calculation, no repayment was required with respect to the year ended December 31, 2019.

At December 31, 2020, the Revolving Credit Facility had no borrowings outstanding and $125,938 of letters of credit outstanding, leaving $274,062 of unused capacity. At December 31, 2019, the Revolving Credit Facility had no borrowings outstanding and $69,588 of letters of credit outstanding, leaving $330,412 of unused capacity. From time to time, CONSOL Energy is required to post financial assurances to satisfy contractual and other requirements generated in the normal course of business. Some of these assurances are posted to comply with federal, state or other government agencies' statutes and regulations. CONSOL Energy sometimes uses letters of credit to satisfy these requirements and these letters of credit reduce the Company's borrowing facility capacity.

In November 2017, CONSOL Energy issued $300 million in aggregate principal amount of 11.00% Senior Secured Second Lien Notes due 2025 (the "Second Lien Notes") pursuant to an indenture (the "Indenture") dated as of November 13, 2017, by and between the Company and UMB Bank, N.A., a national banking association, as trustee and collateral trustee (the "Trustee"). On November 28, 2017, certain subsidiaries of the Company executed a supplement to the Indenture and became party to the Indenture as a guarantor (the "Guarantors"). The Second Lien Notes are secured by second priority liens on substantially all of the assets of the Company and the Guarantors that are pledged and on a first-priority basis as collateral securing the Company's obligations under the Senior Secured Credit Facilities (described above), subject to certain exceptions under the Indenture. The Indenture contains covenants that will limit the ability of the Company and the Guarantors, to (i) incur, assume or guarantee additional indebtedness or issue preferred stock; (ii) create liens to secure indebtedness; (iii) declare or pay dividends on the Company's common stock, redeem stock or make other distributions to the Company's stockholders; (iv) make investments; (v) restrict dividends, loans or other asset transfers from the Company's restricted subsidiaries; (vi) merge or consolidate, or sell, transfer, lease or dispose of substantially all of the Company's assets; (vii) sell or otherwise dispose of certain assets, including equity interests in subsidiaries; (viii) enter into transactions with affiliates; and (ix) create unrestricted subsidiaries. These covenants are subject to important exceptions and qualifications. If the Second Lien Notes achieve an investment grade rating from both Standard & Poor's Ratings Services and Moody's Investors Service, Inc. and no default under the Indenture exists, many of the foregoing covenants will terminate and cease to apply.

The only non-guarantor subsidiary of the Senior Secured Credit Facilities is CONSOL Funding LLC (the "SPV") which holds the assets pledged to the Accounts Receivable Securitization Facility. CONSOL Funding LLC had total assets of $123,468 and $135,629, comprising mainly of $122,639 and $134,766 trade receivables, as of December 31, 2020 and 2019, respectively. For the years ended December 31, 2020, 2019 and 2018, net income attributable to the SPV was $2,854, $4,841 and $4,212, respectively, which primarily reflected intercompany fees related to purchasing the receivables, which are eliminated in the Consolidated Financial Statements contained within this Form 10-K. During the years ended December 31, 2020, 2019 and 2018, there were no borrowings or payments under the Accounts Receivable Securitization Facility. See Note 11 - Accounts Receivable Securitization in the Notes to the Consolidated Financial Statements in Item 8 of this Form 10-K for additional information. All other subsidiaries are guarantors of the Senior Secured Credit Facilities.

During the year ended December 31, 2020, the Company repurchased $54,481 of its outstanding 11.00% Senior Secured Second Lien Notes due in 2025. During the year ended December 31, 2019, the Company made a required repayment of approximately $110 million on the TLB Facility (discussed above) and amended the Senior Secured Credit Facilities. The Company also repurchased $52,648 of its outstanding 11.00% Senior Secured Second Lien Notes due in 2025 during the year ended December 31, 2019. As part of these transactions, $21,352 was included in Gain on Debt Extinguishment on the Consolidated Statements of Income for the year ended December 31, 2020, and $24,455 was included in Loss on Debt Extinguishment on the Consolidated Statements of Income for the year ended December 31, 2019.

During the year ended December 31, 2019, the Company entered into asset-backed financing arrangements related to certain equipment. The equipment, which had an approximate value of $2,813 and $9,289 at December 31, 2020 and 2019, respectively, fully collateralizes the loans. As of December 31, 2020, the total outstanding loan of $2,813 matures in September 2024. The loans had a weighted average interest rate of 3.61% and 5.07% at December 31, 2020 and 2019, respectively.

During the year ended December 31, 2019, the Company entered into interest rate swaps, which effectively converted $150,000 of the TLB Facility's floating interest rate to a fixed interest rate for the twelve months ending December 31, 2020 and 2021, and $50,000 of the TLB Facility's floating interest rate to a fixed interest rate for the twelve months ending December 31, 2022. The interest rate swaps qualify for cash flow hedge accounting treatment and as such, the change in the fair value of the interest rate swaps is recorded on the Company's Consolidated Balance Sheets as an asset or liability. The effective portion of the gains or losses is reported as a component of accumulated other comprehensive loss and the ineffective portion is reported in earnings. At December 31, 2020 and 2019, the interest rate swap contracts were reflected in the Consolidated Balance Sheets at their fair value of $2,834 and $154, respectively, which is recorded in Other Accrued Liabilities and Other Liabilities. The fair value of the interest rate swaps reflected an unrealized loss of $2,004 (net of $674 tax) and $117 (net of $37 tax) at December 31, 2020 and 2019, respectively. The unrealized loss is included on the Consolidated Statements of Stockholders' Equity as part of accumulated other comprehensive loss, as well as on the Consolidated Statements of Comprehensive Income as unrealized loss on cash flow hedges. Some of the Company's interest rate swaps reached their effective date in the year ended December 31, 2020. As such, a loss of $1,587 was recognized in interest expense in the Consolidated Statements of Income for the year ended December 31, 2020. No gains or losses were recognized in interest expense in the Consolidated Statements of Income in the year ended December 31, 2019. During 2021, notional amounts of $150,000 will become effective. Based on the fair value of the Company's cash flow hedges at December 31, 2020, the Company expects expense of approximately $2,067 to be reclassified into earnings in the next 12 months.

NOTE 14—LEASES:

On January 1, 2019, the Company adopted ASC Topic 842 using the transition option, "Comparatives Under 840 Option," established by ASU 2018-11, Leases (Topic 842), Targeted Improvements. As allowed under this guidance, the Company elected not to recast the comparative periods presented when transitioning to ASC 842. As most of the Company's leases do not provide an implicit rate, CONSOL Energy has taken a portfolio approach of applying its incremental borrowing rate based on the information available at the adoption date to calculate the present value of lease payments over the lease term. CONSOL Energy has elected the package of practical expedients permitted under the transition guidance within the standard, which allows the Company (1) to not reassess whether any expired or existing contracts are or contain leases, (2) to not reassess the lease classification for any expired or existing leases, and (3) to not reassess initial direct costs for any existing leases. CONSOL Energy has also elected the practical expedient to not evaluate land easements that existed or expired before the Company's adoption of Topic 842 and the practical expedient to not separate lease and non-lease components; that is, to account for lease and non-lease components in a contract as a single lease component for all classes of underlying assets. Further, the Company made an accounting policy election to keep leases with an initial term of twelve months or less off the balance sheet. CONSOL Energy will recognize those lease payments in the Consolidated Statements of Income over the lease term. For the years ended December 31, 2020 and 2019, these short-term lease expenses were not material to the Company's financial statements.

Based on the Company's lease portfolio, the standard had a material impact on the Company's Consolidated Balance Sheet but did not have a significant impact on the Company's consolidated net earnings and cash flows. The most significant impact was the recognition of Right of Use ("ROU") assets and lease liabilities for operating leases, while the accounting for finance leases remained substantially unchanged. The Company's bank covenants were not affected by this update. The Company recorded operating lease ROU assets and operating lease liabilities of approximately $92 million as of January 1, 2019, primarily related to mining equipment, based on the present value of the future lease payments on the date of adoption.

The Company determines if an arrangement is an operating or finance lease at inception of the applicable lease. For leases where the Company is the lessee, ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit interest rate, the Company uses its incremental borrowing rate based on the information available on the commencement date in determining the present value of lease payments. The ROU asset also consists of any prepaid lease payments, lease incentives received, and costs which will be incurred in exiting a lease. The lease terms used to calculate the ROU asset and related lease liability include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for operating leases is recognized on a straight-line basis over the lease term as an operating expense while the expense for finance leases is recognized as depreciation expense and interest expense using the interest method of recognition.

The Company has operating leases for mining and other equipment used in operations and office space. Many leases include one or more options to renew, some of which include options to extend, the leases, and some leases include options to terminate or buy out the leases within a set period of time. In certain of the Company's lease agreements, the rental payments are adjusted periodically to reflect actual charges incurred for inflation and/or changes in other indexes. Many of the Company's operating lease payments for mining equipment contain a variable component which is calculated based upon production metrics such as feet of advance or raw tonnage mined. While most of the Company's leases contain clauses regarding the general condition of the equipment upon lease termination, they do not contain residual value guarantees.

For the years ended December 31, 2020 and 2019, the components of operating lease expense were as follows:

	December 31,	
	2020	**2019**
Fixed operating lease expense	$ 24,359	$ 25,875
Variable operating lease expense	3,835	11,445
Total operating lease expense	$ 28,194	$ 37,320

Supplemental cash flow information related to the Company's operating leases for the years ended December 31, 2020 and 2019 was as follows:

	December 31,	
	2020	**2019**
Cash paid for amounts included in the measurement of operating lease liabilities	$ 24,293	$ 25,675
ROU assets obtained in exchange for operating lease obligations	—	—

The following table presents the lease balances within the Consolidated Balance Sheets, weighted average lease term, and the weighted average discount rate related to the Company's operating leases at December 31, 2020 and 2019:

		December 31,	
Lease Assets and Liabilities	**Classification**	**2020**	**2019**
Assets:			
Operating Lease ROU Assets	Other Assets	$ 53,436	$ 72,632
Liabilities:			
Current:			
Operating Lease Liabilities	Other Accrued Liabilities	$ 20,241	$ 19,479
Long-Term:			
Operating Lease Liabilities	Operating Lease Liabilities	$ 35,655	$ 55,413
Total Operating Lease Liabilities		$ 55,896	$ 74,892
Weighted average remaining lease term (in years)		4.65	5.02
Weighted average discount rate		6.84%	6.79%

The Company also enters into finance leases for mining equipment and automobiles. Assets arising from finance leases are included in property, plant and equipment-net and the liabilities are included in current portion of long-term debt and long-term debt in the accompanying Consolidated Balance Sheets.

For the years ended December 31, 2020 and 2019, the components of finance lease expense were as follows:

	December 31,	
	2020	2019
Amortization of right of use assets	$ 24,066	$ 15,691
Interest expense	2,375	1,878
Total finance lease expense	$ 26,441	$ 17,569

The following table presents the weighted average lease term and weighted average discount rate related to the Company's finance leases as of December 31, 2020 and 2019:

	December 31,	
	2020	2019
Weighted average remaining lease term (in years)	2.68	1.69
Weighted average discount rate	5.79%	5.20%

The following table presents the future maturities of the Company's operating and finance lease liabilities, together with the present value of the net minimum lease payments, at December 31, 2020:

	Finance Leases	Operating Leases
2021	$ 22,557	$ 23,358
2022	18,074	13,450
2023	16,623	6,395
2024	3,595	6,115
2025	320	4,619
Thereafter	—	11,339
Total minimum lease payments	61,169	65,276
Less amount representing interest	4,851	9,380
Present value of minimum lease payments	$ 56,318	$ 55,896

As of December 31, 2020, the Company had no additional significant operating or finance leases that had not yet commenced.

NOTE 15—PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS:

Pension

CONSOL Energy has non-contributory defined benefit retirement plans. The benefits for these plans are based primarily on years of service and employees' pay. CONSOL Energy's qualified pension plan (the "Pension Plan") allows for lump-sum distributions of benefits earned up until December 31, 2005, at the employees' election. Pursuant to the Separation and Distribution Agreement that provided for the separation and distribution (the "SDA") and related ancillary agreements, the sponsorship of the qualified pension plan was transferred to the Company.

According to the Defined Benefit Plans Topic of the FASB Accounting Standards Codification, if the lump sum distributions made during a plan year, which for CONSOL Energy is January 1 to December 31, exceed the total of the projected service cost and interest cost for the plan year, settlement accounting is required. Lump sum payments did not exceed this threshold during the years ended December 31, 2020, 2019 and 2018.

Other Postretirement Benefit Plan

Certain subsidiaries of CONSOL Energy provide medical and prescription drug benefits to retired employees covered by either the Coal Industry Retiree Health Benefit Act of 1992 (the Coal Act) or the National Bituminous Coal Wage Agreement of 2011.

The reconciliation of changes in the benefit obligation, plan assets and funded status of these plans at December 31, 2020 and 2019 is as follows:

	Pension Benefits at December 31,		Other Postretirement Benefits at December 31,	
	2020	2019	2020	2019
Change in benefit obligation:				
Benefit obligation at beginning of period	$ 720,098	$ 644,142	$ 464,329	$ 473,591
Service cost	1,183	3,950	—	—
Interest cost	20,176	25,101	12,795	18,320
Actuarial loss (gain)	84,663	95,078	(38,455)	4,761
Benefits and other payments	(47,252)	(48,173)	(24,959)	(32,343)
Benefit obligation at end of period	$ 778,868	$ 720,098	$ 413,710	$ 464,329
Change in plan assets:				
Fair value of plan assets at beginning of period	$ 668,481	$ 578,347	$ —	$ —
Actual return on plan assets	118,403	136,976	—	—
Company contributions	1,346	1,331	24,959	32,343
Benefits and other payments	(47,252)	(48,173)	(24,959)	(32,343)
Fair value of plan assets at end of period	$ 740,978	$ 668,481	$ —	$ —
Funded status:				
Current liabilities	$ (2,531)	$ (1,687)	$ (26,073)	$ (31,833)
Noncurrent liabilities	(35,359)	(49,930)	(387,637)	(432,496)
Net obligation recognized	$ (37,890)	$ (51,617)	$ (413,710)	$ (464,329)
Amounts recognized in accumulated other comprehensive loss consist of:				
Net actuarial loss	$ 256,988	$ 255,830	$ 132,203	$ 179,937
Prior service credit	—	—	(18,544)	(20,949)
Net amount recognized (before tax effect)	$ 256,988	$ 255,830	$ 113,659	$ 158,988

The components of net periodic benefit (credit) cost are as follows:

	Pension Benefits For the Years Ended December 31,			Other Postretirement Benefits For the Years Ended December 31,		
	2020	2019	2018	2020	2019	2018
Components of net periodic benefit (credit) cost:						
Service cost	$ 1,183	$ 3,950	$ 1,150	$ —	$ —	$ —
Interest cost	20,176	25,101	23,505	12,795	18,320	18,706
Expected return on plan assets	(41,821)	(40,457)	(40,370)	—	—	—
Amortization of prior service credits	—	(367)	(502)	(2,405)	(2,405)	(2,405)
Recognized net actuarial loss	6,922	5,958	8,715	9,277	9,262	16,205
Net periodic benefit (credit) cost	$ (13,540)	$ (5,815)	$ (7,502)	$ 19,667	$ 25,177	$ 32,506

CONSOL Energy utilizes a corridor approach to amortize actuarial gains and losses that have been accumulated under the Pension Plan. Cumulative gains and losses that are in excess of 10% of the greater of either the projected benefit obligation (PBO) or the market-related value of plan assets are amortized over the expected remaining future lifetime of all plan participants for the Pension Plan.

CONSOL Energy also utilizes a corridor approach to amortize actuarial gains and losses that have been accumulated under the OPEB Plan. Cumulative gains and losses that are in excess of 10% of the greater of either the accumulated postretirement benefit obligation (APBO) or the market-related value of plan assets are amortized over the average future remaining lifetime of the current inactive population for the OPEB Plan.

The following table provides information related to pension plans with an accumulated benefit obligation in excess of plan assets:

	As of December 31,	
	2020	2019
Projected benefit obligation	$ 778,868	$ 720,098
Accumulated benefit obligation	$ 778,618	$ 719,985
Fair value of plan assets	$ 740,978	$ 668,481

Assumptions:

The weighted-average assumptions used to determine benefit obligations are as follows:

	Pension Obligations at December 31,		Other Postretirement Obligations at December 31,	
	2020	2019	2020	2019
Discount rate	2.36%	3.28%	2.39%	3.27%
Rate of compensation increase	3.76%	3.68%	—	—

The discount rates are determined using a Company-specific yield curve model (above-mean) developed with the assistance of an external actuary. The Company-specific yield curve models (above-mean) use a subset of the expanded bond universe to determine the Company-specific discount rate. Bonds used in the yield curve are rated AA by Moody's or Standard & Poor's as of the measurement date. The yield curve models parallel the plans' projected cash flows, and the underlying cash flows of the bonds included in the models exceed the cash flows needed to satisfy the Company's plans.

The weighted-average assumptions used to determine net periodic benefit costs are as follows:

	Pension Benefits For the Years Ended December 31,			Other Postretirement Benefits For the Years Ended December 31,		
	2020	2019	2018	2020	2019	2018
Discount rate	3.35%	4.37%	3.69%	3.27%	4.34%	3.65%
Expected long-term return on plan assets	6.48%	6.90%	6.90%	—	—	—
Rate of compensation increase	3.68%	3.73%	3.73%	—	—	—

The long-term rate of return is the sum of the portion of total assets in each asset class held multiplied by the expected return for that class, adjusted for expected expenses to be paid from the assets. The expected return for each class is determined using the plan asset allocation at the measurement date and a distribution of compound average returns over a twenty year time horizon. The model uses asset class returns, variances and correlation assumptions to produce the expected return for each portfolio. The return assumptions used forward-looking gross returns influenced by the current Treasury yield curve. These returns recognize current bond yields, corporate bond spreads and equity risk premiums based on current market conditions.

The assumed health care cost trend rates are as follows:

	At December 31,	
	2020	2019
Health care cost trend rate for next year	5.43%	5.65%
Rate to which the cost trend is assumed to decline (ultimate trend rate)	4.50%	4.50%
Year that the rate reaches ultimate trend rate	2038	2038

Plan Assets:

The Company’s overall investment strategy is to meet current and future benefit payment needs through diversification across asset classes, fund strategies and fund managers to achieve an optimal balance between risk and return and between income and growth of assets through capital appreciation. Consistent with the objectives of the pension trust (the “Trust”) and in consideration of the Trust’s current funded status and the current level of market interest rates, the Retirement Board, as appointed by the CONSOL Energy Board of Directors (the “Retirement Board”) has approved an asset allocation strategy that will change over time in response to future improvements in the Trust’s funded status and/or changes in market interest rates. Such changes in asset allocation strategy are intended to allocate additional assets to the fixed income asset class should the Trust’s funded status improve. In this framework, the current target allocation for plan assets is 21% U.S. equity securities, 13% non-U.S. equity securities, 6% global equity securities and 60% fixed income. Both the equity and fixed income portfolios are comprised of both active and passive investment strategies. The Trust is primarily invested in Mercer Common Collective Trusts. Equity securities consist of investments in large and mid/small cap companies; non-U.S. equities are derived from both developed and emerging markets. Fixed income securities consist primarily of U.S. long duration fixed income corporate and U.S. Treasury instruments. The average quality of the fixed income portfolio must be rated at least “investment grade” by nationally recognized rating agencies. Within the fixed income asset class, investments are invested primarily across various strategies such that the overall profile strongly correlates with the interest rate sensitivity of the Trust’s liabilities in order to reduce the volatility resulting from the risk of changes in interest rates and the impact of such changes on the Trust’s overall financial status. Derivatives, interest rate swaps, options and futures are permitted investments for the purpose of reducing risk and to extend the duration of the overall fixed income portfolio; however, they may not be used for speculative purposes. All or a portion of the assets may be invested in mutual funds or other commingled vehicles so long as the pooled investment funds have an adequate asset base relative to their asset class; are invested in a diversified manner; and have management and/or oversight by an Investment Advisor registered with the SEC. The Retirement Board reviews the investment program on an ongoing basis including asset performance, current trends and developments in capital markets, changes in Trust liabilities and ongoing appropriateness of the overall investment policy.

The fair values of plan assets at December 31, 2020 and 2019 by asset category are as follows:

	Fair Value Measurements at December 31, 2020				Fair Value Measurements at December 31, 2019			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Category								
Cash/Accrued Income	$ 100	$ 100	$ —	$ —	$ 97	$ 97	$ —	$ —
Mercer Common Collective Trusts (a)	740,878	—	—	—	668,384	—	—	—
Total	$ 740,978	$ 100	$ —	$ —	$ 668,481	$ 97	$ —	$ —

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy but are included in the total.

There are no investments in CONSOL Energy stock held by these plans at December 31, 2020 or 2019.
There are no assets in the other postretirement benefit plan at December 31, 2020 or 2019.

Cash Flows:

If necessary, CONSOL Energy intends to contribute to the pension trust using prudent funding methods. However, the Company does not expect to contribute to the pension plan trust in 2021. Pension benefit payments are primarily funded from the Trust. CONSOL Energy expects to pay benefits of $2,531 from the non-qualified pension plan in 2021. CONSOL Energy does not expect to contribute to the other postretirement benefit plan in 2021 and intends to pay benefit claims as they become due.

The following benefit payments, reflecting expected future service, are expected to be paid:

	Pension Benefits	Other Postretirement Benefits
2021	$ 44,391	$ 26,073
2022	$ 43,639	$ 25,250
2023	$ 43,112	$ 24,455
2024	$ 42,755	$ 23,581
2025	$ 41,291	$ 23,249
Year 2026-2030	$ 196,850	$ 110,456

NOTE 16—COAL WORKERS' PNEUMOCONIOSIS AND WORKERS' COMPENSATION:

Coal Workers' Pneumoconiosis

Under the Federal Coal Mine Health and Safety Act of 1969, as amended, CONSOL Energy is responsible for medical and disability benefits to employees and their dependents resulting from occurrences of coal workers' pneumoconiosis (CWP) disease. CONSOL Energy is also responsible under various state statutes for pneumoconiosis benefits. CONSOL Energy primarily provides for these claims through a self-insurance program. The calculation of the actuarial present value of the estimated pneumoconiosis obligation is based on an annual actuarial study by independent actuaries and uses assumptions regarding disability incidence, medical costs, indemnity levels, mortality, death benefits, dependents and interest rates which are derived from actual company experience and outside sources. Actuarial gains or losses can result from discount rate changes, differences in incident rates and severity of claims filed as compared to original assumptions. Recent legislative changes have not been favorable for CWP. Based upon the law change that contained a 15-year presumption and permitted that chronic obstructive pulmonary disease (COPD) is a symptom of coal workers' pneumoconiosis, there has been a surge in entitled claims for CONSOL, both from new applicants and previously denied applicants over the past years.

Former miners and their family members asserting claims for pneumoconiosis benefits have generally been more successful asserting such claims in recent years as a result of the presumption within the PPACA that a coal miner with fifteen or more years of underground coal mining experience (or the equivalent) who develops a respiratory condition and meets the requirements for total disability under the Federal Act is presumed to be disabled due to coal dust exposure, thereby shifting the burden of proof from the employee to the employer/insurer to establish that this disability is not due to coal dust.

Workers' Compensation

CONSOL Energy must also compensate individuals who sustain employment-related physical injuries or some types of occupational diseases and, on some occasions, for costs of their rehabilitation. Workers' compensation programs will also compensate survivors of workers who suffer employment-related deaths. Workers' compensation laws are administered by state agencies, and each state has its own set of rules and regulations regarding compensation owed to an employee that is injured in the course of employment. CONSOL Energy primarily provides for these claims through a self-insurance program. CONSOL Energy recognizes an actuarial present value of the estimated workers' compensation obligation calculated by independent actuaries. The calculation is based on claims filed and an estimate of claims incurred but not yet reported as well as various assumptions, including discount rate, future healthcare trend rate, benefit duration and recurrence of injuries. Actuarial gains or losses associated with workers' compensation have resulted from discount rate changes and differences in claims experience and incident rates as compared to prior assumptions.

The reconciliation of changes in the benefit obligation and funded status of these plans at December 31, 2020 and 2019 is as follows:

	CWP at December 31,		Workers' Compensation at December 31,	
	2020	2019	2020	2019
Change in benefit obligation:				
Benefit obligation at beginning of period	$ 214,473	$ 177,188	$ 71,480	$ 70,986
State administrative fees and insurance bond premiums	—	—	1,996	2,157
Service cost	4,603	3,791	6,276	5,685
Interest cost	6,206	7,001	1,844	2,585
Actuarial loss	29,510	39,827	1,897	1,536
Benefits paid	(12,869)	(13,334)	(10,052)	(11,469)
Benefit obligation at end of period	$ 241,923	$ 214,473	$ 73,441	$ 71,480
Funded status:				
Current assets	$ —	$ —	$ 602	$ 1,037
Current liabilities	(12,203)	(12,331)	(9,653)	(11,323)
Noncurrent liabilities	(229,720)	(202,142)	(64,390)	(61,194)
Net obligation recognized	$ (241,923)	$ (214,473)	$ (73,441)	$ (71,480)
Amounts recognized in accumulated other comprehensive loss consist of:				
Net actuarial loss (gain)	$ 71,259	$ 47,352	$ (8,866)	$ (11,250)
Net amount recognized (before tax effect)	$ 71,259	$ 47,352	$ (8,866)	$ (11,250)

The components of net periodic benefit cost are as follows:

	CWP For the Years Ended December 31,			Workers' Compensation For the Years Ended December 31,		
	2020	2019	2018	2020	2019	2018
Service cost	$ 4,603	$ 3,791	$ 6,650	$ 6,276	$ 5,685	$ 6,230
Interest cost	6,206	7,001	5,245	1,844	2,585	2,283
Recognized net actuarial loss (gain)	5,604	1,016	(853)	(488)	(774)	(79)
State administrative fees and insurance bond premiums	—	—	—	1,996	2,157	2,671
Net periodic benefit cost	$ 16,413	$ 11,808	$ 11,042	$ 9,628	$ 9,653	$ 11,105

CONSOL Energy utilizes a corridor approach to amortize actuarial gains and losses that have been accumulated under the Workers' Compensation and CWP plans. Cumulative gains and losses that are in excess of 10% of the greater of either the estimated liability or the market-related value of plan assets are amortized over the expected average remaining future service of the current active membership of the Workers' Compensation and CWP plans.

Assumptions:

The weighted-average discount rates used to determine benefit obligations and net periodic benefit costs are as follows:

	CWP For the Years Ended December 31,			Workers' Compensation For the Years Ended December 31,		
	2020	2019	2018	2020	2019	2018
Benefit obligations	2.53%	3.41%	4.42%	2.35%	3.25%	4.26%
Net periodic benefit costs	3.41%	4.42%	3.75%	3.25%	4.26%	3.57%

Discount rates are determined using a Company-specific yield curve model (above-mean) developed with the assistance of an external actuary. The Company-specific yield curve models (above-mean) use a subset of the expanded bond universe to determine the Company-specific discount rate. Bonds used in the yield curve are rated AA by Moody's or Standard & Poor's as of the measurement date. The yield curve models parallel the plans' projected cash flows, and the underlying cash flows of the bonds included in the models exceed the cash flows needed to satisfy the Company's plans.

Cash Flows:

CONSOL Energy does not intend to make contributions to the CWP or Workers' Compensation plans in 2021, but it intends to pay benefit claims as they become due.

The following benefit payments, which reflect expected future claims as appropriate, are expected to be paid:

		Workers' Compensation		
	CWP Benefits	Total Benefits	Actuarial Benefits	Other Benefits
2021	$ 12,203	$ 10,580	$ 9,051	$ 1,529
2022	$ 11,923	$ 10,392	$ 8,824	$ 1,568
2023	$ 11,762	$ 10,212	$ 8,605	$ 1,607
2024	$ 11,439	$ 10,151	$ 8,504	$ 1,647
2025	$ 11,304	$ 10,015	$ 8,327	$ 1,688
Year 2026-2030	$ 57,386	$ 50,445	$ 41,350	$ 9,095

NOTE 17—OTHER EMPLOYEE BENEFIT PLANS:

UMWA Benefit Trusts

The Coal Act created two multi-employer benefit plans: (1) the United Mine Workers of America Combined Benefit Fund (the "Combined Fund") into which the former UMWA Benefit Trusts were merged, and (2) the United Mine Workers of America 1992 Benefit Plan (the "1992 Benefit Plan"). CONSOL Energy accounts for required contributions to these multi-employer trusts as expense when incurred.

The Combined Fund provides medical and death benefits for all beneficiaries of the former UMWA Benefit Trusts who were actually receiving benefits as of July 20, 1992. The 1992 Benefit Plan provides medical and death benefits to orphan UMWA-represented members eligible for retirement on February 1, 1993 and for those who retired between July 20, 1992 and September 30, 1994. The Coal Act provides for the assignment of beneficiaries to former employers and the allocation of unassigned beneficiaries (referred to as orphans) to companies using a formula set forth in the Coal Act. The Coal Act requires that responsibility for funding the benefits to be paid to beneficiaries be assigned to their former signatory employers or related companies. This cost is recognized when contributions are assessed. CONSOL Energy's total contributions under the Coal Act were $5,383, $6,042 and $6,829 for the years ended December 31, 2020, 2019 and 2018, respectively. Based on available information at December 31, 2020, CONSOL Energy's gross obligation for the Combined Fund and 1992 Benefit Plan is estimated to be approximately $56,039.

Pursuant to the provisions of the Tax Relief and Healthcare Act of 2006 (the "2006 Act") and the 1992 Benefit Plan, CONSOL Energy is required to provide security in an amount based on the annual cost of providing health care benefits for all individuals receiving benefits from the 1992 Benefit Plan who are attributable to CONSOL Energy, plus all individuals receiving benefits from an individual employer plan maintained by CONSOL Energy who are entitled to receive such benefits. In accordance with the terms of the 2006 Act and the 1992 Benefit Plan, CONSOL Energy must secure its obligations by posting letters of credit, which were $17,421, $18,669 and $19,860 at December 31, 2020, 2019 and 2018, respectively. The 2020, 2019 and 2018 security amounts were based on the annual cost of providing health care benefits and included a reduction in the number of eligible employees.

Investment Plan

CONSOL Energy has an investment plan available to most non-represented employees. Eligible employees of CONSOL Pennsylvania Coal Company began participation in the CONSOL Pennsylvania Coal Company Investment Plan (the "CPCC 401(k) Plan") on September 1, 2017, the CPCC 401(k) Plan's inception date. Remaining eligible employees of CONSOL Energy began participation in the CPCC 401(k) Plan on November 1, 2017. Prior to participating in the CPCC 401(k) Plan, eligible employees participated in the Company's former parent's 401(k) plan. Effective December 31, 2019, the CPCC 401(k) Plan was amended to change its sponsor from CONSOL Pennsylvania Coal Company to CONSOL Energy Inc., and the plan's name was changed from the CONSOL Pennsylvania Coal Company Investment Plan to the CONSOL Energy Inc. Investment Plan (the "CEIX 401(k) Plan"). The CEIX 401(k) Plan and the Company's former parent's 401(k) plan both include company matching of 6% of eligible compensation contributed by eligible CONSOL Energy employees. The Company may also make discretionary contributions to the CEIX 401(k) Plan ranging from 1% to 6% of eligible compensation for eligible employees (as defined by the CEIX 401(k) Plan). Discretionary contributions of $10,445 were accrued for at December 31, 2018, and were paid into employees' accounts in the first quarter of 2019. There were no such discretionary contributions accrued for or made by the Company in the years ended December 31, 2020 and 2019. Total payments and costs were $8,114, $10,737 and $20,655 for the years ended December 31, 2020, 2019 and 2018, respectively.

Long-Term Disability

CONSOL Energy has a Long-Term Disability Plan available to all eligible full-time salaried employees. The benefits for this plan are based on a percentage of monthly earnings, offset by all other income benefits available to the disabled.

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Net periodic benefit costs	$ 1,700	$ 1,483	$ 2,088
Discount rate assumption used to determine net periodic benefit costs	2.86%	3.97%	3.22%

Liabilities incurred under the Long-Term Disability Plan are included in Other Accrued Liabilities and Deferred Credits and Other Liabilities–Other in the Consolidated Balance Sheets and amounted to a combined total of $11,374 and $12,749 at December 31, 2020 and 2019, respectively.

NOTE 18—STOCK-BASED COMPENSATION:

CONSOL Energy adopted the CONSOL Energy Inc. Omnibus Performance Incentive Plan (the "Performance Incentive Plan") on November 22, 2017. The Performance Incentive Plan provides for grants of stock-based awards to employees, including any officer or employee-director of the Company, who is not a member of the Compensation Committee. These awards are intended to compensate the recipients thereof based on the performance of the Company's stock and the recipients' continued services during the vesting period, as well as align the recipients' long-term interests with those of the Company's shareholders. CONSOL Energy is responsible for the cost of awards granted under the Performance Incentive Plan, and all determinations with respect to awards to be made under the Performance Incentive Plan will be made by the board of directors or a committee as delegated by the board of directors.

The Performance Incentive Plan limits the number of units that may be delivered pursuant to vested awards to 2,600,000 shares, subject to proportionate adjustment in the event of stock splits, stock dividends, recapitalizations, and other similar transactions or events. Shares subject to awards that are canceled, forfeited, withheld to satisfy exercise prices or tax withholding obligations or otherwise terminate without delivery will be available for delivery pursuant to other awards.

For only those shares expected to vest, CONSOL Energy recognizes stock-based compensation costs on a straight-line basis over the requisite service period of the award as specified in the award agreement, which is generally the vesting term. The vesting of all awards will accelerate in the event of death and disability and may accelerate upon a change in control of CONSOL Energy. Some awards may accelerate based on retirement age. The Company accounts for forfeitures of stock-based compensation as they occur. The total stock-based compensation expense recognized during the years ended December 31, 2020, 2019 and 2018 was $11,161, $11,351, and $8,392, respectively, and was included in Selling, General and Administrative Costs on the Consolidated Statements of Income. This includes expense specifically related to the Performance Incentive Plan. The related deferred tax benefit totaled $2,871, $2,856 and $1,911 for the years ended December 31, 2020, 2019 and 2018, respectively.

As of December 31, 2020, CONSOL Energy has $6,537 of unrecognized compensation cost related to all nonvested stock-based compensation awards, which is expected to be recognized over a weighted-average period of 1.63 years. When restricted stock and performance share unit awards become vested, the issuances are made from CONSOL Energy's common stock shares.

Restricted Stock Units

CONSOL Energy grants certain employees and non-employee directors restricted stock units, which entitle the holder to shares of common stock as the award vests. Compensation expense is recognized on a straight-line basis over the requisite service period of the award. The total fair value of restricted stock units vested during the years ended December 31, 2020, 2019 and 2018 was $6,913, $4,407 and $3,734, respectively. The following table represents the nonvested restricted stock units and their corresponding fair value (based upon the closing share price) at the date of grant:

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2019	453,336	$ 34.60
Granted	1,257,152	$ 7.81
Vested	(172,429)	$ 31.86
Forfeited	(49,098)	$ 12.42
Nonvested at December 31, 2020	1,488,961	$ 13.07

Performance Share Units

CONSOL Energy grants certain employees performance share unit awards, which entitle the holder to shares of common stock subject to the achievement of certain market and performance goals. Compensation expense is recognized over the service period of awards and adjusted for the probability of achievement of performance-based goals. The total fair value of performance share units vested during the years ended December 31, 2020, 2019 and 2018 was $1,042, $6,323 and $4,910, respectively. The following table represents the nonvested performance share units and their corresponding fair value (based upon the closing share price and/or Monte Carlo simulation) on the date of grant:

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2019	193,265	$ 33.55
Granted	229,440	$ 8.60
Vested	(33,665)	$ 30.95
Forfeited	(52,195)	$ 38.66
Nonvested at December 31, 2020	336,845	$ 17.81

NOTE 19—SUPPLEMENTAL CASH FLOW INFORMATION:

The following are non-cash transactions that impact the investing and financing activities of CONSOL Energy.

CONSOL Energy entered into non-cash finance lease arrangements of $42,200, $4,424 and $1,301 for the years ended December 31, 2020, 2019 and 2018, respectively. Additionally, during the year ended December 31, 2018, the Company terminated two operating leases on its longwall shields, and refinanced these as finance leases in the amount of $45,979.

As of December 31, 2020, 2019 and 2018, CONSOL Energy purchased goods and services related to capital projects in the amount of $1,671, $3,785 and $2,311, respectively, which are included in accounts payable, current portion of long-term debt and other accrued liabilities on the Consolidated Balance Sheets.

The following table shows cash paid for interest and income taxes for the periods indicated.

	For the Years Ended December 31,		
	2020	2019	2018
Cash Paid For:			
Interest (net of amounts capitalized)	$ 62,997	$ 73,574	$ 92,926
Income taxes	$ 1,476	$ 40,139	$ 12,834

NOTE 20—CONCENTRATION OF CREDIT RISK AND MAJOR CUSTOMERS:

CONSOL Energy primarily markets its thermal coal principally to electric power producers in the eastern United States. Revenues generated from electric power producers in the eastern United States were 65%, 65% and 71% for the years ended December 31, 2020, 2019 and 2018, respectively. The Company has contractual relationships with certain coal exporters who distribute coal to international markets. For the years ended December 31, 2020, 2019 and 2018, approximately 35%, 35% and 29%, respectively, of the Company's coal revenues were derived from these exporters. The Company uses the end usage point as the basis for attributing tons to individual countries. Because title to the Company's export shipments typically transfers to brokerage customers at a point that does not necessarily reflect the end usage point, the Company attributes export tons to the country with the end usage point, if known. No individual country outside of the United States was attributed greater than 10% of total tons sold during the years ended December 31, 2020, 2019 and 2018.

During the years ended December 31, 2020, 2019 and 2018, three customers each comprised over 10% of the Company's total coal sales revenue, aggregating approximately 55%, 70% and 57%, respectively, of the Company's sales. Additionally, three of the Company's customers each had outstanding balances in excess of 10% of the total trade receivable balance as of December 31, 2020, and two of the Company's customers each had outstanding balances in excess of 10% of the total trade receivable balance as of December 31, 2019.

Concentration of credit risk is summarized below:

	December 31,	
	2020	2019
Thermal coal utilities	$ 32,343	$ 58,557
Coal exporters and distributors	82,948	73,416
Steel and coke producers	5,302	—
Other	2,122	1,815
Total Trade Receivables	122,715	133,788
Less: Allowance for credit losses	4,426	2,100
Total Trade Receivables, net	$ 118,289	$ 131,688

NOTE 21—FAIR VALUE OF FINANCIAL INSTRUMENTS:

CONSOL Energy determines the fair value of assets and liabilities based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The fair values are based on assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. The fair value hierarchy is based on whether the inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources (including LIBOR-based discount rates), while unobservable inputs reflect the Company's own assumptions of what market participants would use.

The fair value hierarchy includes three levels of inputs that may be used to measure fair value as described below.

Level One - Quoted prices for identical instruments in active markets.

Level Two - The fair value of the assets and liabilities included in Level 2 are based on standard industry income approach models that use significant observable inputs, including LIBOR-based discount rates.

Level Three - Unobservable inputs significant to the fair value measurement supported by little or no market activity. The significant unobservable inputs used in the fair value measurement of the Company's third-party guarantees are the credit risk of the third-party and the third-party surety bond markets. A significant increase or decrease in these values, in isolation, would have a directionally similar effect resulting in a higher or lower fair value measurement of the Company's Level 3 guarantees.

In those cases when the inputs used to measure fair value meet the definition of more than one level of the fair value hierarchy, the lowest level input that is significant to the fair value measurement in its totality determines the applicable level in the fair value hierarchy.

The financial instruments measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at December 31, 2020			Fair Value Measurements at December 31, 2019		
Description	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Lease Guarantees	$ —	$ —	$ (168)	$ —	$ —	$ (482)
Derivatives (1)	$ —	$ (2,834)	$ —	$ —	$ (154)	$ —

(1) Interest rate swaps are valued based on observable market swap rates and are classified within Level 2 of the fair value hierarchy.

The following methods and assumptions were used to estimate the fair value for which the fair value option was not elected:

Long-term debt: The fair value of long-term debt is measured using unadjusted quoted market prices or estimated using discounted cash flow analyses. The discounted cash flow analyses are based on current market rates for instruments with similar cash flows.

The carrying amounts and fair values of financial instruments for which the fair value option was not elected are as follows:

	December 31, 2020		December 31, 2019	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Long-Term Debt	$ 610,510	$ 517,862	$ 696,178	$ 642,018

Certain of the Company’s debt is actively traded on a public market and, as a result, constitutes Level 1 fair value measurements. The portion of the Company’s debt obligations that is not actively traded is valued through reference to the applicable underlying benchmark rate and, as a result, constitutes Level 2 fair value measurements.

NOTE 22—COMMITMENTS AND CONTINGENT LIABILITIES:

The Company is subject to various lawsuits and claims with respect to such matters as personal injury, wrongful death, damage to property, exposure to hazardous substances, governmental regulations including environmental remediation, employment and contract disputes and other claims and actions arising out of the normal course of business. The Company accrues the estimated loss for these lawsuits and claims when the loss is probable and reasonably estimable. The Company's estimated accruals relating to these pending claims, individually and in the aggregate, are immaterial to the financial position, results of operations or cash flows of the Company as of December 31, 2020. It is possible that the aggregate loss in the future with respect to these lawsuits and claims could ultimately be material to the Company's financial position, results of operations or cash flows; however, such amounts cannot be reasonably estimated. The amount claimed against the Company as of December 31, 2020 is disclosed below when an amount is expressly stated in the lawsuit or claim, which is not often the case.

Fitzwater Litigation: Three nonunion retired coal miners have sued Fola Coal Company LLC, Consolidation Coal Company (“CCC”) and CONSOL of Kentucky Inc. (“COK”) (as well as the Company's former parent) in West Virginia Federal Court alleging ERISA violations in the termination of retiree health care benefits. The Plaintiffs contend they relied to their detriment on oral statements and promises of “lifetime health benefits” allegedly made by various members of management during Plaintiffs’ employment and that they were allegedly denied access to Summary Plan Documents that clearly reserved the right to modify or terminate the Retiree Health and Welfare Plan subject to Plaintiffs' claims. Pursuant to Plaintiffs' amended complaint filed on April 24, 2017, Plaintiffs request that retiree health benefits be reinstated and seek to represent a class of all nonunion retirees who were associated with AMVEST and COK areas of operation. On October 15, 2019, Plaintiffs' supplemental motion for class certification was denied on all counts. On July 15, 2020, Plaintiffs filed an interlocutory appeal with the Fourth Circuit Court of Appeals on the Order denying class certification. The Fourth Circuit denied Plaintiffs' appeal on August 14, 2020. Trial is currently scheduled to take place in the first quarter of 2021. The Company believes it has a meritorious defense and intends to vigorously defend this suit.

Casey Litigation: A class action lawsuit was filed on August 23, 2017 on behalf of two nonunion retired coal miners against CCC, COK, CONSOL Buchanan Mining Co., LLC and Kurt Salvatori in West Virginia Federal Court alleging ERISA violations in the termination of retiree health care benefits. Filed by the same lawyers who filed the Fitzwater litigation, and raising nearly identical claims, the Plaintiffs contend they relied to their detriment on oral promises of “lifetime health benefits” allegedly made by various members of management during Plaintiffs’ employment and that they were not provided with copies of Summary Plan Documents clearly reserving to the Company the right to modify or terminate the Retiree Health and Welfare Plan. Plaintiffs request that retiree health benefits be reinstated for them and their dependents and seek to represent a class of all nonunion retirees of any subsidiary of the Company's former parent that operated or employed individuals in McDowell or Mercer Counties, West Virginia, or Buchanan or Tazewell Counties, Virginia whose retiree welfare benefits were terminated. On December 1, 2017, the trial court judge in Fitzwater signed an order to consolidate Fitzwater with Casey. The Casey complaint was amended on March 1, 2018 to add new plaintiffs, add defendant CONSOL Pennsylvania Coal Company, LLC and eliminate defendant CONSOL Buchanan Mining Co., LLC in an attempt to expand the class of retirees. On October 15, 2019, Plaintiffs' supplemental motion for class certification was denied on all counts. On July 15, 2020, Plaintiffs filed an interlocutory appeal with the Fourth Circuit Court of Appeals on the Order denying class certification. The Fourth Circuit denied Plaintiffs' appeal on August 14, 2020. Trial is currently scheduled to take place in the first quarter of 2021. The Company believes it has a meritorious defense and intends to vigorously defend this suit.

United Mine Workers of America 1992 Benefit Plan Litigation: In 2013, Murray Energy and its subsidiaries (“Murray”) entered into a stock purchase agreement (the “Murray sale agreement”) with the Company's former parent pursuant to which Murray acquired the stock of CCC and certain subsidiaries and certain other assets and liabilities. At the time of sale, the liabilities included certain retiree medical liabilities under the Coal Act and certain federal black lung liabilities under the Black Lung Benefits Act (“BLBA”). Based upon information available, the Company estimates that the annual servicing costs of these liabilities are approximately $10 million to $20 million per year for the next ten years. The annual servicing cost would decline each year since the beneficiaries of the Coal Act consist principally of miners who retired prior to 1994. Murray filed for Chapter 11 bankruptcy in October 2019. As part of the ongoing bankruptcy proceedings, Murray entered into a settlement with the 1992 Plan to transfer retirees in the Murray Energy Section 9711 Plan into the 1992 Plan, which the bankruptcy court approved on April 30, 2020. The 1992 Plan recently filed an action in the United States District Court for the District of Columbia asking the court to make a determination whether the Company's former parent or the Company has any continuing retiree medical liabilities under the Coal Act. The Murray sale agreement includes indemnification by Murray with respect to the Coal Act and BLBA liabilities. In addition, the Company had agreed to indemnify its former parent relative to certain pre-separation liabilities. As of September 16, 2020, the Company has entered into a settlement agreement with Murray, and has withdrawn its claims in bankruptcy. See Note 2 - Major Transactions for a discussion of this settlement agreement. The Company will continue to vigorously defend any claims that attempt to transfer any of such liabilities directly or indirectly to the Company, including raising all applicable defenses against the 1992 Plan’s suit and those of any other party.

Other Matters: Various Company subsidiaries are defendants in certain other legal proceedings arising out of the conduct of the Coal Business prior to the separation and distribution, and the Company is also a defendant in other legal proceedings following the separation and distribution. In the opinion of management, based upon an investigation of these matters and discussion with legal counsel, the ultimate outcome of such other legal proceedings, individually and in the aggregate, is not expected to have a material adverse effect on the Company’s financial position, results of operations or liquidity.

As part of the separation and distribution, the Company assumed various financial obligations relating to the Coal Business and agreed to reimburse its former parent for certain financial guarantees relating to the Coal Business that its former parent retained following the separation and distribution. Employee-related financial guarantees have primarily been provided to support the 1992 Plan and federal black lung and various state workers’ compensation self-insurance programs. Environmental financial guarantees have primarily been provided to support various performance bonds related to reclamation and other environmental issues. Other financial guarantees have been extended to support sales contracts, insurance policies, legal matters, full and timely payments of mining equipment leases, and various other items necessary in the normal course of business.

The following is a summary, as of December 31, 2020, of the financial guarantees, unconditional purchase obligations and letters of credit to certain third parties. These amounts represent the maximum potential of total future payments that the Company could be required to make under these instruments, or under the SDA to the extent retained by the Company's former parent on behalf of the Coal Business. Certain letters of credit included in the table below were issued against other commitments included in this table. These amounts have not been reduced for potential recoveries under recourse or collateralization provisions. Generally, recoveries under reclamation bonds would be limited to the extent of the work performed at the time of the default. No amounts related to these financial guarantees and letters of credit are recorded as liabilities in the financial statements. The Company's management believes that these guarantees will expire without being funded, and therefore, the commitments will not have a material adverse effect on the Company's financial condition.

	Amount of Commitment Expiration Per Period				
	Total Amounts Committed	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**Beyond 5 Years**
Letters of Credit:					
Employee-Related	$ 75,776	$ 54,134	$ 21,642	$ —	$ —
Environmental	398	—	398	—	—
Other	80,982	33,282	47,700	—	—
Total Letters of Credit	$ 157,156	$ 87,416	$ 69,740	$ —	$ —
Surety Bonds:					
Employee-Related	$ 83,524	$ 83,524	$ —	$ —	$ —
Environmental	563,705	559,155	4,550	—	—
Other	4,379	4,379	—	—	—
Total Surety Bonds	$ 651,608	$ 647,058	$ 4,550	$ —	$ —
Guarantees:					
Other	$ 8,673	$ 6,538	$ 1,554	$ 398	$ 183

Included in the above table are commitments and guarantees entered into in conjunction with the sale of Consolidation Coal Company and certain of its subsidiaries, which contain all five of its longwall coal mines in West Virginia and its river operations, to a third party. As part of the separation and distribution, the Company's former parent agreed to indemnify the Company and the Company agreed to indemnify its former parent in each case with respect to guarantees of certain equipment lease obligations that were assumed by the third party. In the event that the third party would default on the obligations defined in the agreements, the Company would be required to perform under the guarantees. As of December 31, 2020, the Company has not been required to perform under these guarantees. The equipment lease obligations are collateralized by the underlying assets. The current maximum estimated exposure under these guarantees as of December 31, 2020 and 2019 is believed to be approximately $8,000 and $20,000, respectively. At December 31, 2020 and 2019, the fair value of these guarantees was $168 and $482, respectively, and is included in Other Accrued Liabilities on the Consolidated Balance Sheets. The fair value of certain of the guarantees was determined using the Company’s risk-adjusted interest rate. Significant increases or decreases in the risk-adjusted interest rates may result in a significantly higher or lower fair value measurement. No other amounts related to financial guarantees and letters of credit are recorded as liabilities in the financial statements. Significant judgment is required in determining the fair value of these guarantees. The guarantees of the leases are classified within Level 3 of the fair value hierarchy.

The Company regularly evaluates the likelihood of default for all guarantees based on an expected loss analysis and records the fair value, if any, of its guarantees as an obligation in the consolidated financial statements.

NOTE 23—SEGMENT INFORMATION:

The Company reports segment information based on the "management" approach. The management approach designates the internal reporting used by management to make decisions on and assess performance of the Company's reportable segments. CONSOL Energy consists of two reportable segments. The PAMC includes the Bailey Mine, the Enlow Fork Mine, the Harvey Mine and a centralized preparation plant. The PAMC segment's principal activities include the mining, preparation and marketing of thermal coal. The CONSOL Marine Terminal provides coal export terminal services through the Port of Baltimore. Selling, general and administrative costs are allocated to the Company's segments based on a percentage of resources utilized, a percentage of total revenue and a percentage of total projected capital expenditures. CONSOL Energy's Other segment includes revenue and expenses from various corporate and diversified business activities that are not allocated to the PAMC or the CONSOL Marine Terminal segments. The diversified business activities include the development of the Itmann Mine, the Greenfield Reserves, closed and idle mine activities, other income, gain on asset sales related to non-core assets, and gain/loss on debt extinguishment. Additionally, interest expense and income taxes, as well as various other non-operated activities, none of which are individually significant to the Company, are also reflected in CONSOL Energy's Other segment and are not allocated to the PAMC and CONSOL Marine Terminal segments.

The Company evaluates the performance of its segments utilizing Adjusted EBITDA and various sales and production metrics. Adjusted EBITDA is not a measure of financial performance in accordance with GAAP, and items excluded from Adjusted EBITDA are significant in understanding and assessing the Company's financial condition. Therefore, Adjusted EBITDA should not be considered in isolation, nor as an alternative to net income, income from operations, or cash flows from operations, or as a measure of the Company's profitability, liquidity, or performance under GAAP. The Company uses Adjusted EBITDA to measure the operating performance of its segments and to allocate resources to its segments. Investors should be aware that the Company's presentation of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies.

The CONSOL Marine Terminal has been disclosed in CONSOL Energy's Other segment during prior years due to its relative contribution to the Company's Adjusted EBITDA. The recent COVID-19 pandemic has negatively impacted the Company's 2020 financial performance and has influenced its outlook with respect to the importance of coal exports. Effective December 31, 2020, the Company disclosed the CONSOL Marine Terminal in a separate reportable segment due to its increased contribution to Adjusted EBITDA as well as the increased reliance on coal exports serviced by the CONSOL Marine Terminal in accordance with how the Company's chief operating decision maker receives and reviews financial information. The Company has revised the consolidated segment information for all periods presented in this Annual Report on Form 10-K to reflect this reclassification.

Industry segment results for the year ended December 31, 2020 are:

	PAMC	CONSOL Marine Terminal	Other	Adjustments and Eliminations	Consolidated	
Coal Revenue	$ 771,363	$ —	$ 1,299	$ —	$ 772,662	(A)
Terminal Revenue	—	66,810	—	—	66,810	
Freight Revenue	39,990	—	—	—	39,990	
Total Revenue and Freight	$ 811,353	$ 66,810	$ 1,299	$ —	$ 879,462	
Adjusted EBITDA	$ 228,211	$ 44,356	$ (11,044)	$ —	$ 261,523	
Segment Assets	$ 1,864,514	$ 108,711	$ 550,141	$ —	$ 2,523,366	
Depreciation, Depletion and Amortization	$ 198,272	$ 5,095	$ 7,393	$ —	$ 210,760	
Capital Expenditures	$ 70,195	$ 1,455	$ 14,354	$ —	$ 86,004	

Industry segment results for the year ended December 31, 2019 are:

	PAMC	CONSOL Marine Terminal	Other	Adjustments and Eliminations	Consolidated	
Coal Revenue	$ 1,288,529	$ —	$ —	$ —	$ 1,288,529	(A)
Terminal Revenue	—	67,363	—	—	67,363	
Freight Revenue	19,667	—	—	—	19,667	
Total Revenue and Freight	$ 1,308,196	$ 67,363	$ —	$ —	$ 1,375,559	
Adjusted EBITDA	$ 394,354	$ 44,491	$ (32,909)	$ —	$ 405,936	
Segment Assets	$ 1,981,721	$ 87,558	$ 624,523	$ —	$ 2,693,802	
Depreciation, Depletion and Amortization	$ 185,616	$ 4,078	$ 17,403	$ —	$ 207,097	
Capital Expenditures	$ 148,709	$ 6,675	$ 14,355	$ —	$ 169,739	

Industry segment results for the year ended December 31, 2018 are:

	PAMC	CONSOL Marine Terminal	Other	Adjustments and Eliminations	Consolidated	
Coal Revenue	$ 1,364,292	$ —	$ —	$ —	$ 1,364,292	(A)
Terminal Revenue	—	64,926	—	—	64,926	
Freight Revenue	43,572	—	—	—	43,572	
Total Revenue and Freight	$ 1,407,864	$ 64,926	$ —	$ —	$ 1,472,790	
Adjusted EBITDA	$ 479,969	$ 40,901	$ (36,134)	$ —	$ 484,736	
Segment Assets	$ 1,894,209	$ 84,929	$ 781,589	$ —	$ 2,760,727	
Depreciation, Depletion and Amortization	$ 178,969	$ 3,782	$ 18,513	$ —	$ 201,264	
Capital Expenditures	$ 124,570	$ 5,475	$ 15,704	$ —	$ 145,749	

(A) For the years ended December 31, 2020, 2019 and 2018, the PAMC segment had revenues from the following customers, each comprising over 10% of the Company's total sales:

	For the Years Ended December 31,		
	2020	2019	2018
Customer A	$ 134,354	$ 242,703	$ 283,703
Customer B	$ 173,461	$ 446,403	$ 274,755
Customer C	$ 116,536	$ 215,099	$ 214,152

Reconciliation of Segment Information to Consolidated Amounts:

Revenue and Other Income:

	For the Years Ended December 31,		
	2020	2019	2018
Total Segment Revenue and Freight from External Customers	$ 879,462	$ 1,375,559	$ 1,472,790
Other Income not Allocated to Segments (Note 4)	126,886	53,349	58,660
Gain on Sale of Assets	15,295	1,995	565
Total Consolidated Revenue and Other Income	$ 1,021,643	$ 1,430,903	$ 1,532,015

Adjusted EBITDA:

	For the Years Ended December 31,		
	2020	2019	2018
(Loss) Earnings Before Income Tax	$ (9,242)	$ 98,097	$ 187,613
Interest Expense, net	61,186	66,464	83,848
(Gain) Loss on Debt Extinguishment	(21,352)	24,455	3,922
Interest Income	(1,230)	(2,937)	(2,146)
Depreciation, Depletion and Amortization	210,760	207,097	201,264
CCR Merger Fees	9,822	—	—
Stock/Unit-Based Compensation	11,579	12,760	10,235
Adjusted EBITDA	$ 261,523	$ 405,936	$ 484,736

Total Assets:

	December 31,	
	2020	2019
Segment Assets for Total Reportable Business Segments	$ 1,973,225	$ 2,069,279
Segment Assets for All Other Business Segments	437,307	427,782
Items Excluded from Segment Assets:		
Cash and Other Investments	44,013	93,236
Deferred Tax Assets	68,821	103,505
Total Consolidated Assets	$ 2,523,366	$ 2,693,802

Enterprise-Wide Disclosures:

For the years ended December 31, 2020, 2019 and 2018, CONSOL Energy revenue was predominantly attributable to customers based in the United States of America. No individual country outside of the United States was attributed greater than 10% of total tons sold during the years ended December 31, 2020, 2019 and 2018.

CONSOL Energy's property, plant and equipment is predominantly located in the United States. At December 31, 2020 and 2019, less than 1% of the Company's net property, plant and equipment was located in Canada.

NOTE 24—RELATED PARTY TRANSACTIONS

Transactions with the Company's Former Parent (2017)

Transition Services Agreements

The Company entered into a transition services agreement ("TSA") and certain other agreements in connection with the separation and distribution agreement with its former parent to cover certain continued corporate services provided by the Company and its former parent to each other following the completion of the separation and distribution. In connection with the separation and distribution, the Company began to set up its own corporate functions, and pursuant to the TSA, the Company's former parent provided various corporate support services, including certain accounting, human resources, information technology, office and building, risk, security, tax and treasury, building security and tax services, as well as certain regulatory compliance services required during the period in which the Company remained a majority-owned subsidiary of its former parent. The TSA expired in February 2019. The charges associated with these services were not material during the years ended December 31, 2019 and 2018, and were consistent with expenses that the Company's former parent had historically allocated or incurred with respect to such services.

Former Parent Receivables and Payables

The Company had a receivable from its former parent of $6,791 at December 31, 2019, which was recorded in Other Receivables on the Consolidated Balance Sheets. The balance of this receivable was collected during the year ended December 31, 2020. This receivable relates to reimbursements per the terms of the separation and distribution agreement.

During the year ended December 31, 2018, the Company paid its former parent $18,234 related to the final settlement of shared, separation-related fees. Per the separation and distribution agreement, these costs were split equally by the two companies. These costs consisted of consulting and professional fees associated with preparing for and executing the separation and distribution, as well as various other items.

CONSOL Coal Resources LP

On December 30, 2020, CONSOL Energy completed the acquisition of all of the outstanding common units of CONSOL Coal Resources, and CONSOL Coal Resources became the Company's indirect wholly-owned subsidiary (see Note 2 - Major Transactions in the Notes to the Audited Consolidated Financial Statements in Item 8 of this Form 10-K for additional information). In connection with the closing of the CCR Merger, CONSOL Energy issued 7,967,690 shares of its common stock to acquire the 10,912,138 common units of CCR held by third-party CCR investors at a fixed exchange ratio of 0.73 shares of CEIX common stock for each CCR unit, for total implied consideration of $51,710.

CONSOL Energy, certain of its subsidiaries and the Partnership are party to an Omnibus Agreement, dated September 30, 2016, as amended on November 28, 2017 (the "Omnibus Agreement"). Under the Omnibus Agreement, CONSOL Energy provides the Partnership with certain services in exchange for payments by the Partnership for those services.

On November 28, 2017, the Company entered into an Affiliated Company Credit Agreement with the Partnership and certain of its subsidiaries (the "Partnership Credit Parties"), as amended on June 5, 2020 (as amended, the "Affiliated Company Credit Agreement"), under which the Company provides as lender a revolving credit facility in an aggregate principal amount of up to $275 million to the Partnership Credit Parties. In connection with the completion of the separation, the Partnership drew an initial $201 million, the net proceeds of which were used to repay outstanding amounts under CCR's $400 million senior secured revolving credit facility with certain lenders and PNC Bank, National Association, as administrative agent (the "Original CCR Credit Facility"), to provide working capital for the Partnership following the separation and for other general corporate purposes. The Original CCR Credit Facility was then terminated.

On June 5, 2020, the Company amended the Affiliated Company Credit Agreement to provide eight quarters of financial covenant relaxation, effected a 50 basis points increase in the rate at which borrowings under the Affiliated Company Credit Agreement bore interest, and added additional conditions to be met for the covenants relating to general investments, investments in unrestricted subsidiaries, and distributions to equity holders of the Partnership. The Affiliated Company Credit Agreement had a maturity date of December 28, 2024. Interest accrued at a rate ranging from 4.25% to 5.25%, subject to the Partnership's net leverage ratio. For the years ended December 31, 2020, 2019 and 2018, $9,155, $7,892 and $7,709 of interest was incurred under the Affiliated Company Credit Agreement, respectively. The collateral obligations under the Affiliated Company Credit Agreement generally mirrored the Original CCR Credit Facility, as did the list of entities that acted as guarantors thereunder. The Affiliated Company Credit Agreement was subject to financial covenants relating to a maximum first lien gross leverage ratio and a maximum total net leverage ratio, which were to be calculated on a consolidated basis for the Partnership and its restricted subsidiaries at the end of each fiscal quarter. The Affiliated Company Credit Agreement also contained a number of customary affirmative covenants and negative covenants, including limitations on the ability of the Partnership to incur additional indebtedness, grant liens, and make investments, acquisitions, dispositions, restricted payments, and prepayments of junior indebtedness (subject to certain limited exceptions). In connection with the closing of the CCR Merger, the Affiliated Company Credit Agreement was terminated, all obligations and guarantees thereunder repaid and discharged and all liens granted in connection therewith released. In connection with the termination of the Affiliated Company Credit Agreement and in exchange for, and in satisfaction of, payment of the outstanding balance of approximately $176,535 thereunder, CCR issued 37,322,410 CCR common units to the Company.

In August 2019, upon payment of the cash distribution with respect to the quarter ended June 30, 2019, the financial requirements for the conversion of all CCR subordinated units were satisfied. As a result, all 11,611,067 of the CCR subordinated units owned entirely by CONSOL Energy Inc. were converted into CCR common units on a one-for-one basis. The conversion did not impact the amount of the cash distribution paid or the total number of CCR's outstanding units representing limited partner interests.

Charges for services from the Company to CCR include the following:

	For the Years Ended December 31,		
	2020	**2019**	**2018**
Operating and Other Costs	$ 3,820	$ 3,219	$ 2,918
Selling, General and Administrative Costs	9,604	8,309	8,300
Total Services from CONSOL Energy	$ 13,424	$ 11,528	$ 11,218

Operating and Other Costs include pension service costs and insurance expenses. Selling, General and Administrative Costs include charges for incentive compensation, an annual administrative support fee and reimbursement for the provision of certain management and operating services provided by the Company.

At December 31, 2019, CCR had a net payable to the Company in the amount of $1,419. This payable includes reimbursements for business expenses, executive fees, stock-based compensation and other items under the Omnibus Agreement.

In May 2019, CONSOL Energy Inc.'s Board of Directors approved an expansion of the stock, unit and debt repurchase program (See Note 5 - Stock, Unit and Debt Repurchases). The program expansion allows the Company to use up to $50 million of the program to purchase CCR's outstanding common units in the open market. None of the Partnership's common units were purchased under this program during the year ended December 31, 2020. During the year ended December 31, 2019, 26,297 of the Partnership's common units were purchased under this program at an average price of $14.05 per unit.

NOTE 25—SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through the date the financial statements were issued. No material recognized or non-recognizable subsequent events were identified.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure controls and procedures. CONSOL Energy, under the supervision and with the participation of its management, including CONSOL Energy's principal executive officer and principal financial officer, evaluated the effectiveness of the Company's "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Exchange Act, as of the end of the period covered by this Annual Report on Form 10-K. Based on that evaluation, CONSOL Energy's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures are effective as of December 31, 2020 to ensure that information required to be disclosed by CONSOL Energy in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and includes controls and procedures designed to ensure that information required to be disclosed by CONSOL Energy in such reports is accumulated and communicated to CONSOL Energy's management, including CONSOL Energy's principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting. CONSOL Energy's management is responsible for establishing and maintaining adequate internal control over financial reporting. CONSOL Energy's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Accordingly, even effective controls can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of CONSOL Energy's internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO) in Internal Control-Integrated Framework. Based on our assessment and those criteria, management has concluded that CONSOL Energy maintained effective internal control over financial reporting as of December 31, 2020.

Ernst & Young, LLP, our independent registered public accounting firm that has audited the financial statements contained in this annual report on Form 10-K, has issued an attestation report on the Company's internal control over financial reporting, which is on page 119 of this annual report on Form 10-K.

Changes in internal controls over financial reporting. There was no change in the Company's internal controls over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act, that materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of CONSOL Energy Inc. and Subsidiaries

Opinion on Internal Control over Financial Reporting

We have audited CONSOL Energy Inc. and Subsidiaries' internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, CONSOL Energy Inc. and Subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of CONSOL Energy Inc. and Subsidiaries as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and our report dated February 12, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP
Pittsburgh, Pennsylvania
February 12, 2021

ITEM 9B. OTHER INFORMATION

Amendment to CEO Employment Agreement

On February 3, 2021, the Board of Directors of the Company approved an amendment to the existing Employment Agreement between the Company and its Chief Executive Officer, James A. Brock, dated as of February 15, 2018 (the "Employment Agreement"). The purpose of the Amendment, dated as of February 10, 2021 (the "Amendment"), is to provide for additional compensation to Mr. Brock in the form of retention payments to ensure his continued employment with the Company through December 31, 2023.

Under the terms of the Employment Agreement, Mr. Brock's initial three (3) year term expires on February 18, 2021 and will automatically be extended for one (1) additional year unless not later than sixty (60) days immediately preceding such anniversary, the Company or Mr. Brock has given written notice to the other that it does not wish to extend the Employment Agreement. The Amendment provides for a lump sum retention payment based on the Executive's continued employment as follows:

- if Mr. Brock continues his employment with the Company through December 31, 2021, the Company will pay him a cash lump sum retention payment in the amount of $1,000,000 no later than thirty (30) days following December 31, 2021; and
- if Mr. Brock continues his employment with the Company through December 31, 2022, the Company will pay him a cash lump sum retention payment in the amount of $1,000,000 no later than thirty (30) days following December 31, 2022.

In the event of Mr. Brock's involuntary termination of employment absent Cause (as defined in the Employment Agreement), death or Permanent Disability (as defined in the Employment Agreement) prior to either December 31, 2021 or December 31, 2022, then the Company will accelerate payment of the $1,000,000 retention payment to him.

The Amendment also (1) updates the Employment Agreement to include Mr. Brock's current base salary, which is $1,000,000, (2) provides that upon his involuntary termination absent Cause, whether or not in connection with a Change in Control (as defined in the Employment Agreement), he will receive a lump sum cash payment reflecting the cost of the Company's continued health care coverage in lieu of continued participation in the Company's plans, and (3) revises the severance amount due Mr. Brock in the event of an involuntary termination of employment absent Cause to include a severance multiple of two times his (x) base salary and (y) target annual incentive under the Company's short-term incentive plan. The terms of the Amendment are effective as of February 10, 2021.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated by reference from the information under the captions “Proposal No. 1 - Election of Class I and III Directors,” “Executive Officers,” “Beneficial Ownership of Securities” and “Board of Directors and Compensation Information - Board of Directors and its Committees” in the Proxy Statement.

CONSOL Energy has a written Code of Business Conduct and Ethics that applies to CONSOL Energy's Chief Executive Officer (Principal Executive Officer), Chief Financial Officer (Principal Financial Officer), Chief Accounting Officer (Principal Accounting Officer) and others. The Code of Business Conduct and Ethics is available on CONSOL Energy's website at www.consolenergy.com. Any amendments to, or waivers from, a provision of our Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer and principal accounting officer and that relates to any element of the code of ethics enumerated in paragraph (b) of Item 406 of Regulation S-K shall be disclosed by posting such information on our website at www.consolenergy.com.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from the information under the captions “Board of Directors and Compensation Information - Director Compensation Table - 2020,” “Board of Directors and Compensation Information - Understanding Our Director Compensation Table” and “Executive Compensation Information” in the Proxy Statement.

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

The information required by this Item is incorporated by reference from the information under the captions “Beneficial Ownership of Securities” and “Securities Authorized for Issuance Under the CONSOL Energy Inc. Equity Compensation Plan” in the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information requested by this Item is incorporated by reference from the information under the captions “Related Person Transaction Policy and Procedures and Related Person Transactions” and “Board of Directors and Compensation Information - Board of Directors and its Committees - Determination of Director Independence” in the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference from the information under the caption “Audit Committee and Audit Fees - Independent Registered Public Accounting Firm” in the Proxy Statement.

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PART IV

ITEM 15. EXHIBIT INDEX

In reviewing any agreements incorporated by reference in this Form 10-K or filed with this 10-K, please remember that such agreements are included to provide information regarding their terms. They are not intended to be a source of financial, business or operational information about the Company or any of its subsidiaries or affiliates. The representations, warranties and covenants contained in these agreements are made solely for purposes of the agreements and are made as of specific dates; are solely for the benefit of the parties; may be subject to qualifications and limitations agreed upon by the parties in connection with negotiating the terms of the agreements, including being made for the purpose of allocating contractual risk between the parties instead of establishing matters as facts; and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors or security holders. Investors and security holders should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts or condition of the Company or any of its subsidiaries or affiliates or, in connection with acquisition agreements, of the assets to be acquired. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the agreements. Accordingly, these representations and warranties alone may not describe the actual state of affairs as of the date they were made or at another time.
The following documents are filed as part of this report:

(1) Financial Statements:

Report of Independent Registered Public Accounting Firm
Consolidated Statements of Income for the Years Ended December 31, 2020, 2019 and 2018
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2020, 2019 and 2018
Consolidated Balance Sheets at December 31, 2020 and 2019
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2020, 2019 and 2018
Consolidated Statements of Cash Flows for the Years Ended December 31, 2020, 2019 and 2018
Notes to the Audited Consolidated Financial Statements

(2) Schedules:

None

(3) Index to Exhibits

Exhibits	Description	Method of Filing
2.1	Separation and Distribution Agreement, dated as of November 28, 2017, by and between the Company and CNX	Filed as Exhibit 2.1 to Form 8-K (File No. 001-38147) filed on December 4, 2017
2.2	Tax Matters Agreement, dated as of November 28, 2017, by and between the Company and CNX	Filed as Exhibit 2.2 to Form 8-K (File No. 001-38147) filed on December 4, 2017
2.3	Employee Matters Agreement, dated as of November 28, 2017, by and between the Company and CNX	Filed as Exhibit 2.3 to Form 8-K (File No. 001-38147) filed on December 4, 2017
2.4	Intellectual Property Matters Agreement, dated as of November 28, 2017, by and between the Company and CNX	Filed as Exhibit 2.4 to Form 8-K (File No. 001-38147) filed on December 4, 2017
2.5***	Agreement and Plan of Merger, dated as of October 22, 2020, by and among CONSOL Energy Inc., Transformer LP Holdings Inc., Transformer Merger Sub LLC, CONSOL Coal Resources LP and CONSOL Coal Resources GP LLC	Filed as Exhibit 2.1 to Form 8-K (File No. 001-38147) filed on October 23, 2020
3.1	Amended and Restated Certificate of Incorporation of the Company	Filed as Exhibit 3.1 to Form 8-K (File No. 001-38147) filed on December 4, 2017
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company	Filed as Exhibit 3.1 to Form 8-K (File No. 001-38147) filed on May 8, 2020
3.3	Second Amended and Restated Bylaws of the Company	Filed as Exhibit 3.2 to Form 8-K (File No. 001-38147) filed on May 8, 2020
4.1	Indenture dated as of November 13, 2017 by and between CONSOL Energy Inc. (formerly known as CONSOL Mining Corporation) and UMB Bank, N.A., as Trustee and Collateral Trustee (including form of supplemental indenture on subsidiary guarantors).	Filed as Exhibit 4.1 to Form 8-K (File No. 001-38147) filed on November 15, 2017
4.2	Description of Capital Stock	Filed herewith

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10.1	Transition Services Agreement, dated as of November 28, 2017, by and between the Company and CNX	Filed as Exhibit 10.1 to Form 8-K (File No. 001-38147) filed on December 4, 2017
10.2	CNX Resources Corporation to CONSOL Energy Inc. Trademark License Agreement dated as of November 28, 2017, by and between the Company and CNX	Filed as Exhibit 10.2 to Form 8-K (File No. 001-38147) filed on December 4, 2017
10.3	CONSOL Energy Inc. to CNX Resources Corporation Trademark License Agreement, dated as of November 28, 2017, by and between the Company and CNX	Filed as Exhibit 10.3 to Form 8-K (File No. 001-38147) filed on December 4, 2017
10.4	First Amendment to the First Amended and Restated Omnibus Agreement, dated as of November 28, 2017, by and among the Company, CNX, CONSOL Coal Resources GP LLC, the Partnership and the other parties listed on Exhibit A attached thereto	Filed as Exhibit 10.4 to Form 8-K (File No. 001-38147) filed on December 4, 2017
10.5	First Amendment to Contract Agency Agreement, dated as of November 28, 2017, by and among CONSOL Energy Sales Company, CONSOL Thermal Holdings LLC (formerly known as CNX Thermal Holdings LLC) and the other parties thereto	Filed as Exhibit 10.5 to Form 8-K (File No. 001-38147) filed on December 4, 2017
10.6	First Amendment to Water Supply and Services Agreement, dated as of November 28, 2017 by and between CNX Water Assets LLC and CONSOL Thermal Holdings LLC (formerly known as CNX Thermal Holdings LLC)	Filed as Exhibit 10.6 to Form 8-K (File No. 001-38147) filed on December 4, 2017
10.7	Second Amendment to the Pennsylvania Mine Complex Operating Agreement, dated as of November 28, 2017, by and among CONSOL Pennsylvania Coal Company LLC, Conrhein Coal Company, CONSOL Thermal Holdings LLC and CONSOL Coal Resources LP	Filed as Exhibit 10.7 to Form 8-K (File No. 001-38147) filed on December 4, 2017
10.8	Credit Agreement, dated as of November 28, 2017, by and among the Company, the various financial institutions from time to time party thereto, PNC Bank, N.A., as administrative agent for the Revolving Lenders and Term A Lenders, Citibank, N.A., as administrative agent for the Term B Lenders and PNC Bank, N.A., as collateral agent for the Lenders and the other Secured Parties referred to therein	Filed as Exhibit 10.8 to Form 8-K (File No. 001-38147) filed on December 4, 2017

10.9	CONSOL Energy Inc. Omnibus Performance Incentive Plan*	Filed as Exhibit 4.3 to Form S-8 (File No. 333-221727) filed on November 22, 2017
10.10	Purchase and Sale Agreement, dated as of November 30, 2017, by and among CONSOL Marine Terminals LLC, CONSOL Pennsylvania Coal Company LLC and CONSOL Funding LLC	Filed as Exhibit 10.11 to Form 8-K (File No. 001-38147) filed on December 4, 2017
10.11	Sub-Originator Sale Agreement, dated as of November 30, 2017, by and between CONSOL Thermal Holdings LLC and CONSOL Pennsylvania Coal Company LLC	Filed as Exhibit 10.12 to Form 8-K (File No. 001-38147) filed on December 4, 2017
10.12	Receivables Financing Agreement, dated as of November 30, 2017, by and among CONSOL Funding LLC, CONSOL Pennsylvania Coal Company LLC, PNC Bank, N.A., PNC Capital Markets, LLC and certain lenders from time to time party thereto	Filed as Exhibit 10.13 to Form 8-K (File No. 001-38147) filed on December 4, 2017
10.13	First Amendment to Receivables Financing Agreement dated as of May 29, 2018	Filed herewith
10.14	Second Amendment to Receivables Financing Agreement dated as of June 26, 2018	Filed herewith
10.15	Third Amendment to Receivables Financing Agreement dated as of July 19, 2018	Filed herewith
10.16	Fourth Amendment to Receivables Financing Agreement dated as of August 30, 2018	Filed herewith
10.17	Fifth Amendment to Receivables Financing Agreement dated as of March 27, 2020**	Filed as Exhibit 10.2 to Form 10-Q (File No. 001-38147) filed on May 11, 2020
10.18	Second Amendment and Restatement of Master Cooperation and Safety Agreement by and among CONSOL Energy Inc., CNX Gas Company LLC, CNX Resources Holdings LLC and certain other parties thereto	Filed as Exhibit 10.5 to Form 10-12B/A (File No. 001-38147) filed on October 27, 2017
10.19	CONSOL Energy Inc. Deferred Compensation Plan for Non-Employee Directors*	Filed as Exhibit 10.2 to Form 10-Q (File No. 001-38147) filed on November 1, 2018
10.20	Omnibus Amendment, dated as of August 30, 2018, by and among CONSOL Funding LLC, CONSOL Pennsylvania Coal Company LLC, CONSOL Thermal Holdings LLC, CONSOL Energy Inc., CONSOL Marine Terminals LLC and PNC Bank, N.A.	Filed as Exhibit 10.1 to Form 8-K (File No. 001-38147) filed on September 6, 2018
10.21	Employment Agreement of James A. Brock*	Filed as Exhibit 10.1 to Form 10-Q (File No. 001-38147) filed on May 3, 2018

10.22	Change in Control Severance Agreement for Martha A. Wiegand*	Filed as Exhibit 10.4 to Form 10-Q (File No. 001-38147) filed on May 3, 2018
10.23	Change in Control Severance Agreement for Kurt Salvatori*	Filed as Exhibit 10.5 to Form 10-Q (File No. 001-38147) filed on May 3, 2018
10.24	Change in Control Severance Agreement for John Rothka*	Filed as Exhibit 10.6 to Form 10-Q (File No. 001-38147) filed on May 3, 2018
10.25	Form Notice of Restricted Stock Unit Award and Terms and Conditions*	Filed as Exhibit 10.7 to Form 10-Q (File No. 001-38147) filed on May 3, 2018
10.26	Form Notice of Performance-based Restricted Stock Unit Award and Terms and Conditions*	Filed as Exhibit 10.8 to Form 10-Q (File No. 001-38147) filed on May 3, 2018
10.27	Form Notice of Restricted Stock Unit Award and Terms and Conditions for Spin Recognition (Non-Employee Director)*	Filed as Exhibit 10.9 to Form 10-Q (File No. 001-38147) filed on May 3, 2018
10.28	Form Notice of Restricted Stock Unit Award and Terms and Conditions for Spin Recognition*	Filed as Exhibit 10.10 to Form 10-Q (File No. 001-38147) filed on May 3, 2018
10.29	Amendment No. 1, dated as of March 28, 2019, to Credit Agreement, dated as of November 28, 2017, among the Company, the various financial institutions from time to time party thereto, PNC Bank, N.A., as administrative agent for the Revolving Lenders and Term A Lenders, Citibank, N.A., as administrative agent for the Term B Lenders and PNC Bank, N.A., as collateral agent for the Lenders and the Other Secured Parties referred to therein	Filed as Exhibit 10.1 to Form 8-K (File No. 001-38147) filed on April 3, 2019
10.30	Amendment No. 1, dated as of March 28, 2019, to Affiliated Company Credit Agreement, dated November 28, 2017, by and among CONSOL Coal Resources LP, certain of its affiliates party thereto, CONSOL Energy Inc. and PNC Bank, National Association	Filed as Exhibit 10.2 to Form 8-K (File No. 001-38147) filed on April 3, 2019
10.31	Letter Agreement by and between CONSOL Energy Inc. and James J. McCaffrey dated as of February 7, 2019*	Filed as Exhibit 10.3 to Form 10-Q (File No. 001-38147) filed on May 8, 2019
10.32	Form Notice of Restricted Stock Unit Award and Terms and Conditions*	Filed as Exhibit 10.4 to Form 10-Q (File No. 001-38147) filed on May 8, 2019
10.33	Form Notice of Performance-based Restricted Stock Unit Award and Terms and Conditions*	Filed as Exhibit 10.5 to Form 10-Q (File No. 001-38147) filed on May 8, 2019
10.34	Change in Control Severance Agreement for Mitesh Thakkar*	Filed as Exhibit 10.6 to Form 10-Q (File No. 001-38147) filed on May 11, 2020
10.35	Form of Notice of Restricted Stock Unit Award Terms and Conditions*	Filed as Exhibit 10.3 to Form 10-Q (File No. 001-38147) filed on May 11, 2020
10.36	Form of Notice of Performance-Based Restricted Stock Unit Award Terms and Conditions for James A. Brock*#	Filed as Exhibit 10.4 to Form 10-Q (File No. 001-38147) filed on May 11, 2020
10.37	Form of Notice of Performance-Based Cash Award*#	Filed as Exhibit 10.5 to Form 10-Q (File No. 001-38147) filed on May 11, 2020
10.38	Amendment to Letter Agreement by and between CONSOL Energy Inc. and James J. McCaffrey dated as of February 13, 2020*	Filed as Exhibit 10.1 to Form 10-Q (File No. 001-38147) filed on May 11, 2020
10.39	Amendment No. 2, dated as of June 5, 2020, to Credit Agreement, dated as of November 28, 2017, among the Company, the various financial institutions from time to time party thereto, PNC Bank, N.A., as administrative agent for the Revolving Lenders and Term Loan A Lenders, Citibank, N.A., as administrative agent for the Term Loan B Lenders and PNC Bank, N.A., as collateral agent for the Lenders and the other Secured Parties referred to therein	Filed as Exhibit 10.1 to Form 8-K (File No. 001-38147) filed on June 11, 2020
10.40	CONSOL Energy Inc. 2020 Amended and Restated Omnibus Performance Incentive Plan*	Filed as Exhibit 4.4 to Registration Statement on Form S-8 (file No. 333-238173) filed on May 11, 2020
10.41	Letter Agreement between James J. McCaffrey and CONSOL Mining Company LLC*	Filed as Exhibit 10.4 to Form 10-Q (File No. 001-38147) filed on August 10, 2020
10.42	Form of Notice of Restricted Stock Unit Award Terms and Conditions for Non-Employee Directors*	File as Exhibit 10.5 to Form 10-Q (File No. 001-38147) filed on August 10, 2020
10.43	Support Agreement, dated as of October 22, 2020, by and among CONSOL Energy Inc. and CONSOL Coal Resources LP	Filed as Exhibit 10.1 to Form 8-K (File No. 001-38147) filed on October 23, 2020
10.44	Amendment to CONSOL Energy Inc. 2020 Amended and Restated Omnibus Performance Incentive Plan, effective as of December 30, 2020 (incorporated by reference to Exhibit 4.5 to CEIX's Registration Statement on Form S-8 filed on December 31, 2020)	Filed as Exhibit 4.5 to Form S-8 (File No. 001-38147) filed on December 31, 2020
10.45	First Amendment to Employment Agreement of James A. Brock*	Filed herewith
21	Subsidiaries of CONSOL Energy Inc.	Filed herewith
23.1	Consent of Ernst & Young LLP	Filed herewith
31.1	Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
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	Filed herewith
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	Filed herewith
95	Mine Safety and Health Administration Safety Data	Filed herewith
101	Interactive Data File (Form 10-K for the year ended December 31, 2020, furnished in Inline XBRL)	Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	Filed herewith

** Indicates management contract or compensatory plan or arrangement.*
*** Information in this exhibit identified by brackets is confidential and has been excluded pursuant to Item 601(b)(10)(iv) of Regulation S-K because it (i) is **not material** and (ii) would likely cause **competitive harm** to the Company if publicly disclosed.*
**** The schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K and will be provided to the Securities and Exchange Commission upon request.*
 # Schedules and attachments to this Exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K.

Supplemental Information

No annual report or proxy material has been sent to shareholders of CONSOL Energy at the time of filing of this Form 10-K. An annual report will be sent to shareholders and to the commission subsequent to the filing of this Form 10-K.

In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, as of the 12th day of February, 2021.

CONSOL ENERGY INC.

By: /s/ JAMES A. BROCK

James A. Brock
Director, Chief Executive Officer and President
(Principal Executive Officer)

By: /s/ MITESHKUMAR B. THAKKAR

Miteshkumar B. Thakkar
Chief Financial Officer
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed as of the 12th day of February, 2021, by the following persons on behalf of the registrant in the capacities indicated:

Signature	**Title**
/s/ JAMES A. BROCK **James A. Brock**	Director, Chief Executive Officer and President (Principal Executive Officer)
/s/ MITESHKUMAR B. THAKKAR **Miteshkumar B. Thakkar**	Chief Financial Officer (Principal Financial Officer)
/s/ JOHN M. ROTHKA **John M. Rothka**	Chief Accounting Officer (Principal Accounting Officer)
/s/ WILLIAM P. POWELL **William P. Powell**	Director and Chairman of the Board
/s/ SOPHIE BERGERON **Sophie Bergeron**	Director
/s/ JOHN T. MILLS **John T. Mills**	Director
/s/ JOSEPH P. PLATT **Joseph P. Platt**	Director
/s/ EDWIN S. ROBERSON **Edwin S. Roberson**	Director

DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of the date of this Annual Report on Form 10-K, CONSOL Energy Inc. ("CEIX," "we," "us," and "our"), has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: common stock, par value $0.01 per share ("common stock"). The following description of our common stock is based upon, and is qualified by reference to, our amended and restated certificate of incorporation and our bylaws, as amended, each of which is incorporated by reference as an exhibit to this Annual Report on Form 10-K.

General

CEIX is authorized to issue 63,000,000 shares, of which:

- 62,500,000 shares are designated as common stock; and
- 500,000 shares are designated as preferred stock ("preferred stock").

As of January 29, 2021, we had 31,031,374 shares of common stock outstanding and no shares of preferred stock outstanding.

Common Stock

Dividend Rights. Holders of our common stock are entitled to receive dividends only if and when declared by the Board of Directors. However, no dividend will be declared or paid on our common stock until we have paid (or declared and set aside funds for payment of) all dividends that have accrued on all classes of our outstanding preferred stock.

Voting Rights. Holders of our common stock are entitled to one (1) vote per share and they do not have any cumulative voting rights.

Liquidation Rights. Upon any liquidation, dissolution or winding up of CEIX, whether voluntary or involuntary, after payments to holders of preferred stock of amounts determined by the Board of Directors, plus any accrued dividends, the company's remaining assets will be divided among holders of our common stock pro rata.

Preemptive or Other Subscription Rights. Holders of our common stock do not have any preemptive right to subscribe for any securities of the company.

Conversion and Other Rights. No conversion, redemption or sinking fund provisions apply to our common stock, and our common stock is not liable to further call or assessment by the company. All issued and outstanding shares of our common stock are fully paid and non-assessable.

Preferred Stock

Under the terms of our amended and restated certificate of incorporation, our Board of Directors is authorized to issue up to 500,000 shares of preferred stock in one or more series without further action by the holders of our common stock. Our Board of Directors has the discretion, subject to limitations prescribed by Delaware law and by our amended and restated certificate of incorporation, to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, terms of redemption and liquidation preferences, of each series of preferred stock.

Although our Board of Directors does not currently intend to do so, it could authorize us to issue a class or series of preferred stock that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change of control of our company, even if such transaction or change of control involves a premium price for our stockholders or our stockholders believe that such transaction or change of control may be in their best interests. Our Board of Directors may be able to issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of our common stock.

Anti-Takeover Effects of Various Provisions of Delaware Law and our Certificate of Incorporation and Bylaws

Provisions of the Delaware General Corporation Law ("DGCL") and our amended and restated certificate of incorporation and by-laws could make it more difficult to acquire CEIX by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions are expected to discourage certain types of coercive takeover practices and takeover bids that our Board of Directors may consider inadequate and to encourage persons seeking to acquire control of the company to first negotiate with our Board of Directors. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure it outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Delaware Anti-Takeover Provisions. CEIX is subject to Section 203 of the DGCL, an anti-takeover statute. In general, Section 203 of the DGCL prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time the person became an interested stockholder, unless the business combination or the acquisition of shares that resulted in a stockholder becoming an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status did own) 15% or more of a corporation's voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by our Board of Directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by our stockholders.

Classified Board. Our amended and restated certificate of incorporation and amended and restated bylaws provide that our Board is initially divided into three classes, with each director serving for a term ending at the election of directors at the third annual meeting of stockholders following the annual meeting of stockholders at which the director was elected, subject to the provisions described below. For so long as there are three classes of directors, the number of directors in each class shall be as near as possible to one-third of the total number of directors. The directors designated as Class I directors, elected at the annual meeting held in 2018, were elected for a three-year term expiring in 2021. The directors designated as Class II directors, elected at the annual meeting held in 2019, were elected for a three-year term expiring in 2022. The directors designated as Class III directors, elected at the annual meeting held in 2020, were elected for a one-year term expiring in 2021. Each director whose term expires at the 2021 annual meeting of stockholders or any annual meeting thereafter (and any other individual who is nominated for election at any such meeting) shall be elected for a term expiring at the next annual meeting of stockholders.

As a result of these provisions, two-thirds of the total number of directors will be up for election at the 2021 annual meeting of stockholders, and beginning with the 2022 annual meeting of stockholders, all of our directors will be subject to annual election. Prior to the annual meeting of stockholders held in 2021, it would take at least two elections for any individual or group to gain control of the Board of Directors. Accordingly, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to control us. For so long as the directors are divided into classes, which for the avoidance of doubt is until the date of our 2022 annual meeting of stockholders, any amendment to the classified Board provisions in our amended and restated certificate of incorporation or amended and restated bylaws requires the affirmative vote of the holders of at least three quarters (75%) of the voting power of all outstanding shares of our capital stock entitled to vote thereon.

Size of Board; Vacancies; Removal. Our amended and restated by-laws provide that the number of directors on our Board of Directors will be fixed exclusively by our Board of Directors. Any vacancies created in our Board of Directors resulting from any increase in the authorized number of directors or the death, resignation, retirement, disqualification, removal from office or other cause will be filled by a majority of the Board of Directors then in office, even if less than a quorum is present, or by a sole remaining director. Any director appointed to fill a vacancy on our Board of Directors will be appointed for a term expiring at the next election of directors and until his or her successor has been elected and qualified.

Our amended and restated by-laws provide that at any time at which the Board of Directors is divided into classes, which for the avoidance of doubt is until the date of our 2022 annual meeting of stockholders, stockholders may only remove directors for cause, and only with the approval of at least 66 2/3% of the shares entitled to vote at an election of directors. Upon the Board of Directors no longer being divided into classes, which for the avoidance of doubt shall be on or after the date of our 2022 annual meeting of stockholders, stockholders may remove our directors with or without cause, with the approval of a majority of shares entitled to vote at an election of directors.

Stockholder Action by Written Consent. Our amended and restated certificate of incorporation provides that stockholders may not act by written consent unless such written consent is unanimous. Stockholder action must otherwise take place at the annual or a special meeting of our stockholders.

Special Stockholder Meetings. Our amended and restated certificate of incorporation provides that the chairman of our Board of Directors, our chief executive officer or our Board of Directors pursuant to a resolution adopted by a majority of the entire Board of Directors may call special meetings of our stockholders.

Advance Notice for Stockholder Proposals and Nominations. Our amended and restated by-laws establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors (other than nominations made by or at the direction of the Board of Directors).

Certain Effects of Authorized but Unissued Stock. We may issue additional shares of common stock or preferred stock without stockholder approval, subject to applicable rules of the New York Stock Exchange ("NYSE") and Delaware law, for a variety of corporate purposes, including future public or private offerings to raise additional capital, corporate acquisitions, and employee benefit plans and equity grants. The existence of unissued and unreserved common and preferred stock may enable us to issue shares to persons who are friendly to current management, which could discourage an attempt to obtain control of CEIX by means of a proxy contest, tender offer, merger or otherwise. We will not solicit approval of our stockholders for issuance of common or preferred stock unless our Board of Directors believes that approval is advisable or is required by applicable stock exchange rules or Delaware law.

No Cumulative Voting. The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless the company's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation does not provide for cumulative voting.

Exclusive Forum. Our amended and restated certificate of incorporation provides that unless the Board of Directors otherwise determines, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of CEIX, any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer of CEIX to CEIX or to CEIX stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, any action asserting a claim against CEIX or any current or former director or officer of CEIX arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or by-laws, any action asserting a claim relating to or involving CEIX governed by the internal affairs doctrine, or any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL. However, if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, the action may be brought in the federal court for the District of Delaware.

Listing

Our common stock is listed on the NYSE under the symbol "CEIX."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

FIRST AMENDMENT TO THE
RECEIVABLES FINANCING AGREEMENT

This FIRST AMENDMENT TO THE RECEIVABLES FINANCING AGREEMENT (this "Amendment"), dated as of May 29, 2018, is entered into by and among the following parties:

(i) CONSOL FUNDING LLC, as Borrower;

(ii) CONSOL PENNSYLVANIA COAL COMPANY LLC, as initial Servicer; and

(iii) PNC BANK, NATIONAL ASSOCIATION ("PNC"), as Lender, LC Bank and Administrative Agent.

Capitalized terms used but not otherwise defined herein (including such terms used above) have the respective meanings assigned thereto in the Receivables Financing Agreement described below.

BACKGROUND

A. The parties hereto have entered into a Receivables Financing Agreement, dated as of November 30, 2017 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Receivables Financing Agreement").

B. Concurrently herewith, the Borrower, the Servicer, PNC and PNC Capital Markets LLC are entering into an Amended and Restated Fee Letter, dated as of the date hereof (the "Fee Letter").

C. The parties hereto desire to amend the Receivables Financing Agreement as set forth herein.

NOW, THEREFORE, with the intention of being legally bound hereby, and in consideration of the mutual undertakings expressed herein, each party to this Amendment hereby agrees as follows:

SECTION 1. Amendments to the Receivables Financing Agreement. The Receivables Financing Agreement is hereby amended as follows:

The definition of "Scheduled Termination Date" set forth in Section 1.01 of the Receivables Financing Agreement is amended by replacing "May 30, 2018" where it appears therein with "June 30, 2018."

SECTION 2. Representations and Warranties of the Borrower and Servicer. The Borrower and the Servicer hereby represent and warrant to each of the parties hereto as of the date hereof as follows:

(a) Representations and Warranties. The representations and warranties made by it in the Receivables Financing Agreement and each of the other Transaction Documents it which it is a party are true and correct as of the date hereof.

(b) Enforceability. The execution and delivery by it of this Amendment, and the performance of its obligations under this Amendment, the Receivables Financing Agreement (as amended hereby) and the other Transaction Documents to which it is a party are within its organizational powers and have been duly authorized by all necessary action on its part, and this Amendment, the Receivables Financing Agreement (as amended hereby) and the other Transaction Documents to which it is a party are (assuming due authorization and execution by the other parties thereto) its valid and legally binding obligations, enforceable in accordance with its terms, except (x) the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws from time to time in effect relating to creditors' rights, and (y) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) No Event of Default. No Event of Default or Unmatured Event of Default has occurred and is continuing, or would occur as a result of this Amendment or the transactions contemplated hereby.

SECTION 3. Effect of Amendment; Ratification. All provisions of the Receivables Financing Agreement and the other Transaction Documents, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Receivables Financing Agreement (or in any other Transaction Document) to "this Receivables Financing Agreement", "this Agreement", "hereof", "herein" or words of similar effect referring to the Receivables Financing Agreement shall be deemed to be references to the Receivables Financing Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Receivables Financing Agreement other than as set forth herein. The Receivables Financing Agreement, as amended by this Amendment, is hereby ratified and confirmed in all respects.

SECTION 4. Effectiveness. This Amendment shall become effective as of the date hereof upon the Administrative Agent's receipt of:

(a) counterparts to this Amendment executed by each of the parties hereto; and

(b) counterparts to the Fee Letter executed by each of the parties thereto and confirmation that the "Amendment Fee" owing thereunder has been paid in full in accordance with the terms of the Fee Letter.

SECTION 5. Severability. Any provisions of this Amendment 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 6. Transaction Document. This Amendment shall be a Transaction Document for purposes of the Receivables Financing Agreement.

SECTION 7. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 8. GOVERNING LAW AND JURISDICTION.

(a) THIS AMENDMENT, 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).

(b) 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 AMENDMENT, 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 AMENDMENT, 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 8 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.

SECTION 9. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Receivables Financing Agreement or any provision hereof or thereof.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers as of the date first above written.

CONSOL FUNDING LLC

By: /s/Christopher C. Jones
Name: Christopher C. Jones
Title: Vice President

CONSOL PENNSYLVANIA COAL COMPANY LLC
as the Servicer

By: /s/ Steven T. Aspinall
Name: Steven T. Aspinall
Title: Treasurer

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as the LC Bank

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

SECOND AMENDMENT TO THE
RECEIVABLES FINANCING AGREEMENT

This SECOND AMENDMENT TO THE RECEIVABLES FINANCING AGREEMENT (this "Amendment"), dated as of June 26, 2018, is entered into by and among the following parties:

(i) CONSOL FUNDING LLC, as Borrower;

(ii) CONSOL PENNSYLVANIA COAL COMPANY LLC, as initial Servicer; and

(iii) PNC BANK, NATIONAL ASSOCIATION ("PNC"), as Lender, LC Bank and Administrative Agent.

Capitalized terms used but not otherwise defined herein (including such terms used above) have the respective meanings assigned thereto in the Receivables Financing Agreement described below.

BACKGROUND

A. The parties hereto have entered into a Receivables Financing Agreement, dated as of November 30, 2017 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Receivables Financing Agreement").

B. Concurrently herewith, the Borrower, the Servicer, PNC and PNC Capital Markets LLC are entering into an Amended and Restated Fee Letter, dated as of the date hereof (the "Fee Letter").

C. The parties hereto desire to amend the Receivables Financing Agreement as set forth herein.

NOW, THEREFORE, with the intention of being legally bound hereby, and in consideration of the mutual undertakings expressed herein, each party to this Amendment hereby agrees as follows:

SECTION 1. Amendments to the Receivables Financing Agreement. The Receivables Financing Agreement is hereby amended as follows:

The definition of "Scheduled Termination Date" set forth in Section 1.01 of the Receivables Financing Agreement is amended by replacing "June 30, 2018" where it appears therein with "July 30, 2018."

SECTION 2. Representations and Warranties of the Borrower and Servicer. The Borrower and the Servicer hereby represent and warrant to each of the parties hereto as of the date hereof as follows:

(a) Representations and Warranties. The representations and warranties made by it in the Receivables Financing Agreement and each of the other Transaction Documents to which it is a party are true and correct as of the date hereof.

(b) Enforceability. The execution and delivery by it of this Amendment, and the performance of its obligations under this Amendment, the Receivables Financing Agreement (as amended hereby) and the other Transaction Documents to which it is a party are within its organizational powers and have been duly authorized by all necessary action on its part, and this Amendment, the Receivables Financing Agreement (as amended hereby) and the other Transaction Documents to which it is a party are (assuming due authorization and execution by the other parties thereto) its valid and legally binding obligations, enforceable in accordance with its terms, except (x) the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws from time to time in effect relating to creditors' rights, and (y) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) No Event of Default. No Event of Default or Unmatured Event of Default has occurred and is continuing, or would occur as a result of this Amendment or the transactions contemplated hereby.

SECTION 3. Effect of Amendment; Ratification. All provisions of the Receivables Financing Agreement and the other Transaction Documents, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Receivables Financing Agreement (or in any other Transaction Document) to "this Receivables Financing Agreement", "this Agreement", "hereof", "herein" or words of similar effect referring to the Receivables Financing Agreement shall be deemed to be references to the Receivables Financing Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Receivables Financing Agreement other than as set forth herein. The Receivables Financing Agreement, as amended by this Amendment, is hereby ratified and confirmed in all respects.

SECTION 4. Effectiveness. This Amendment shall become effective as of the date hereof upon the Administrative Agent's receipt of:

(a) counterparts to this Amendment executed by each of the parties hereto; and

(b) counterparts to the Fee Letter executed by each of the parties thereto and confirmation that the "Amendment Fee" owing thereunder has been paid in full in accordance with the terms of the Fee Letter.

SECTION 5. Severability. Any provisions of this Amendment 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 6. Transaction Document. This Amendment shall be a Transaction Document for purposes of the Receivables Financing Agreement.

SECTION 7. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 8. GOVERNING LAW AND JURISDICTION.

(a) THIS AMENDMENT, 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).

(b) 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 AMENDMENT, 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 AMENDMENT, 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 8 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.

SECTION 9. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Receivables Financing Agreement or any provision hereof or thereof.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers as of the date first above written.

CONSOL FUNDING LLC

By: /s/ Christopher C. Jones
Name: Christopher C. Jones
Title: Vice President

CONSOL PENNSYLVANIA COAL COMPANY LLC
as the Servicer

By: /s/ Steven T. Aspinall
Name: Steven T. Aspinall
Title: Treasurer

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as the LC Bank

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

THIRD AMENDMENT TO THE
RECEIVABLES FINANCING AGREEMENT

This THIRD AMENDMENT TO THE RECEIVABLES FINANCING AGREEMENT (this "Amendment"), dated as of July 19, 2018, is entered into by and among the following parties:

(i) CONSOL FUNDING LLC, as Borrower;

(ii) CONSOL PENNSYLVANIA COAL COMPANY LLC, as initial Servicer; and

(iii) PNC BANK, NATIONAL ASSOCIATION ("PNC"), as Lender, LC Bank and Administrative Agent.

Capitalized terms used but not otherwise defined herein (including such terms used above) have the respective meanings assigned thereto in the Receivables Financing Agreement described below.

BACKGROUND

A. The parties hereto have entered into a Receivables Financing Agreement, dated as of November 30, 2017 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Receivables Financing Agreement").

B. Concurrently herewith, the Borrower, the Servicer, PNC and PNC Capital Markets LLC are entering into an Amended and Restated Fee Letter, dated as of the date hereof (the "Fee Letter").

C. The parties hereto desire to amend the Receivables Financing Agreement as set forth herein.

NOW, THEREFORE, with the intention of being legally bound hereby, and in consideration of the mutual undertakings expressed herein, each party to this Amendment hereby agrees as follows:

SECTION 1. Amendments to the Receivables Financing Agreement. The Receivables Financing Agreement is hereby amended as follows:

The definition of "Scheduled Termination Date" set forth in Section 1.01 of the Receivables Financing Agreement is amended by replacing "July 30, 2018" where it appears therein with "August 30, 2018."

SECTION 2. Representations and Warranties of the Borrower and Servicer. The Borrower and the Servicer hereby represent and warrant to each of the parties hereto as of the date hereof as follows:

(a) Representations and Warranties. The representations and warranties made by it in the Receivables Financing Agreement and each of the other Transaction Documents to which it is a party are true and correct as of the date hereof.

(b) Enforceability. The execution and delivery by it of this Amendment, and the performance of its obligations under this Amendment, the Receivables Financing Agreement (as amended hereby) and the other Transaction Documents to which it is a party are within its organizational powers and have been duly authorized by all necessary action on its part, and this Amendment, the Receivables Financing Agreement (as amended hereby) and the other Transaction Documents to which it is a party are (assuming due authorization and execution by the other parties thereto) its valid and legally binding obligations, enforceable in accordance with its terms, except (x) the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws from time to time in effect relating to creditors' rights, and (y) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) No Event of Default. No Event of Default or Unmatured Event of Default has occurred and is continuing, or would occur as a result of this Amendment or the transactions contemplated hereby.

SECTION 3. Effect of Amendment; Ratification. All provisions of the Receivables Financing Agreement and the other Transaction Documents, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Receivables Financing Agreement (or in any other Transaction Document) to "this Receivables Financing Agreement", "this Agreement", "hereof", "herein" or words of similar effect referring to the Receivables Financing Agreement shall be deemed to be references to the Receivables Financing Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Receivables Financing Agreement other than as set forth herein. The Receivables Financing Agreement, as amended by this Amendment, is hereby ratified and confirmed in all respects.

SECTION 4. Effectiveness. This Amendment shall become effective as of the date hereof upon the Administrative Agent's receipt of:

(a) counterparts to this Amendment executed by each of the parties hereto; and

(b) counterparts to the Fee Letter executed by each of the parties thereto and confirmation that the "Amendment Fee" owing thereunder has been paid in full in accordance with the terms of the Fee Letter.

SECTION 5. Severability. Any provisions of this Amendment 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 6. Transaction Document. This Amendment shall be a Transaction Document for purposes of the Receivables Financing Agreement.

SECTION 7. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 8. GOVERNING LAW AND JURISDICTION.

(a) THIS AMENDMENT, 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).

(b) 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 AMENDMENT, 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 AMENDMENT, 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 8 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.

SECTION 9. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Receivables Financing Agreement or any provision hereof or thereof.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers as of the date first above written.

CONSOL FUNDING LLC

By: /s/ Christopher C. Jones
Name: Christopher C. Jones
Title: Vice President

CONSOL PENNSYLVANIA COAL COMPANY LLC
as the Servicer

By: /s/ Steven T. Aspinall
Name: Steven T. Aspinall
Title: Treasurer

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as the LC Bank

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

OMNIBUS AMENDMENT

This OMNIBUS AMENDMENT (this "Amendment"), dated as of August 30, 2018, is the:

(i) FOURTH AMENDMENT TO RECEIVABLES FINANCING AGREEMENT, by and among CONSOL FUNDING LLC, as borrower (the "Borrower"), CONSOL PENNSYLVANIA COAL COMPANY LLC, as initial Servicer (the "Servicer"), and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as lender, LC bank and administrative agent;

(ii) FIRST AMENDMENT TO SUB-ORIGINATOR SALE AGREEMENT, by and among CONSOL THERMAL HOLDINGS LLC ("Sub-Originator"), as sub-originator, and CONSOL PENNSYLVANIA COAL COMPANY LLC ("CPCC"), as buyer and servicer;

(iii) FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT, by and among the various entities listed on the signature page hereto as "Originators" (the "Originators" and each, an "Originator"), CONSOL PENNSYLVANIA COAL COMPANY LLC, as servicer, and CONSOL FUNDING LLC, as buyer; and

(iv) FIRST AMENDMENT TO PERFORMANCE GUARANTY, made by CONSOL ENERGY INC. ("Performance Guarantor" and, together with the Borrower, the Servicer, CPCC, the Sub-Originator and the Originators, the "Consol Parties") in favor of PNC BANK, NATIONAL ASSOCIATION.

Capitalized terms used but not otherwise defined herein (including such terms used above) have the respective meanings assigned thereto in the Receivables Financing Agreement described below.

RECITALS

WHEREAS, the Borrower, the Servicer and PNC, as lender, LC bank and administrative agent, entered into that certain Receivables Financing Agreement, dated as of November 30, 2017 (as may be amended, restated, supplemented or otherwise modified from time to time, the "Receivables Financing Agreement");

WHEREAS, the Sub-Originator and CPCC, as buyer and servicer, entered into that certain Sub-Originator Sale Agreement, dated as of November 30, 2017 (as may be amended, restated, supplemented or otherwise modified from time to time, the "Sub-Originator Sale Agreement");

WHEREAS, the Originators, the Servicer and the Borrower, as buyer, entered into that certain Purchase and Sale Agreement, dated as of November 30, 2017 (as may be amended, restated, supplemented or otherwise modified from time to time, the "Purchase and Sale Agreement");

WHEREAS, Consol Energy Inc. and PNC entered into that certain Performance Guaranty in favor of PNC on behalf of the Secured Parties, dated as of November 30, 2017 (as may be amended, restated, supplemented or otherwise modified from time to time, the "Performance Guaranty" and, together with the Receivables Financing Agreement, Sub-Originator Sale Agreement and the Purchase and Sale Agreement, the "Agreements"); and

WHEREAS, concurrently herewith, the Borrower, the Servicer, PNC and PNC Capital Markets LLC are entering into an Amended and Restated Fee Letter, dated as of the date hereof (the "Fee Letter").

WHEREAS, the parties agree as follows.

AMENDMENT

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:

1. Amendments to the Receivables Financing Agreement. The Receivables Financing Agreement is hereby amended as shown on the marked pages set forth on Exhibit A hereto.

2. Amendment to the Sub-Originator Sale Agreement. The Sub-Originator Sale Agreement is hereby amended by deleting Section 5.9 thereof in its entirety and substituting "[Reserved]" therefor.

3. Amendment to the Purchase and Sale Agreement. The Purchase and Sale Agreement is hereby amended by deleting Section 5.9 thereof in its entirety and substituting "[Reserved]" therefor.

4. Amendment to the Performance Guaranty. The Performance Guaranty is hereby amended by deleting Section 6(k) thereof in its entirety and substituting "[Reserved]" therefor.

5. Representations and Warranties of the Borrower and Servicer. Each Consol Party hereby represent and warrant to each of the parties hereto as of the date hereof as follows:

a. Representations and Warranties. The representations and warranties made by it in the applicable Agreements and each of the other Transaction Documents to which it is a party are true and correct as of the date hereof.

b. Enforceability. The execution and delivery by it of this Amendment, and the performance of its obligations under this Amendment, the applicable Agreements (as amended hereby) and the other Transaction Documents to which it is a party are within its organizational powers and have been duly authorized by all necessary action on its part, and this Amendment, the applicable Agreements (as amended hereby) and the other Transaction Documents to which it is a party are (assuming due authorization and execution by the other parties thereto) its valid and legally binding obligations, enforceable in accordance with its terms, except (x) the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws from time to time in effect relating to creditors' rights, and (y) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

c. No Event of Default. No Event of Default, Unmatured Event of Default, Purchase and Sale Termination Event or Unmatured Purchase and Sale Termination Event has occurred and is continuing, or would occur as a result of this Amendment or the transactions contemplated hereby.

6. Entire Agreement. Except as otherwise amended hereby, all of the other terms and provisions of each Agreement are and shall remain in full force and effect and each of the Receivables Financing Agreement, Purchase and Sale Agreement, Performance Guaranty and Sub-Originator Sale Agreement, as amended and supplemented by this Amendment, are hereby ratified and confirmed by the parties hereto. After this Amendment becomes effective, all references in the Receivables Financing Agreement, Purchase and Sale Agreement, Performance Guaranty and Sub-Originator Sale Agreement (or in any other Transaction Document) to "this Agreement", "hereof", "herein" or words of similar effect referring to the Agreement shall be deemed to be references to such Agreement as amended by this Amendment. This Amendment contains the entire understanding of the parties with respect to the provisions of the Agreements amended and supplemented hereby and may not be modified except in writing signed by all parties. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of either Agreement other than as set forth herein.

7. Severability. Any provisions of this Amendment 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.

8. Effectiveness. This Amendment shall become effective as of the date hereof upon the Administrative Agent's receipt of:

a. counterparts to this Amendment executed by each of the parties hereto; and

b. counterparts to the Fee Letter executed by each of the parties thereto and confirmation that all fees owing thereunder has been paid in full in accordance with the terms of the Fee Letter.

9. Governing Law.

a. THIS AMENDMENT, 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).

b. 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 AMENDMENT, 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 AMENDMENT, 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 8 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.

10. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Agreements or any provision hereof or thereof.

11. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart hereof.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers as of the date first above written.

CONSOL FUNDING LLC,

By: /s/ Christopher C. Jones
Name: Christopher C. Jones
Title: Vice President

CONSOL PENNSYLVANIA COAL COMPANY LLC
as Servicer, Buyer and an Originator

By: /s/ Steven T. Aspinall
Name: Steven T. Aspinall
Title: Treasurer

CONSOL THERMAL HOLDINGS LLC
as Sub-Originator

By: /s/ David M. Khani
Name: David M. Khani
Title: Treasurer

CONSOL ENERGY INC.
as Performance Guarantor

By: /s/ David M. Khani
Name: David M. Khani
Title: Chief Financial Officer and Treasurer

CONSOL MARINE TERMINALS LLC,
as an Originator

By: /s/ Steven T. Aspinall
Name: Steven T. Aspinall
Title: Treasurer

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as the LC Bank

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Michael Brown
Name: Michael Brown
Title: Senior Vice President

EXHIBIT A

(Attached)

EXHIBIT A TO FOURTH AMENDMENT, dated August 30, 2018

RECEIVABLES FINANCING AGREEMENT

Dated as of November 30, 2017

by and among

CONSOL FUNDING LLC,
as Borrower,

THE PERSONS FROM TIME TO TIME PARTY HERETO,
as Lenders,

PNC BANK, NATIONAL ASSOCIATION,
as LC Bank,

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent,

CONSOL PENNSYLVANIA COAL COMPANY LLC,
as initial Servicer,
and

PNC CAPITAL MARKETS LLC, as Structuring Agent

EXHIBITS

EXHIBIT A – Form of [Loan Request] [LC Request]
EXHIBIT B – Form of Reduction Notice
EXHIBIT C Form of Assignment and Acceptance Agreement
EXHIBIT D – Form of Assumption Agreement
EXHIBIT E – Form of Letter of Credit Application
EXHIBIT F – Credit and Collection Policy
EXHIBIT G – Form of Information Package
EXHIBIT H – Form of Compliance Certificate
EXHIBIT I – Closing Memorandum
EXHIBIT J-1 – Form of Weekly Report
EXHIBIT J-2 – Form of Daily Report

SCHEDULES

SCHEDULE I – Commitments
SCHEDULE II – Lock-Boxes, Collection Accounts and Collection Account Banks
SCHEDULE III – Notice Addresses

This RECEIVABLES FINANCING AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement") is entered into as of November 30, 2017 by and among the following parties:

(i) CONSOL FUNDING LLC, a Delaware limited liability company, as Borrower (together with its successors and assigns, the "Borrower");

(ii) the Persons from time to time party hereto as Lenders;

(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;

(v) CONSOL PENNSYLVANIA COAL COMPANY LLC, a Pennsylvania limited liability company, in its individual capacity ("Consol") and as initial Servicer (in such capacity, together with its successors and assigns in such capacity, the "Servicer"); and

(vi) PNC CAPITAL MARKETS LLC, a Pennsylvania limited liability company, as Structuring Agent.

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. Consol has and will acquire from time to time, Receivables from the Sub-Originator pursuant to the Sub-Originator 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):

"Account Control Agreement" means each agreement, in form and substance reasonably satisfactory to the Administrative Agent, among the Borrower, the Servicer (if applicable), the Administrative Agent and a Collection Account Bank, governing the terms of the related Collection Accounts that (i) provides the Administrative Agent with control within the meaning of the UCC over the deposit accounts subject to such agreement and (ii) by its terms, may not be terminated or canceled by the related Collection Account Bank without the written consent of the Administrative Agent or upon no less than sixty (60) days prior written notice to the Administrative Agent, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"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).

"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(f).

"Adverse Claim" means any Lien other than a Permitted Lien.

"Advisors" has the meaning set forth in Section 14.06(c).

"Affected Person" means each Credit Party 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. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting stock, by agreement or otherwise.

"Aggregate Capital" means, at any time of determination, the aggregate outstanding Capital of all Lenders 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 financing, 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, 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 Lender, an Eligible Assignee 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 C hereto.

"Assumption Agreement" has the meaning set forth in Section 14.03(h).

"Attorney Costs" means all reasonable and documented fees, costs, expenses and disbursements of any external counsel.

"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 Lender or its Affiliate as its "reference rate" or "prime rate", as applicable. Such "reference rate" or "prime rate" is set by the applicable Lender 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; and

(b) 0.50% per annum above the latest Federal Funds Rate.

"Beneficial Owner" shall have the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "Person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "Person" will be deemed to have beneficial ownership of all securities that such "Person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have corresponding meanings. For purposes of this definition, a Person shall be deemed not to Beneficially Own securities that are the subject of a stock purchase agreement, merger agreement, amalgamation agreement, arrangement agreement or similar agreement until consummation of the transactions or, as applicable, series of related transactions contemplated thereby.

"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 the lesser of (a) the Facility Limit and (b) the amount equal to (i) the Net Receivables Pool Balance at such time, minus (ii) 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 sum of (i) the Borrowing Base at such time plus (ii) the aggregate amount of Collections (if any) then being held by, and under the exclusive control of, the Administrative Agent, solely to the extent such Collections (x) have been applied to reduce the Outstanding Balance of the related Receivables for purposes of calculating the Borrowing Base in clause (i) above and (y) have not been applied in reduction of the Aggregate Capital or otherwise in accordance with the priorities for payment specified in Section 4.01(a).

"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 LMIR, 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 to the LC Bank in respect of a Participation Advance made by such Lender to the 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 reducing or repaying 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" of any Person shall mean (a) in the case of a corporation, corporate stock; (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (c) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and (d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities exercisable for, exchangeable for or convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"Change in Control" means the occurrence of any of the following:

(a) CNX Marine Terminals Inc. and Consol cease to own together, directly, 100% of the issued and outstanding Capital Stock and all other equity interests of the Borrower free and clear of all Adverse Claims (other than any Adverse Claim in favor of the Credit Agreement Collateral Agent or Second Lien Collateral Trustee (so long as such Person is then party to the applicable No Petition Letter));

(b) Parent ceases to own, directly or indirectly, (i) 100% of the issued and outstanding Capital Stock, membership interests or other equity interests of any Originator or the Servicer or (ii) 60% of the issued and outstanding Capital Stock, membership interests or other equity interests of the Sub-Originator;

(c) any Subordinated Note shall at any time cease to be owned by an Originator, free and clear of all Adverse Claims (other than any Adverse Claim in favor of the Credit Agreement Collateral Agent or Second Lien Collateral Trustee (so long as such Person is then party to the applicable No Petition Letter)); or

(d) with respect to Parent:

(i) the consummation of any transaction (including any merger or consolidation or the acquisition of any Capital Stock) the result of which is that any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the Beneficial Owner, directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the Parent;

(ii) the holders of Capital Stock of the Parent shall have approved any plan of liquidation or dissolution of the Parent; or

(iii) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Parent (including Equity Interests of Restricted Subsidiaries) and the Restricted Subsidiaries, taken as a whole, to any Person.

"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 November 30, 2017.

"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).

"Collection 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 Collection 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 Collection Account Bank pursuant to an Account Control Agreement for the purpose of receiving Collections.

"Collection Account Bank" means any of the banks or other financial institutions holding one or more Collection Accounts.

"Collections" means, with respect to any Pool Receivable: (a) all funds that are received by any Originator, Sub-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 Lender, including the Lender that is the 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, 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 Lender's obligation to make Loans, make Participation Advances and/or issue Letters of Credit hereunder in accordance with this Agreement.

"Concentration Percentage" means, (i) for any Group A Obligor, 20%, (ii) for any Group B Obligor, 16%, (iii) for any Group C Obligor, 10% and (iv) for any Group D Obligor, 6%; provided, however, that the Administrative Agent (with the prior written consent of each Lender) may approve higher "Concentration Percentages" for selected Obligors.

"Concentration Reserve" means, at any time, the product of (a) the Net Receivables Pool Balance at such time, multiplied by (b) the Concentration Reserve Percentage.

"Concentration Reserve Percentage" means, at any time of determination, the largest of: (a) the sum of the five (5) largest Obligor Percentages of the Group D Obligors, (b) the sum of the three (3) largest Obligor Percentages of the Group C Obligors, (c) the two (2) largest Obligor Percentage of the Group B Obligors and (d) the largest Obligor Percentage of the Group A Obligors.

"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.

"Covered Entity" means (a) each of Borrower, the Servicer, each Originator, Sub-Originator, the Parent and each of Parent's Subsidiaries and (b) each Person that, directly or indirectly, is an Affiliate of a Person described in clause (a) above.

"Credit Agreement Collateral Agent" means PNC Bank, National Association, as collateral agent under the Revolving Credit Agreement.

"Credit and Collection Policy" means, as the context may require, those receivables credit and collection policies and practices of the Originators and Sub-Originator in effect on the Closing Date and described in Exhibit F, 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 and the Administrative Agent.

"Daily Report" has the meaning set forth in Section 8.01(c)(iii) to the Agreement.

"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 (other than Unbilled 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 (other than Unbilled Receivables) generated 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 incurred in the ordinary course of such Person's business payable on terms customary in the trade), (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 (other than Unbilled Receivables) that became Defaulted Receivables during such Fiscal Month, by (b) the aggregate initial Outstanding Balance of all Pool Receivables generated by the Originators during the month that is four Fiscal Months before such Fiscal Month.

"Defaulted Receivable" means a Receivable:

(a) as to which any payment, or part thereof, remains unpaid for more than 90 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, Sub-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, Sub-Originator's or the Borrower's books as uncollectible;

provided, however, that in each case above such amount shall be calculated without giving effect to any netting of credits that have not been matched to a particular Receivable for the purposes of aged trial balance reporting.

"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 60 days from the original due date for such payment; provided, however, that such amount shall be calculated without giving effect to any netting of credits that have not been matched to a particular Receivable for the purposes of aged trial balance reporting.

"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 (other than Unbilled Receivables) generated by the Originators during such Fiscal Month, by (b) the Net Receivables Pool Balance as of the last day of such Fiscal Month.

"Dilution Ratio" means 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, by (b) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) generated by the Originators during the Fiscal Month that is one (1) month prior to such Fiscal Month.

"Dilution Reserve" means, on any day, an amount equal to: (a) the Net Receivables Pool Balance at such time, multiplied by (b) the Dilution Reserve Percentage on such day.

"Dilution Reserve Percentage" means, on any day, the product of (a) the Dilution Horizon Ratio multiplied by (b) the sum of (i) 2.50 times the average of the Dilution Ratios for the twelve most recent Fiscal Months and (ii) the Dilution Volatility Component.

"Dilution Volatility Component" means, for any Fiscal Month, the product (expressed as a percentage) of (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) the quotient of (i) the highest Dilution Ratio for any Fiscal Month during the twelve most recent consecutive 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).

"Early Amortization Date" means any date so designated in writing by the Administrative Agent to the Borrower following the occurrence of a Material Adverse Effect with respect to the Borrower, the Performance Guarantor, the Servicer, the Originators and the Sub-Originator, individually and in the aggregate.

"Elevated Leverage Period" means any period beginning on the date of the release of a financial statement of the Parent indicating that the Total Net Leverage Ratio calculated as of the last day of the most recent fiscal quarter of the Parent exceeded a ratio equal to the "Maximum Total Net Leverage Ratio" for such fiscal quarter set forth in Section 8.2.13(b) of the Revolving Credit Agreement minus 0.5 (the "Adjusted Maximum Total Net Leverage Ratio") and ending on the date of the release of a financial statement of the Parent indicating that the Total Net Leverage Ratio calculated as of the last day of the most recent fiscal quarter no longer exceeds the Adjusted Maximum Total Net Leverage Ratio. For purposes of this definition, unless otherwise defined in this Agreement, terms used herein (including all defined terms used within such terms) shall have the respective meaning assigned to such terms in the Revolving Credit Agreement as in effect on August 29, 2018; provided, however, if after August 29, 2018, any term used herein (including all defined terms used within such terms) is amended or modified, then for all purposes of this definition, such term shall automatically and without further action on the part of any Person, be deemed to be also so amended or modified, if at the time of such amendment or modification, (i) Administrative Agent and Lenders (or Affiliates thereof) representing at least 66-2/3% of the aggregate Commitments of all Lenders hereunder are parties to the Revolving Credit Agreement and have consented to such amendment or modification and (ii) such amendment or modification is consummated in accordance with the terms of the Revolving Credit Agreement.

"Eligible Assignee" means (i) any Lender or any of its Affiliates and (ii) any other financial institution.

"Eligible Foreign Obligor" an Obligor that is organized in or that has a head office (domicile), registered office, and chief executive office located in a country other than the United States of America that is not a Sanctioned Country.

"Eligible Receivable" means, at any time of determination, a Pool Receivable:

(a) the Obligor of which is: (i) either a U.S. Obligor or an Eligible Foreign Obligor; (ii) not a Governmental Authority, (iii) not a Sanctioned Person; (iv) not subject to any Insolvency Proceeding; (v) not an Affiliate of the Borrower, the Servicer, the Parent or any Originator or Sub-Originator; (vi) not the Obligor with respect to Delinquent Receivables with an aggregate Outstanding Balance exceeding 50% of the aggregate Outstanding Balance of all such Obligor's Pool Receivables; (vii) not a natural person and (viii) not a material supplier to any Originator, Sub-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 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 Collection 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 or Sub-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 with respect to which transfer all conditions precedent under the Purchase and Sale Agreement have been met (and, if originated by the Sub-Originator, has been transferred by the Sub-Originator to Consol pursuant to the Sub-Originator Sale Agreement with respect to which transfer all conditions precedent under the Sub-Originator 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 or Sub-Originator in connection with the creation of such Receivable, the execution, delivery and performance by such Originator or Sub-Originator of the related Contract or the assignment thereof under each applicable 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 Sub-Originator (or any assignee of such Originator or Sub-Originator) or Adverse Claim, and the Obligor of which holds no right as against the applicable Originator or Sub-Originator to cause such Originator or Sub-Originator to repurchase the goods or merchandise, the sale of which shall have given rise to such Receivable;

(k) that satisfies in all material respects 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 (x) constitutes an "account" or "general intangible" (as defined in the UCC), and (y) is not evidenced by instruments or chattel paper;

(p) that is neither a Defaulted Receivable nor a Delinquent Receivable;

(q) for which no Originator, Sub-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 or Sub-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 related Originator or Sub-Originator 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 is not a MINER Receivable.

"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 60 days.

"Equity Interests" of any Person shall mean (1) any and all Capital Stock of such Person and (2) all rights to purchase, warrants or options (whether or not currently exercisable), participations or other equivalents of or interests in (however designated) such Capital Stock of such Person, but excluding from all of the foregoing any debt securities exercisable for, exchangeable for or convertible into Equity Interests, regardless of whether such debt securities include any right of participation with Equity Interests.

"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" shall mean, at any relevant time, any trade or business (whether or not incorporated) under common control with the Borrower, the Sub-Originator or an Originator within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" shall mean (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by Borrower, the Sub-Originator, any Originator, or any of their respective ERISA Affiliates from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower, the Sub-Originator, any Originator, or any of their respective ERISA Affiliates from a Multiemployer Plan or notification to the Borrower, the Sub-Originator, any Originator, or any of their respective ERISA Affiliates that a Multiemployer Plan is insolvent within the meaning of Title IV of ERISA or experienced a mass withdrawal within the meaning of Section 4219 of ERISA; (d) the filing of a notice of intent to terminate a Pension Plan, or the treatment of a plan amendment as a termination of a Pension Plan or a Multiemployer Plan under Sections 4041 or 4041A of ERISA, respectively; (e) the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (f) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; (g) the determination that any Pension Plan is considered an at-risk plan within the meaning of Section 430 of the Code or Section 303 of ERISA; (h) Borrower, the Sub-Originator, any Originator, or any of their respective ERISA Affiliates is informed that any Multiemployer Plan to which Borrower, the Sub-Originator, any Originator, or any of their respective ERISA Affiliates contributes is in endangered or critical status within the meaning of Section 432 of the Code or Section 305 of ERISA or (i) the failure by the Borrower, the Sub-Originator, any Originator, or any of their respective ERISA Affiliates to meet all applicable requirements under the Pension Funding Rules in respect of a Pension Plan or a failure by the Borrower, the Sub-Originator, any Originator, or any of their respective ERISA Affiliates to make any required contribution to a Multiemployer Plan.

"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 of the following amounts, without duplication:

(a) The excess (if any), calculated for each Obligor, 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 that have not been billed or invoiced for greater than thirty (30) days but less than sixty-one (61) days, over (ii) the product of (x) 5.0%, 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, the Obligors of which are Eligible Foreign Obligors, over (ii) the product of (x) 15.0%, multiplied by (y) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool; plus

(d) the excess (if any) of (i) the aggregate Outstanding Balance of all Eligible Receivables, the Obligors of which are Eligible Foreign Obligors that are organized in or that have a head office (domicile), registered office, and chief executive office located in any country that does not have a long-term foreign currency rating of at least "A" by S&P and "A2" by Moody's, over (ii) the product of (x) 2.5%, multiplied by (y) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool;

provided that, at any time during an Elevated Leverage Period, the Administrative Agent may in its sole discretion, upon ten (10) days' notice to the Borrower, reduce (including to zero) any percentage threshold set forth in clauses (c) and (d) above. In the event that any other Obligor is or becomes an Affiliate of another Obligor, the "Excess Concentration" (and any component thereof) shall be calculated as if such Obligors were a single Obligor.

"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 Credit Party or required to be withheld or deducted from a payment to a Credit Party: (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 Credit Party 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, (c) Taxes attributable to such Credit Party's failure to comply with Sections 5.03(f), and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA.

"Facility Limit" means $100,000,000 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), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"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 (i) is the Scheduled Termination Date or (ii) 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.

"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).

"Guaranty" of any Person means any obligation of such Person to guaranty or in effect guaranty 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.

"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, or (b) "P 1" by Moody's, or if such Obligor does not have a short-term rating from Moody's, "Al" 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. 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", the "Concentration Reserve" and clause (i) 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 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, or (b) "P 2" by Moody's, or if such Obligor does not have a short-term rating from Moody's, "Baal" 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. 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", the "Concentration Reserve" and clause (i) 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 it's majority owner's (as applicable) long-term senior unsecured and uncredit-enhanced debt securities, or (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. 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", the "Concentration Reserve" and clause (i) 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 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.

"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 under any Transaction Document and (b) to the extent not otherwise described in clause (a) above, 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 G.

"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 clauses (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 day during 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, with respect to each Loan, (a) before the Termination Date: (i) initially, the period commencing on the date such Loan is made 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 Lenders) 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), LMIR; provided, however, that the "Interest Rate" for each Loan and any day while an Event of Default has occurred and is continuing shall be an interest rate per annum equal the sum of 3.00% per annum plus the greater of (i) LMIR and (ii) the Base Rate in effect on such day; 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; 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.

"Interim Report" means each Daily Report and Weekly Report.

"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 Lenders), 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 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 Lenders pursuant to Section 3.02(a).

"LCR Security" means any commercial paper or security (other than equity securities issued to Consol or any Originator that is a consolidated subsidiary of Consol under generally accepted accounting principles) within the meaning of Paragraph __.32(e)(viii) of the final rules titled Liquidity Coverage Ratio: Liquidity Risk Measurement Standards, 79 Fed. Reg. 197. 61440 et seq. (October 10, 2014).

"Lenders" means PNC and each other Person that becomes a party to this Agreement in the capacity of a "Lender".

"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).

"Lien" 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).

"LMIR" means for any day during any Interest Period, the interest rate per annum determined by the applicable Lender (which determination shall be conclusive absent manifest error) by dividing (i) the one-month Eurodollar rate for 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 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:

$$\text{LMIR} = \frac{\text{One-month Eurodollar rate for Dollars shown on Bloomberg US0001M Screen or appropriate successor}}{\text{1.00 - Euro-Rate Reserve Percentage}}$$

LMIR shall be adjusted on the effective date of any change in the Euro-Rate Reserve Percentage as of such effective date. Notwithstanding the foregoing, if LMIR as determined herein would be less than zero (0.00), such rate shall be deemed to be zero percent (0.00%) for purposes of this Agreement.

"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 Lenders pursuant to Section 2.02(a).

"Lock-Box" means each locked postal box with respect to which a Collection Account Bank has executed an Account Control 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).

"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 (other than Unbilled Receivables) generated by the Originators during the six (6) most recent Fiscal Months, plus (ii) the product of (x) 5% by (y) the aggregate initial Outstanding Balance of all Pool Receivables (other than Unbilled Receivables) originated by the Originators during the seventh (7th) most recent Fiscal Month; by (b) the Net Receivables Pool Balance as of such date.

"Loss Reserve" means, on any day, an amount equal to: (a) the Net Receivables Pool Balance at such time, multiplied by (b) the Loss Reserve Percentage on such day.

"Loss Reserve Percentage" means, at any time of determination, the product of (a) 2.50, 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 Lenders" means one or more Lenders representing more than 50% of the aggregate Commitments of all Lenders (or, if the Commitments have been terminated, have Lenders representing more than 50% of the aggregate outstanding Capital held by all the Lenders); provided, however, that in no event shall the Majority Lenders include fewer than two (2) Lenders at any time when there are two (2) or more Lenders.

"Material Adverse Effect" means relative to any Person (provided that if no particular Person is specified, "Material Adverse Effect" shall be deemed to be relative to the Borrower, the Servicer, the Originators and the Sub-Originator, individually and in the aggregate) with respect to any event or circumstance, a material adverse effect on any of the following:

(a) the assets, operations, business or financial condition of such Person;

(b) the ability of such Person to perform its obligations under this Agreement or any other Transaction Document to which it is a party;

(c) the validity or enforceability of this Agreement or any other Transaction Document to which such Person is a party, or the validity, enforceability, value or collectibility of any material portion of the Pool Receivables;

(d) the status, perfection, enforceability or priority of the Administrative Agent's security interest in the Collateral; or

(e) 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.

"MINER Receivable" means a Receivable that arises out of a contractual obligation to reimburse an Originator's estimated cost incurred in connection with the Mine Improvement and New Emergency Response Act of 2006 (MINER Act) or any related or similar legislation or regulation.

"Minimum Dilution Reserve" means, on any day, the amount equal to (a) Net Receivables Pool Balance at such time, multiplied by (b) the Minimum Dilution Reserve Percentage.

"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.

"Minimum Usage Threshold" means, on any day, an amount equal to the lesser of (a) the product of (i) 75.0% times (ii) the Facility Limit at such time and (b) the Borrowing Base at such time.

"Monthly Settlement Date" means the 25th 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" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower, the Sub-Originator, any Originator or any of their respective ERISA Affiliates 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 aggregate Outstanding Balance of Eligible Receivables then in the Receivables Pool, minus (b) the Excess Concentration.

"No Petition Letter" means (a) the letter agreement, dated as of the date hereof, among the Administrative Agent, the Credit Agreement Collateral Agent, the Servicer, the Parent and the Borrower and (b) the letter agreement, dated as of the date hereof, among the Administrative Agent, the Second Lien Collateral Trustee, the Servicer, the Parent and the Borrower.

"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.

"OFAC" means the U.S. Department of Treasury's Office of Foreign Assets Control.

"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 accordance with the terms thereof.

"Other Connection Taxes" means, with respect to any Credit Party, Taxes imposed as a result of a present or former connection between such Credit Party and the jurisdiction imposing such Tax (other than connections arising from such Credit Party 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 Taxes 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, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment pursuant to Section 14.03(a).

"Outstanding Balance" means, at any time of determination, with respect to any Receivable, the then outstanding principal balance thereof.

"Parent" means CONSOL Energy Inc. (f/k/a CONSOL Mining Corporation), a Delaware corporation.

"Parent Group" has the meaning set forth in Section 8.03(c).

"Participant" has the meaning set forth in Section 14.03(d).

"Participant Register" has the meaning set forth in Section 14.03(e).

"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 Funding Rules" shall mean the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans set forth in Sections 412 and 430 of the Code and Sections 302 and 303 of ERISA.

"Pension Plan" shall mean any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA or the Section 412 of the Code, which is sponsored or maintained by Borrower, the Sub-Originator, any Originator, or any of their respective ERISA Affiliates or to which Borrower, the Sub-Originator, any Originator or any of their respective ERISA Affiliates has any liability.

"Percentage" means, at any time of determination, with respect to any 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 sum of (x) aggregate outstanding Capital of all Loans being funded by such Lender at such time, plus (y) such Lender's Pro Rata LC Share of the LC Participation Amount at such time and (b) the denominator of which is (i) prior to the termination of all Commitments hereunder, the aggregate Commitments of all Lenders at such time or (ii) if all Commitments hereunder have been terminated, the sum of (x) aggregate outstanding Capital of all Loans at such time, plus (y) the LC Participation Amount 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.

"Permitted Lien" means (i) any Lien in favor of, or assigned to, the Administrative Agent (for the benefit of the Secured Parties) and (ii) any bankers' liens, rights of setoff and other similar Liens existing solely with respect to cash on deposit in a Collection Account to the extent such Liens are not terminated pursuant to an Account Control Agreement; provided, however, that no Lien that could (individually or in the aggregate) reasonably be expected to result in a Material Adverse Effect shall constitute a Permitted Lien.

"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 LC Share" shall mean, as to any Lender, a fraction, the numerator of which equals the Commitment of such Lender at such time and the denominator of which equals the aggregate of the Commitments of all Lenders at such time. For purposes of this definition, no Commitment shall be deemed to have been reduced or terminated solely due to the occurrence of the Termination Date.

"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, supplemented or otherwise modified from time to time.

"Purchase and Sale Termination Event" means a "Purchase and Sale Termination Event" under any Sale Agreement.

"Purchase and Sale Termination Date" has the meaning set forth in the Purchase and Sale Agreement.

"Receivable" means any right to payment of a monetary obligation, whether or not earned by performance, owed to any Originator, the Sub-Originator or the Borrower (as assignee of an Originator or the Sub-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(b).

"Reimbursement Obligation" has the meaning set forth in Section 3.04(a).

"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, the Sub-Originator's and each Originator's interest in any goods (including returned goods), and documents 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, the Sub-Originator'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 and Consol's rights, interests and claims under the Sale Agreements and the other Transaction Documents.

"Release" has the meaning set forth in Section 4.01(a).

"Reportable Compliance Event" means 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 Sanctions Law or any predicate crime to any Anti-Terrorism Law or Sanctions 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 or Sanctions Law.

"Reportable Event" means any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder with respect to a Pension Plan, other than events for which the thirty (30) day notice period has been waived.

"Representatives" has the meaning set forth in Section 14.06(c).

"Restricted Subsidiary" shall mean any Subsidiary of the Parent designated as a "Restricted Subsidiary" from time to time under the Revolving Credit Agreement.

"Restricted Payments" has the meaning set forth in Section 8.01(r).

"Revolving Credit Agreement" means that certain Credit Agreement dated as of November 28, 2017, by and among Parent, as borrower, each of the guarantors thereunder, the lenders thereunder, PNC Bank, National Association, as administrative agent for the revolving lenders and Term A Lenders (as defined therein), Citibank, N.A. as administrative agent for the Term B Lenders (as defined therein), and PNC Bank, National Association, as collateral agent.

"Sale Agreements" means the Purchase and Sale Agreement and the Sub-Originator Sale Agreement.

"Sanctioned Country" means a country or territory that is the subject of a comprehensive sanctions program maintained under any Sanctions Laws, including any such country identified on the list maintained by OFAC and available at: http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx, or as otherwise published from time to time.

"Sanctions Law" means any laws or regulations pertaining to international trade and financing, imports, exports, reexports, embargos or any other provision or receipt of goods and services, including without limitation, the various sanctions programs administered by OFAC or the U.S. Department of State.

"Sanctioned Person" (i) A Person named on the list of "Specially Designated Nationals and Blocked Persons" maintained by OFAC available at: http://www.treasury.gov/resource-center/sanctions/SDN List/Pages/default.aspx, or as otherwise published from time to time, (ii) (ii) any Person located, operating, organized, or resident in a Sanctioned Country, (iii) any Person 50 percent or more owned or otherwise controlled by the foregoing, or (iv) any Person 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 or Sanctions Law.

"Scheduled Termination Date" means August 30, 2021.

"SEC" means the U.S. Securities and Exchange Commission or any governmental agencies substituted therefor.

"Second Lien Collateral Trustee" means UMB Bank, N.A., in its capacity as collateral agent for the holders of second lien notes issued on November 13, 2017, by the Parent.

"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" means the fee referred to in Section 9.06(a) of this Agreement.

"Servicing Fee Rate" means 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) so long as no Event of Default has occurred and is continuing and the Termination Date has not occurred, the Monthly Settlement Date and (ii) on and after the Termination Date or if an Event of Default has occurred and is continuing, each day selected from time to time by the Administrative Agent (with the consent or at the direction of the Majority Lenders) (it being understood that the Administrative Agent (with the consent or at the direction of the Majority Lenders) 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.

"Structuring Agent" means PNC Capital Markets LLC, a Pennsylvania limited liability company.

"Sub-Originator" means CNX Thermal Holdings LLC, a Delaware limited liability company.

"Sub-Originator Sale Agreement" means the Sub-Originator Sale Agreement, dated as of the Closing Date, between Consol and the Sub-Originator, as such agreement may be amended, supplemented or otherwise modified from time to time.

"Subordinated Note" has the meaning set forth 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 (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority and all interest, penalties, additions to tax 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, (c) the occurrence of a Purchase and Sale Termination Event, (d) the Purchase and Sale Termination Date, (e) the date selected by the Borrower on which all Commitments have been reduced to zero pursuant to Section 2.02(e) and (f) the Early Amortization Date.

"Threshold Amount" means (a) with respect to the Borrower, $17,775, and (b) with respect any other Person, $35,000,000.

"Total Reserves" means, at any time of determination, an amount equal to the sum of: (a) the Yield Reserve, plus (b) the greater of (i) the sum of (x) the Loss Reserve, plus (y) the Dilution Reserve and (ii) the sum of (x) the Minimum Dilution Reserve plus (y) the Concentration Reserve.

"Transaction Documents" means this Agreement, each Sale Agreement, the Account Control 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.

"UCC" means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction.

"Unbilled Receivable" means, at any time, any Receivable 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. Obligor" means an Obligor that is a corporation or other business organization and is organized under the laws of the United States of America (or of a United States of America territory, district, state, commonwealth, or possession, including, without limitation, Puerto Rico and the U.S. Virgin Islands) or any political subdivision thereof.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"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.

"Voting Stock" of a Person shall mean all classes of Capital Stock of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

"Weekly Report" has the meaning set forth in Section 8.01(c)(iii) to the Agreement.

"Withholding Agent" means the Borrower, the Servicer and the Administrative Agent.

"Yield Reserve" means, at any time, the product of (a) the Net Receivables Pool Balance at such time, multiplied by (b) the Yield Reserve Percentage.

"Yield Reserve Percentage" means at any time of determination:

$$\frac{1.50 \times DSO \times (BR + SFR)}{360}$$

where:

BR = the Base Rate;

DSO = the Days' Sales Outstanding for the most recently ended Fiscal Month; 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, each Lender, severally and not jointly, agrees to make Loans to the Borrower on a revolving basis, ratably in accordance with its Commitment, 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) such Lender's Pro Rata LC Share of the LC Participation Amount, would exceed the Commitment of such Lender at such time; or

(iii) 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. 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 Lender 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 $100,000 and shall be an integral multiple of $100,000), (ii) the allocation of such amount among the Lenders (which shall be ratable based on the 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 specified in the applicable Loan Request, 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 Lender's obligation shall be several, such that the failure of any Lender to make available to the Borrower any funds in connection with any Loan shall not relieve any other Lender of its obligation, if any, hereunder to make funds available on the date such Loans are requested (it being understood, that no Lender shall be responsible for the failure of any other 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 one (1) Business Day's prior written notice submitted on or before 1:00 p.m. (New York City time) to the Administrative Agent and each Lender; provided, however, that (i) each such prepayment shall be in a minimum aggregate amount of $100,000 and shall be an integral multiple of $100,000, (ii) no such reduction shall reduce the Aggregate Capital plus the LC Participation Amount to an amount less than the Minimum Usage Threshold; provided, however that notwithstanding the foregoing, a prepayment may be in an amount necessary to reduce any Borrowing Base Deficit existing at such time to zero, and (iii) 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 thirty (30) days' prior written notice to the Administrative Agent and each Lender, 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 Lender 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 each Lender in excess of its Commitment 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). 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 by paying such amounts to the Lenders.

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 Lender, the Administrative Agent and the Structuring 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, Lenders, the LC Bank 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 for such Loan. The Borrower shall pay all Interest and 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 Lender shall record in its records, the date and amount of each Loan and Participation Advance made by such Lender hereunder, the interest rate with respect thereto, the Interest accrued thereon and each repayment and payment thereof. Subject to Section 14.03(b), 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 the Sub-Originator or an Affiliate of such Originator or the Sub-Originator in favor of such beneficiaries as such Originator or the Sub-Originator or an Affiliate of such Originator or the Sub-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:

(i) the Aggregate Capital plus the LC Participation Amount would exceed the Facility Limit at such time;

(ii) the Aggregate Capital plus the Adjusted LC Participation Amount would exceed the Borrowing Base at such time; or

(iii) the LC Participation Amount would exceed the aggregate of the Commitments of the Lenders 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 one (1) Business Day's 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 Lender 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 reasonably 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 is 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 Lender, 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 Lender, and each Lender 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 Lender's Pro Rata LC 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 LC Shares of the Lenders 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 LC Shares of the assignor and assignee Lender or of all Lenders 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 Lender 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, the Sub-Originator or an Affiliate of an Originator or the Sub-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 the next Business Day following 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. Such Reimbursement Obligation shall be satisfied by the Borrower (i) first, by the remittance by the Administrative Agent to the LC Bank of any available amounts then on deposit in the LC Collateral Account and (ii) second, by the remittance by or on behalf of the Borrower to the LC Bank of any other funds of the Borrower then available for disbursement. 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 next Business Day following 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 Lender 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 Lender 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 LC Share of the amount of the drawing (a "Participation Advance"), whereupon the Lenders shall each be deemed to have made a Loan to the Borrower in that amount. If any Lender so notified fails to make available to the LC Bank the amount of such Lender's Pro Rata LC Share of such amount by 2:00 p.m. (New York City time) on the Drawing Date, then interest shall accrue on such Lender's obligation to make such payment, from the Drawing Date to the date on which such Lender 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 Lender 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 Lender to effect such payment on such date shall not relieve such Lender from its obligation under this clause (b). Each Lender's obligation to make Participation Advances shall continue until the last to occur of any of the following events: (A) the LC Bank ceases to be obligated to issue or cause to be issued Letters of Credit hereunder, (B) no Letter of Credit issued hereunder remains outstanding and uncancelled or (C) all 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 Lender 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 Lender, ratably (based on the outstanding drawn amounts funded by each such Lender 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 Lender.

(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 Lender shall, on demand of the LC Bank, forthwith return to the LC Bank the amount of its Pro Rata LC 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 Lender through, but not including, the date the payment is returned by such Lender.

(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; Documentary and Processing Charges. 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. In addition to any other fees or expenses owing under the Fee Letter or any other Transaction Document or otherwise pursuant to any Letter of Credit Application, the Borrower shall pay to the LC Bank for its own account any customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the LC Bank relating to letters of credit as from time to time in effect. Such customary fees shall be due and payable upon demand and shall be nonrefundable.

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 Lender'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 Lender may have against the LC Bank, the other Credit Parties, the Borrower, the Servicer, an Originator, the Sub-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, the Sub-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 Lender 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 Lender 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, the Sub-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 Lender, 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 Lender, 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"). This Section 3.09 shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

SECTION 3.10. Liability for Acts and Omissions. As between the Borrower, on the one hand, and the Administrative Agent, the LC Bank, the Lenders, 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 Lenders, 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 Lender 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 Lenders, 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 Lenders, 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 Lenders, 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 Lenders, 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 designated by the Administrative Agent), which shall be an account maintained and controlled by the Administrative Agent unless the Administrative Agent otherwise instructs in its sole discretion), for application in accordance with the priority of payments set forth below, all Collections on Pool Receivables that are actually received by the Servicer or the Borrower or received in any Lock-Box or Collection 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 Collection 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 and 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 and 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, [reserved];

(v) fifth, 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

(vi) sixth, 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) and the LC Bank hereunder shall be paid or distributed to the Administrative Agent's Account. The Administrative Agent, upon its receipt in the Administrative Agent's Account of any such payments or distributions, shall distribute such amounts to

the applicable Lenders, the LC Bank, Affected Persons and the Borrower Indemnified Parties ratably; provided that if the Administrative Agent shall have received insufficient funds to pay all of the above amounts in full on any such date, the Administrative Agent shall pay such amounts to the applicable Lenders, the LC Bank, Affected Persons and the Borrower Indemnified Parties 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) among all such Persons 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, credit memo, discount or other adjustment made by the Borrower, the Sub-Originator, any Originator, the Servicer or any Affiliate of the Servicer, or any setoff, counterclaim or dispute between the Borrower or any Affiliate of the Borrower, the Sub-Originator, an Originator or any Affiliate of an Originator, the Sub-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 within two (2) Business Days pay any and all such amounts in respect thereof to a Collection 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 within two (2) Business Days pay the amount of such deemed Collection to a Collection 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)(i) and (ii) are herein 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. 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 account so designated from time to time by such Person.

(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 (A) Indemnified Taxes for which relief is sought under Section 5.03, (B) Taxes described in clause (b) or (c) of the definition of Excluded Taxes or (C) Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits 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 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 or a Credit Party hereunder, (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, 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 and Liquidity Requirements. If any Credit Party determines that any Change in Law affecting such Credit Party or any lending office of such Credit Party or such Credit Party's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Credit Party's capital or on the capital of such Credit Party's holding company, if any, in each case, as a consequence of this Agreement or any other Transaction Document, the Commitments of such Credit Party or the Loans made by, or participations in any Letter of Credit held by, such Credit Party, or any Letter of Credit issued by the LC Bank, to a level below that which such Credit Party or such Credit Party's holding company could have achieved but for such Change in Law (taking into consideration such Credit Party's policies and the policies of such Credit Party's holding company with respect to capital adequacy and liquidity), then from time to time, upon request of such Credit Party, the Borrower will pay to such Credit Party, such additional amount or amounts as will compensate such Credit Party or such Credit Party's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of an Affected Person 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) or (b) 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.

(d) Delay in Requests. Failure or delay on the part of any Credit Party to demand compensation pursuant to this Section shall not constitute a waiver of such Credit Party's right to demand such compensation; provided that the Borrower shall not be required to compensate any Credit Party pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Credit Party notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Credit Party'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. [Reserved].

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 Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent 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 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 Credit Party, within ten days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Credit Party or required to be withheld or deducted from a payment to such Credit Party 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. Each Credit Party will promptly notify Borrower (with a copy to the Administrative Agent) of any event of which it has knowledge, which will entitle such Credit Party to compensation pursuant to this Section 5.03, provided that failure of any Credit Party to provide notice hereunder shall not constitute a waiver of such right to indemnification to the extent such failure does not materially and adversely affect Borrower. 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 Credit Party, the Borrower shall pay such Indemnified Taxes directly to the relevant taxing authority or Governmental Authority (or to the Administrative Agent or such Credit Party if such Taxes have already been paid 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 a Credit Party (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Credit Party, shall be conclusive absent manifest error.

(d) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender or any of its 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 or any of its respective Affiliates that are Affected Persons to comply with Section 14.03(e) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such 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 by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender or any of their its Affiliates that are Affected Persons under any Transaction Document or otherwise payable by the Administrative Agent to such Lender or any of its 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 Lenders. (i) Any Lender 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 Lender, 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 Lender 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 Lender's reasonable judgment, such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing:

(A) a Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or about the date on which such Lender becomes a Lender under this Agreement (and 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 Lender is exempt from U.S. federal backup withholding tax;

(B) any Lender 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 Lender) on or about the date on which such Lender becomes a Lender under this Agreement (and 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 a Lender 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 or Internal Revenue Service Form W-8BEN-E 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 or Internal Revenue Service Form W-8BEN-E 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 a Lender 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 Internal Revenue Service Form W-8BEN-E; or

(4) to the extent such Lender 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, or Internal Revenue Service Form W-8BEN-E, 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 Lender is a partnership and one or more direct or indirect partners of such Lender are claiming the portfolio interest exemption, such Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner; and

(C) any Lender 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 a Lender under any Transaction Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the 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 Ledner 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.

(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, 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 LMIR; Change in Legality.

(a) If any Lender shall have determined on any day, 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 LMIR for such Interest Period or day, as applicable, or (iii) LMIR determined pursuant hereto does not accurately reflect the cost to the applicable Lender (as determined by such Lender) of maintaining any Portion of Capital during such Interest Period or day, as applicable, such Lender shall promptly give telephonic notice of such determination, confirmed in writing, to the Borrower on such day. Upon delivery of such notice: (i) no Portion of Capital shall be funded thereafter at LMIR unless and until such Lender shall have given notice to the Administrative Agent and 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 LMIR, such Interest Rate shall automatically be converted to the Base Rate.

(b) If on any day any Lender shall have been notified by any Affected Person that such Lender has determined (which determination shall be final and conclusive absent manifest error) that any Change in Law, or compliance by such Lender with any Change in Law, shall make it unlawful or impossible for such Lender to fund or maintain any Portion of Capital at or by reference to LMIR, such Lender shall notify the Borrower and the Administrative Agent thereof. Upon receipt of such notice, until the applicable Lender 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 LMIR and (ii) the Interest for any outstanding portions of Capital then funded at LMIR shall automatically and immediately be converted to the Base Rate.

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 any Credit Party, Borrower Indemnified Party and/or Affected Person 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 Collection Accounts and all amounts on deposit therein, and all certificates and instruments, if any, from time to time evidencing such Lock-Boxes and Collection Accounts and amounts on deposit therein, (v) all rights (but none of the obligations) of the Borrower under the Sale Agreements, (vi) all other personal and fixture property or assets of the Borrower of every kind and nature including, without limitation, all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper (whether tangible or electronic), deposit accounts, securities accounts, securities entitlements, letter of credit rights, commercial tort claims, securities and all other investment property, supporting obligations, money, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles) (each as defined in the UCC) and (vii) 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.

SECTION 5.06. Inability to Determine LMIR; Change in Legality.

(a) If the Administrative Agent determines (which determination shall be final and conclusive, absent manifest error) that either (a) (i) the circumstances set forth in Section 5.04 have arisen and are unlikely to be temporary, or (ii) the circumstances set forth in Section 5.04 have not arisen but the applicable supervisor or administrator (if any) of LMIR or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying the specific date after which LMIR shall no longer be used for determining interest rates for loans (either such date, an "LMIR Termination Date"), or (b) a rate other than LMIR has become a widely recognized benchmark rate for newly originated loans in Dollars in the U.S. market, then the Administrative Agent may (with the consent of the Borrower, such consent not to be unreasonably withheld, conditioned or delayed) choose a replacement index for LMIR and make adjustments to applicable margins and related amendments to this Agreement as referred to below such that, to the extent practicable, the all-in interest rate based on the replacement index will be substantially equivalent to the all-in LMIR based interest rate in effect prior to its replacement.

(b) The Administrative Agent and the Borrower shall enter into an amendment to this Agreement to reflect the replacement index, the adjusted margins and such other related amendments as may be appropriate, in the determination of the Administrative Agent (with the consent of the Borrower, not to be unreasonably withheld, conditioned or delayed), for the implementation and administration of the replacement index-based rate. Notwithstanding anything to the contrary in this Agreement or the other Transaction Documents (including, without limitation, Section 14.01), such amendment shall become effective without any further action or consent of any other party to this Agreement at 5:00 p.m. New York City time on the tenth (10th) Business Day after the date a draft of the amendment is provided to each Lender, unless the Administrative Agent receives, on or before such tenth (10th) Business Day, a written notice from the Majority Lenders stating that such Majority Lenders objects to such amendment.

(c) Selection of the replacement index, adjustments to the applicable margins, and amendments to this Agreement (i) will be determined with due consideration to the then-current market practices for determining and implementing a rate of interest for newly originated loans in the United States and loans converted from an LMIR-based rate to a replacement index-based rate, and (ii) may also reflect adjustments to account for (x) the effects of the transition from LMIR to the replacement index and (y) yield- or risk-based differences between LMIR and the replacement index.

(d) Until an amendment reflecting a new replacement index in accordance with this Section 5.06 is effective, each Portion of Capital accruing Interest with reference to LMIR will continue to bear interest with reference to LMIR; provided however, that if the Administrative Agent determines (which determination shall be final and conclusive, absent manifest error) that an LMIR Termination Date has occurred, then following the LMIR Termination Date, each Portion of Capital that would otherwise accrue Interest with reference to LMIR shall automatically begin accruing Interest with reference to the Base Rate until such time as an amendment reflecting a replacement index and related matters as described above is implemented.

(e) Notwithstanding anything to the contrary contained herein, (i) if at any time the replacement index is less than zero, at such times, such index shall be deemed to be zero for purposes of this Agreement and (ii) the "LC Participation Fee" (as defined in the applicable Fee Letter) shall not be amended solely in connection with selecting any replacement index in accordance with this Section 5.06.

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 reasonably 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 Lender 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 Lender 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 Lender all Information Packages and Interim Reports required to be delivered hereunder;

(c) the conditions precedent to such Credit Extension specified in Section 2.01(i) through (iii) 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 based on the data provided as of the most recent Information Package or Interim Report required to be delivered under this Agreement by the Administrative Agent (provided that Borrower may elect to provide a more recent Interim Report which the Administrative Agent may rely on in its sole discretion in determining whether this clause (iii) is satisfied);

(iv) no Borrowing Base Deficit exists or would exist after giving effect to such Credit Extension;

(v) the Termination Date has not occurred; and

(vi) the Aggregate Capital plus the LC Participation Amount exceeds the Minimum Usage Threshold.

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 and 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) the Borrower shall use the proceeds of such Release solely to pay the purchase price for Receivables purchased by the Borrower in accordance with the terms of the Purchase and Sale Agreement; and

(c) 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;

(iv) the Termination Date has not occurred; and

(v) the Aggregate Capital plus the LC Participation Amount exceeds the Minimum Usage Threshold.

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, on the date of each Release 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, or (C) 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 1000 CONSOL Energy Drive, Canonsburg PA 15317. The legal name of the Borrower is CONSOL Funding LLC.

(k) Investment Company Act; Volcker Rule 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" under the Volcker Rule, the Borrower relies on, and 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) [Reserved].

(m) Accuracy of Information. All Information Packages, Interim Reports, 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 or Sanctions 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 Sanctions Law; or (iii) engages in any dealings or transactions prohibited by any Anti-Terrorism Law or Sanctions Law.

(o) Mortgages Covering As-Extracted Collateral. There are no mortgages that are effective as financing statements covering as-extracted collateral that constitutes Collateral and that name any Originator or the Sub-Originator (or, if such Originator or Sub-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.

(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" (including, without limitation, "accounts" constituting "as-extracted collateral") 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, the sale and transfer of Receivables from the Sub-Originator to Consol pursuant to the Sub-Originator 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 pursuant to Section 303(k) or 4068 of ERISA, 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 Collection Accounts.

(i) Nature of Collection Accounts. Each Collection Account constitutes a "deposit account" within the meaning of the applicable UCC.

(ii) Ownership. Each Lock-Box and Collection Account is in the name of the Borrower, and the Borrower owns and has good and marketable title to the Collection Accounts free and clear of any Adverse Claim.

(iii) Perfection. The Borrower has delivered to the Administrative Agent a fully executed Account Control Agreement relating to each Lock-Box and Collection Account, pursuant to which each applicable Collection Account Bank has agreed to comply with the instructions originated by the Administrative Agent directing the disposition of funds in such Lock-Box and Collection 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 Collection Account.

(iv) Instructions. Neither the Lock-Boxes nor the Collection Accounts are in the name of any Person other than the Borrower. Neither the Borrower nor the Servicer has consented to the applicable Collection Account 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.

(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 or could not reasonably be expected to have a Material Adverse Effect.

(w) Tax Status. Except in the event that the Intended Tax Treatment is not respected, 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 that is wholly owned by a "United States person" (within the meaning of Section 7701(a)(30) of the Code) and (ii) is not and will not at any relevant time become an association (or publicly traded partnership) taxable as a corporation for U.S. federal income tax purposes.

(x) Opinions. The facts regarding the Borrower, 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) 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.

(z) Liquidity Coverage Ratio. The Borrower has not issued any LCR Securities, and the Borrower is a consolidated subsidiary of Consol under GAAP.

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, on the date of each Release 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 the State 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 constitutes 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 reasonably be expected to 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 in all material respects 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 Laws in connection with servicing the Pool Receivables.

(i) Accuracy of Information. All Information Packages, Interim Reports, 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 1000 CONSOL Energy Drive, Canonsburg PA 15317.

(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, the Sub-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) [Reserved].

(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 or Sanctions 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 Sanctions Law; or (iii) engages in any dealings or transactions prohibited by any Anti-Terrorism Law or Sanctions Law.

(s) Mortgages Covering As-Extracted Collateral. There are no mortgages that are effective as financing statements covering as-extracted collateral that constitutes Collateral and that name any Originator or the Sub-Originator (or, if such Originator or Sub-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.

(t) Financial Condition. The consolidated balance sheets of the Servicer and its consolidated Subsidiaries as of June 30, 2017 and the related statements of income and shareholders' equity of the Servicer 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 Servicer and its consolidated Subsidiaries for the period ended on such date, all in accordance with GAAP.

(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 or could not reasonably be expected to have a Material Adverse Effect.

(w) Opinions. The facts regarding the Servicer, 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.

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 Lender:

(i) Annual Financial Statements of the Borrower. Promptly upon completion and in no event later than 120 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) [Reserved]

(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; provided, that at any time upon ten (10) Business Days' prior written notice from the Administrative Agent, the Borrower shall furnish or cause to be furnished to the Administrative Agent and each Group Agent a report substantially in the form of Annex J-1 (each, a "Weekly Report") no later than the second Business Day of each calendar week as of the most recently completed calendar week and, provided, further, at any time during an Elevated Leverage Period, upon fifteen (15) days' prior written notice from the Administrative Agent, the Borrower shall furnish or cause to be furnished to the Administrative Agent and each Group Agent a report substantially in the form of Annex J-2 (each, a "Daily Report") on each Business Day as of the date that is one Business Day prior to such date.

(iv) [Reserved].

(v) Other Information. Such other information (including non-financial information) as the Administrative Agent, the LC Bank or any Lender may from time to time reasonably request.

(vi) Quarterly Financial Statements of Parent. As soon as available and in no event later than 60 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.

(vii) 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.

(viii) 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.

(d) Notices. The Borrower (or the Servicer on its behalf) will notify the Administrative Agent and each Lender 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, the Sub-Originator 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 Collection 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, the Sub-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, the Sub-Originator or the Parent, (ii) any accounting policy of the Borrower or (iii) any material accounting policy of any Originator or the Sub-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 or the Sub-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 the Borrower, the Servicer, the Performance Guarantor, the Sub-Originator 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 Lender 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 Lender may reasonably request. The Borrower will, at the Borrower's expense, during regular business hours with a three (3) days' prior written notice (i) permit the Administrative Agent, the LC Bank and each Lender 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 two (2) reviews pursuant to clause (i) above and only one (1) such review pursuant to clause (ii) above, in each case, in any twelve-month period, unless an Event of Default has occurred and is continuing.

(h) Payments on Receivables, Collection Accounts. The Borrower (or the Servicer on its behalf) will, and will cause each Originator and the Sub-Originator to, at all times, instruct all Obligors to deliver payments on the Pool Receivables to a Collection Account or a Lock-Box. The Borrower (or the Servicer on its behalf) will, and will cause each Originator and the Sub-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, the Sub-Originator and the Originators. If any payments on the Pool Receivables or other Collections are received by the Borrower, the Servicer, the Sub-Originator or an Originator, it shall hold such payments in trust for the benefit of the Administrative Agent and the other Secured Parties and promptly (but in any event within two (2) Business Days after receipt) remit such funds into a Collection Account. The Borrower (or the Servicer on its behalf) will cause each Collection Account Bank to comply with the terms of each applicable Account Control Agreement. The Borrower shall not permit funds other than Collections on Pool Receivables and other Collateral to be deposited into any Collection Account. If such funds are nevertheless deposited into any Collection 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, the Sub-Originator, any Originator or any other Person to commingle Collections or other funds to which the Administrative Agent, any Lender or any other Secured Party is entitled, with any other funds. The Borrower shall only add a Collection Account (or a related Lock-Box) or a Collection Account 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 an Account Control Agreement (or an amendment thereto) in form and substance acceptable to the Administrative Agent from the applicable Collection Account Bank. The Borrower shall only terminate a Collection Account Bank or close a Collection 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. 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.

(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 Lenders. 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 Lenders, 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 an Originator. 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 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 and the Sub-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 Collection Account (or any related Lock-Box) or make any change in any material respect in its (or their) instructions to the Obligors regarding payments to be made to the Collection Accounts (or any related Lock-Box), other than any instruction to remit payments to a different Collection 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 Account Control Agreement (or amendment thereto) with respect to such new Collection 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, the Sub-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 Lenders, the Borrower will not (and will not permit any Originator, the Sub-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. 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 zero.

(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. 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 Document, 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), 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.

(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 or Sanctions 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 or Sanctions Law; (c) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or Sanctions 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 or Sanctions 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 and Sanctions Law in all material respects. 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) Liquidity Coverage Ratio. The Borrower shall not issue any LCR Security.

(x) Borrower's Net Worth. The Borrower shall not permit the Borrower's Net Worth to be less than zero.

(y) Borrower's Tax Status. Except in the event that the Intended Tax Treatment is not respected, the Borrower will remain an entity wholly-owned by a United States person (within the meaning of Section 7701(a)(30) of the Code) and will 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.

(z) Other Additional Information. The Borrower will provide to the Administrative Agent and each Lender such information and documentation as may reasonably be requested by the Administrative Agent and each Lender from time to time for purposes of compliance by the Administrative Agent and each Lender with applicable laws (including without limitation the USA Patriot Act and other "know your customer" and anti-money laundering rules and regulations), and any policy or procedure implemented by the Administrative Agent and each Lender to comply therewith.

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 Lender:

(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 H signed by a Financial Officer of the Servicer stating that to its knowledge 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 45 days after the close of each fiscal quarter of the Servicer, a compliance certificate in form and substance substantially similar to Exhibit H signed by a Financial Officer of the Servicer stating that to its knowledge 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; provided, that at any time upon ten (10) Business Days' prior written notice from the Administrative Agent, the Borrower shall furnish or cause to be furnished to the Administrative Agent and each Group Agent a Weekly Report no later than the second Business Day of each calendar week as of the most recently completed calendar week and, provided, further, at any time during an Elevated Leverage Period, upon fifteen (15) days' prior written notice from the Administrative Agent, the Borrower shall furnish or cause to be furnished to the Administrative Agent and each Group Agent a Daily Report on each Business Day as of the date that is one Business Day prior to such date.

(iii) [Reserved].

(iv) Other Information. Such other information (including non-financial information) as the Administrative Agent, the LC Bank or any Lender may from time to time reasonably request.

(b) Notices. The Servicer will notify the Administrative Agent, the LC Bank and each Lender 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 which 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 Collection 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, Sub-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, the Sub-Originator or the Parent, (ii) any accounting policy of the Borrower or (iii) any material accounting policy of any Originator or the Sub-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 or the Sub-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 Sub-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 liability company 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 Lender 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 Lender may reasonably request. The Servicer will, at the Servicer's expense, during regular business hours with prior written notice, (i) permit the Administrative Agent, the LC Bank and each Lender 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 two (2) reviews pursuant to clause (i) above and only one (1) such review pursuant to clause (ii) above, in each case, in any twelve-month period unless an Event of Default has occurred and is continuing.

(f) Payments on Receivables, Collection Accounts. The Servicer will at all times, instruct all Obligors to deliver payments on the Pool Receivables to a Collection 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, the Sub-Originator and the Originators. If any payments on the Pool Receivables or other Collections are received by the Borrower, the Servicer, the Sub-Originator or an Originator, 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 two (2) Business Days after receipt) remit such funds into a Collection Account. The Servicer shall not permit funds other than Collections on Pool Receivables and other Collateral to be deposited into any Collection Account. If such funds are nevertheless deposited into any Collection 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, the Sub-Originator, any Originator or any other Person to commingle Collections or other funds to which the Administrative Agent, any Lender or any other Secured Party is entitled, with any other funds. The Servicer shall only add a Collection Account (or a related Lock-Box), or a Collection Account 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 an Account Control Agreement (or an amendment thereto) in form and substance acceptable to the Administrative Agent from the applicable Collection Account Bank. The Servicer shall only terminate a Collection Account Bank or close a Collection 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. 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.

(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 Lenders. 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 Collection Account (or any related Lock-Box) or make any change in its instructions to the Obligors regarding payments to be made to the Collection Accounts (or any related Lock-Box), other than any instruction to remit payments to a different Collection 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 Account Control Agreement (or an amendment thereto) with respect to such new Collection 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, the Sub-Originator, 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 (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.

(n) 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 or Sanctions 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 or Sanctions Law; (c) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or Sanctions 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 or Sanctions 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 and Sanctions Law in all material respects. The Servicer shall promptly notify the Administrative Agent and each Lender in writing upon the occurrence of a Reportable Compliance Event.

(o) Mining Operations and Mineheads. The Servicer shall (and shall cause each applicable Originator and the Sub-Originator to) promptly, and in any event within 5 Business Days of any change, deletion or addition to the location of any Originator's or the Sub-Originator's Mined Properties or mineheads set forth on Schedule VI to the Purchase and Sale Agreement (or Sub-Originator Sale Agreement, as applicable), (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 VI to the Purchase and Sale Agreement (or Sub-Originator Sale Agreement, as applicable) reflecting such change, deletion or addition.

(p) Borrower's Tax Status. Except in the event that the Intended Tax Treatment is not respected, 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

(q) The Servicer will provide to the Administrative Agent and each Lender such information and documentation as may reasonably be requested by the Administrative Agent and each Lender from time to time for purpose of compliance by the Administrative Agent and each Lender with applicable laws (including without limitation the USA Patriot Act and other "know your custom" and anti-money laundering rules and regulations), and any policy or procedure implemented by the Administrative Agent and each Lender to comply therewith.

SECTION 8.03. Separate Existence of the Borrower. The Borrower hereby acknowledges that the Secured Parties 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 Sub-Originator, the Servicer, the Performance Guarantor and their Affiliates. Therefore, the Borrower shall take all steps specifically required by this Agreement or reasonably required by the Administrative Agent or any Lender 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 Sub-Originator, the Servicer and any other Person, and is not a division of the Performance Guarantor, the Originators, the Sub-Originator, 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, the Borrower 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 not engage in any business or activity except as set forth in this Agreement nor, 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, the Sub-Originator 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, the Sub-Originator, 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) Servicing 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, the Sub-Originator or any Affiliate thereof.

(i) Stationery. The Borrower will have its own separate stationery.

(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, the Sub-Originator 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 Sub-Originator, 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 Sub-Originator, 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 Sub-Originator, 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 Sub-Originator, 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 Sub-Originator, 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 Sub-Originator, 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 Sub-Originator, 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 Sub-Originator, 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, the Sub-Originator, 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 Sub-Originator, 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, the Sub-Originator, 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.

SECTION 8.04. Separate Existence of the Borrower. The Servicer hereby acknowledges that the Secured Parties 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 Sub-Originator, the Servicer, the Performance Guarantor and their Affiliates. Therefore, from and after the date of execution and delivery of this Agreement, the Servicer will not take any action that would cause the Borrower to violate the "separateness covenants" set forth in Section 8.03 above.

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 so designated from time to time as the Servicer in accordance with this Section 9.01. Until the Administrative Agent gives notice to Consol (in accordance with this Section 9.01) of the designation of a new Servicer, Consol 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 Lenders) and shall (at the direction of the Majority Lenders) designate as Servicer any Person (including itself) to succeed Consol 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, Consol 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 Consol 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) Consol acknowledges that, in making its decision to execute and deliver this Agreement, the Administrative Agent and each Lender have relied on Consol's agreement to act as Servicer hereunder. Accordingly, Consol agrees that it will not voluntarily resign as Servicer without the prior written consent of the Administrative Agent and the Majority Lenders.

(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 and each Credit Party 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 Lenders 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 and the Sub-Originator, it being understood that the Servicer does not guaranty the collection of any Receivable. The Servicer shall set aside, for the accounts of each Credit Party, the amount of Collections to which each such Credit Party 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 and the Sub-Originator, 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 Credit Party), 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) [Reserved]

(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. Collection Account Arrangements. Prior to the Closing Date, the Borrower shall have entered into Account Control Agreements with all of the Collection Account Banks and delivered executed counterparts of each to the Administrative Agent. Upon the occurrence and during the continuance of an Event of Default or the Early Amortization Date, the Administrative Agent may (with the consent of the Majority Lenders) and shall (upon the direction of the Majority Lenders) at any time thereafter give notice to each Collection Account Bank that the Administrative Agent is exercising its rights under the Account Control Agreements to do any or all of the following: (a) to have the exclusive ownership and control of the Collection 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 Collection Accounts redirected pursuant to the Administrative Agent's instructions rather than deposited in the applicable Collection Account and (c) to take any or all other actions permitted under the applicable Account Control 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 Collection Account Banks that the Borrower and the Servicer will no longer have any access to the Collection Accounts;

(v) the Administrative Agent may (or, at the direction of the Majority Lenders 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, the Sub-Originator under the Sub-Originator 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, the Sub-Originator or any Originator thereunder.

(b) Consol 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, Consol shall conduct the data-processing functions of the administration of the Receivables and the Collections thereon in substantially the same way that Consol conducted such data-processing functions while it acted as the

Servicer. In connection with any such processing functions, the Borrower shall pay to Consol 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 Consol 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, the Sub-Originator, any Originator, the Performance Guarantor or the Servicer shall fail to perform or observe in any material respect 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 after the earlier of (x) a responsible officer of the Borrower, the Sub-Originator, such Originator, the Performance Guarantor or the Servicer, as applicable, has knowledge of such failure and (y) the date on which written notice of such failure shall have been given to the Borrower, the Sub-Originator, such Originator, the Performance Guarantor or the Servicer, as applicable, (ii) the Borrower, the Sub-Originator, any Originator, the Performance Guarantor or the Servicer shall fail to make when due 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) Consol 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, the Sub-Originator, 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, the Sub-Originator, 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 and such failure, solely to the extent capable of cure, shall continue for ten (10) Business Days after the earlier of (x) a responsible officer of the Borrower, the Sub-Originator, such Originator, the Performance Guarantor or the Servicer, as applicable, has knowledge of such failure and (y) the date on which written notice of such failure shall have been given to the Borrower, the Sub-Originator, such Originator, the Performance Guarantor or the Servicer, as applicable;

(c) the Borrower or the Servicer shall fail to deliver an Information Package or Interim Report 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, the Sub-Originator, 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, the Sub-Originator, 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, the Sub-Originator, 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 2.0%, (B) the Delinquency Ratio shall exceed 3.0% or (C) the Dilution Ratio shall exceed 3.0%, (ii) the Delinquency Ratio shall exceed 5.0%, (iii) the Default Ratio shall exceed 2.5 %; or (iv) the Days' Sales Outstanding shall exceed 40 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 Sub-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 owing under the Revolving Credit Agreement, or on any of its Debt that is outstanding in a principal amount of at least **the Threshold Amount** 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, 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 (not to exceed 30 days), 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, (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 or (v) the occurrence of any "Event of Default" under and as defined in the Revolving Credit Agreement;

(j) the Performance Guarantor shall fail to perform any of its obligations under the Performance Guaranty and such failures remains unremedied for ten (10) Business Days after the earlier of (x) a responsible officer of the Performance Guarantor has knowledge of such failure and (y) the date on which written notice of such failure shall have been given to the Performance Guarantor;

(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) [reserved];

(m) any Letter of Credit is drawn upon and is not fully reimbursed by the Borrower within two (2) Business Days from the date of such draw;

(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, the Sub-Originator, any Originator or the Parent or (ii) the PBGC shall file a notice of a lien pursuant to Section 4068 of ERISA, or a lien is imposed pursuant to Section 303(k) of ERISA, with regard to any of the assets of the Borrower, the Sub-Originator or any Originator;

(o) the occurrence of any of the following events that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Change: (i) an ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan or (ii) the Borrower, the Sub-Originator, any Originator, or any of their respective ERISA Affiliates fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan;

(p) [Reserved];

(q) a Purchase and Sale Termination Event shall occur;

(r) the Borrower shall (x) be required to register as an "investment company" within the meaning of the Investment Company Act or (y) become a "covered fund" under the Volcker Rule;

(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, the Sub-Originator, any Originator, the Performance Guarantor or the Servicer (or any of their respective Affiliates) shall so state in writing;

(t) one or more judgments or decrees shall be entered against the Borrower, any Originator, the Sub-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 the applicable Threshold Amount; or

(u) the Total Net Leverage Ratio calculated as of the last day of the most recent fiscal quarter shall exceed the "Maximum Total Net Leverage Ratio" for such fiscal quarter set forth in Section 8.2.13(b) of the Revolving Credit Agreement. For purposes of this clause (u), unless otherwise defined in this Agreement, terms used herein (including all defined terms used within such terms) shall have the respective meaning assigned to such terms in the Revolving Credit Agreement as in effect on August 29, 2018; provided, however, if after August 29, 2018, any term used herein (including all defined terms used within such terms) is amended or modified, then for all purposes of this clause (u), such term shall automatically and without further action on the part of any Person, be deemed to be also so amended or modified, if at the time of such amendment or modification, (i) Administrative Agent and Lenders (or Affiliates thereof) representing at least 66-2/3% of the aggregate Commitments of all Lenders hereunder are parties to the Revolving Credit Agreement and have consented to such amendment or modification and (ii) such amendment or modification is consummated in accordance with the terms of the Revolving Credit Agreement;

then, and in any such event, the Administrative Agent may (or, at the direction of the Majority Lenders 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 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 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 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 Majority Lenders and assurance of its indemnification by the 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 Majority Lenders, 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 the Majority Lenders or (ii) may be taken by the Administrative Agent alone or without any advice or concurrence of a Lender, then the Administrative Agent may take action based upon the advice or concurrence of the Majority Lenders.

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 Credit Party. 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, the Sub-Originator, 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 Sub-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 Credit Party, resign as Administrative Agent. Except as provided below, such resignation shall not become effective until a successor Administrative Agent is appointed by the LC Bank and the Majority Lenders as a successor Administrative Agent and has accepted such appointment. If no successor Administrative Agent shall have been so appointed by the LC Bank and the Majority Lenders, 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 Lenders 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.

SECTION 11.10. Structuring Agent. Each of the parties hereto hereby acknowledges and agrees that the Structuring Agent shall not have any right, power, obligation, liability, responsibility or duty under this Agreement, other than the Structuring Agent's right to receive fees pursuant to Section 2.03. Each Credit Party acknowledges that it has not relied, and will not rely, on the Structuring Agent in deciding to enter into this Agreement and to take, or omit to take, any action under any Transaction Document.

ARTICLE XII

[RESERVED]

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 non-appealable judgment of a court of competent jurisdiction holds that such Borrower Indemnified Amounts resulted solely from the gross negligence or willful misconduct by the Borrower Indemnified Party seeking indemnification and (b) Taxes other than Taxes that represent losses, claims, damages, etc., arising from any non-Tax claim. 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, any Interim Report 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 Lien;

(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) [reserved];

(vii) any failure of the Borrower to perform any of 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) the failure or delay by the Borrower to provide any Obligor with an invoice or other evidence of indebtedness;

(xiii) any setoff with respect to any Pool Receivable;

(xiv) 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;

(xv) the failure by the Borrower to pay when due any taxes, including, without limitation, sales, excise or personal property taxes;

(xvi) any failure of a Collection Account Bank to comply with the terms of the applicable Account Control Agreement or any amounts payable by the Administrative Agent to a Collection Account Bank under any Account Control Agreement;

(xvii) 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 or relating to collection activities with respect to such Pool Receivable, 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;

(xviii) any action taken by the Administrative Agent as attorney-in-fact for the Borrower, any Originator, the Sub-Originator or the Servicer pursuant to this Agreement or any other Transaction Document;

(xix) the use of proceeds of any Credit Extension or the usage of any Letter of Credit; or

(xx) 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) Any indemnification 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 arising out of the foregoing (all of the foregoing being collectively referred to as, "Servicer Indemnified Amounts"); excluding (i) Servicer Indemnified Amounts to the extent a final non-appealable judgment of a court of competent jurisdiction holds that such Servicer Indemnified Amounts resulted solely from the gross negligence or willful misconduct by the Servicer Indemnified Party seeking indemnification, (ii) Taxes other than Taxes that represent losses, claims, damages, etc., arising from any non-Tax claim 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 or financial or credit condition 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;

(iii) the failure or delay by the Servicer to provide any Obligor with an invoice or other evidence of indebtedness;

(iv) the commingling of Collections of Pool Receivables at any time with other funds;

(v) any amounts payable by the Administrative Agent to a Collection Account Bank under any Account Control Agreement; or

(vi) any failure of the Servicer to comply with its covenants, obligations and agreements contained in this Agreement or any other Transaction Document.

(b) Any indemnification 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, the LC Bank and the Majority Lenders (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 Credit Party:

(i) change (directly or indirectly) the definitions of, Borrowing Base Deficit, Defaulted Receivable, Delinquent Receivable, Eligible Receivable, Facility Limit, Final Maturity Date, or Net Receivables Pool Balance contained in this Agreement 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 Lenders"; 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 Lender's Commitment hereunder without the consent of such Lender and (B) no amendment, waiver or consent shall reduce any Fees payable by the Borrower to any Credit Party or delay the dates on which any such Fees are payable, in either case, without the consent of such Credit Party.

SECTION 14.02. Notices, Etc. All notices and other communications hereunder shall, unless otherwise stated herein, be in writing (which shall include facsimile communication) and faxed or 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 by facsimile shall be effective when sent (and shall be followed by hard copy sent by regular mail), and notices and communications sent by other means shall be effective when received.

SECTION 14.03. Assignability; Addition of Lenders.

(a) Assignment by Lenders. Each Lender may assign to any Eligible Assignee or to any other 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 Lender to either an Affiliate of such Lender or any other 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 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 Lender hereunder and (y) the assigning 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 Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) 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 Lenders, the Commitment of each Lender and the aggregate outstanding Capital (and stated interest) of the Loans of each 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, and the other Credit Parties shall treat each Person whose name is recorded in the Register as a Lender under this Agreement for all purposes of this Agreement. The Register shall be available for inspection by the Borrower, the Servicer, the LC Bank, or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(c) Procedure. Upon its receipt of an Assignment and Acceptance Agreement executed and delivered by an assigning Lender and an Eligible Assignee or assignee 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.

(d) Participations. Each 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 Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, and

(ii) such Lender shall remain solely responsible to the other parties to this Agreement for the performance of such obligations.

The Administrative Agent, the LC Bank, the Lenders, the Borrower and the Servicer shall have the right to continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 5.01 and 5.03 (subject to the requirements and limitations therein, including the requirements under Section 5.03(f) (it being understood that the documentation required under Section 5.03(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant shall not be entitled to receive any greater payment under Section 5.01 or 5.03, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation.

(e) Participant Register. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary 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 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 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.

(f) Assignments by Administrative Agent. This Agreement and the rights and obligations of the Administrative Agent herein shall be assignable by the Administrative Agent 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 nor a Lender hereunder, 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).

(g) 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 Lender (such consent to be provided or withheld in the sole discretion of such Person).

(h) Addition of New Lenders. Subject to Section 2.02(c), the Borrower may, with the prior written consent of the Administrative Agent and the LC Bank, add additional Persons as Lenders. Each new Lender shall become a party hereto, by executing and delivering to the Administrative Agent, the LC Bank and the Borrower, an assumption agreement (each, an "Assumption Agreement") in the form of Exhibit C hereto.

(i) Pledge to a Federal Reserve Bank. Notwithstanding anything to the contrary set forth herein, (i) any Lender or any of its 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.

(j) Pledge to a Security Trustee. Notwithstanding anything to the contrary set forth herein, (i) any Lender or any of its 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 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, (ii) reasonable out-of-pocket fees and expenses (including reasonable Attorney Costs) for the Administrative Agent and the other Credit Parties and any of their respective Affiliates and agents incurred in connection with the administration and maintenance of this Agreement or the protection and enforcement of their rights and remedies under this Agreement or any other Transaction Document and (iii) all reasonable out-of-pocket expenses of any regular employees and agents of the Administrative Agent and the other Credit Parties engaged periodically to perform audits of the Borrower's books, records and business properties.

SECTION 14.05. No Proceedings; Limitation on Payments. Each of the Servicer, 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.

SECTION 14.06. Confidentiality.

(a) [Reserved].

(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, (ii) to its assignees and Participants and potential assignees and Participants and their respective counsel if they agree in writing to hold it confidential in accordance with the terms of this Agreement, (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, (iv) at the request of a bank examiner or other regulatory authority or in connection with an examination of any of the Administrative Agent, or any Lender or their respective Affiliates or (v) 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 (v) above, the Administrative 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 and each Lender, severally and with respect to itself only, 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.

(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.

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, 5.03, 11.04, 11.06, 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. THE BORROWER AND THE SERVICER HEREBY IRREVOCABLY SUBMIT, FOR THEMSELVES AND THEIR PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, OR FOR RECOGNITION OF ENFORCEMENT OF ANY JUDGMENT, AND EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. NOTHING IN THIS SECTION 14.10 OR ANY OTHER TRANSACTION DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT OR ANY OTHER CREDIT PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT AGAINST THE BORROWER OR THE SERVICER OR ANY OF THEIR RESPECTIVE PROPERTIES IN THE COURTS OF ANY JURISDICTION. EACH OF THE BORROWER AND THE SERVICER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT IN ANY COURT REFERRED TO IN SECTION 14.10. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT AND AGREES NOT TO ASSERT ANY SUCH DEFENSE. 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 PARTY HERETO IRREVOCABLY **CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 14.02. NOTHING IN THIS AGREEMENT** WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE 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 (as opposed to direct or actual damages) relating to this Agreement or any other Transaction Document.

(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 parties hereto have entered into 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 Sub-Originator, the Servicer and the Performance Guarantor, which information includes the name, address, tax identification number and other information regarding the Borrower, the Originators, the Sub-Originator, the Servicer and the Performance Guarantor that will allow the Administrative Agent and the other Credit Parties to identify the Borrower, the Originators, the Sub-Originator, 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.

(a) 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 owing to such Credit Party (including by any branches or Affiliates of such Credit Party), or held by such Credit Party for the account of, the Borrower against amounts owing by the Borrower hereunder; provided that such Credit Party shall notify the Borrower promptly following such setoff.

(b) 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 owing to such Credit Party (including by any branches or Affiliates of such Credit Party), or held by such Credit Party for the account of, the Servicer against amounts owing by the Servicer hereunder; provided that such Credit Party shall notify the Servicer 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 draftsperson of this Agreement or any other Transaction Document or any provision hereof or thereof or to have provided the same. Accordingly, in the event of any inconsistency or ambiguity of any provision of this Agreement or any other Transaction Document, such inconsistency or ambiguity shall not be interpreted against any party because of such party's involvement in the drafting thereof.

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.

CONSOL FUNDING LLC

By:
Name:
Title:

CONSOL PENNSYLVANIA COAL COMPANY LLC,
as the Servicer

By:
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By:
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION,
as LC Bank

By:
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By:
Name:
Title:

EXHIBIT A
Form of [Loan Request] [LC Request]

[Letterhead of Borrower]

[Date]

[Administrative Agent]

Re: [Loan Request] [LC Request]

Ladies and Gentlemen:

Reference is hereby made to that certain Receivables Financing Agreement, dated as of November 30, 2017 among CONSOL Funding LLC (the "Borrower"), Consol Pennsylvania Coal Company LLC, as Servicer (the "Servicer"), the Lenders 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 PNC and $[___] will be funded by [___]. The proceeds of such Loan should be deposited to [Account number], at [Name, Address and ABA Number of Bank]. After giving effect to such Loan, the Aggregate Capital will be [$_____].]

[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 based on the data provided as of the most recent Information Package or Interim Report required to be delivered under this Agreement by the Administrative Agent (provided that Borrower may elect to provide a more recent Interim Report which the Administrative Agent may rely on in its sole discretion in determining whether this clause (iii) is satisfied);

(iv) no Borrowing Base Deficit exists or would exist after giving effect to such Credit Extension;

(v) the Aggregate Capital will not exceed the Facility Limit;

(vi) the Termination Date has not occurred; and

(vii) the Aggregate Capital plus the LC Participation Amount exceeds the Minimum Usage Threshold.

IN WITNESS WHEREOF, the undersigned has executed this letter by its duly authorized officer as of the date first above written.

Very truly yours,

CONSOL FUNDING LLC

By:
Name:
Title:

EXHIBIT B
Form of Reduction Notice

[LETTERHEAD OF BORROWER]

[Date]

[Administrative Agent]

Re: Reduction Notice

Ladies and Gentlemen:

Reference is hereby made to that certain Receivables Financing Agreement, dated as of November 30, 2017 among CONSOL Funding LLC, as borrower (the "Borrower"), CONSOL Pennsylvania Coal Company LLC, as Servicer (the "Servicer"), the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent (in such capacity, the "Administrative Agent") (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.

This letter constitutes a Reduction Notice pursuant to Section 2.02(d) of the Agreement. The Borrower hereby notifies the Administrative Agent and the Lenders that it shall prepay the outstanding Capital of the Lenders in the amount of **[$_____]** to be made on **[_____, 201_].** After giving effect to such prepayment, the Aggregate Capital will be **[$_____]**.

The Borrower hereby represents and warrants as of the date hereof, and after giving effect to such reduction, 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 prepayment 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 prepayment;

(iii) no Borrowing Base Deficit exists or would exist after giving effect to such prepayment;

(iv) the Termination Date has not occurred; and

(v) the Aggregate Capital plus the LC Participation Amount exceeds the Minimum Usage Threshold.

IN WITNESS WHEREOF, THE UNDERSIGNED HAS EXECUTED THIS LETTER BY ITS DULY AUTHORIZED OFFICER AS OF THE DATE FIRST ABOVE WRITTEN.

Very truly yours,

CONSOL FUNDING LLC

By:

Name:

Title:

EXHIBIT C
[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(a) 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 Lender under that certain Receivables Financing Agreement, dated as of November 30, 2017 among CONSOL Funding LLC, CONSOL Pennsylvania Coal Company LLC, as Servicer, the Lenders 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)

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:

CONSOL FUNDING LLC,
as Borrower

By:___
Name:
Title:

EXHIBIT D
[Form of Assumption Agreement]

THIS ASSUMPTION AGREEMENT (this "Agreement"), dated as of [_____ __, ____], is among CONSOL Funding LLC (the "Borrower") and [_____], as lender (the "Lender").

BACKGROUND

The Borrower and various others are parties to a certain Receivables Financing Agreement, dated as of November 30, 2017 (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(h) of the Receivables Financing Agreement. The Borrower desires the Lender to [become a party to] [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 agree[s] to [become Lenders thereunder] [increase its Commitment to the amount set forth as its "Commitment" under the signature of such [_____]Lender hereto].

The Borrower hereby represents and warrants to the [_____] Lenders and the [_____] Administrative 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 [_____], satisfaction of the other conditions with respect to the addition of the Lender specified in Section 14.03(h) of the Receivables Financing Agreement (including the written consent of the Administrative Agent and the Majority Lenders) 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" as shall be as set forth under the signature of each such Lender hereto] [the [_____]Lender shall increase its Commitment to the amount set forth as the "Commitment" under the signature of the [_____]Lender hereto].

SECTION 3. 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 be 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 Lender

By:
Name Printed:
Title:
[Address]
[Commitment]

CONSOL FUNDING LLC
as Borrower

By:
Name Printed:
Title:

EXHIBIT E
[Form of Letter of Credit Application]

(Attached)

EXHIBIT F
Credit and Collection Policy

(Attached)

EXHIBIT G
Form of Information Package

(Attached)

EXHIBIT H
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 November 30, 2017 among CONSOL Funding LLC (the "Borrower"), CONSOL Pennsylvania Coal Company, LLC, as Servicer (the "Servicer"), the Lenders 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:]

The foregoing certifications are made and delivered this _____ day of _____, 20___.

[_____]

By:
Name:
Title:

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 I
Closing Memorandum

(Attached)

EXHIBIT J-1
Form of Weekly Report

EXHIBIT J-2
Form of Daily Report

SCHEDULE I
Commitments

Lender	**Commitment**
PNC Bank, National Association	$100,000,000

SCHEDULE II
Lock-Boxes, Collection Accounts and Collection Account Banks

Name of Financial Institution	**Account #**	**Type of Account/Uses**
PNC Bank, National Association	643391	Deposit

SCHEDULE III
Notice Addresses

(A) in the case of the Borrower, at the following address:

1000 CONSOL Energy Drive, Canonsburg PA 15317, attention: Treasurer

with a copy to:

CONSOL Energy Inc., 1000 CONSOL Energy Drive, Canonsburg PA 15317, attention: Treasurer

(B) in the case of the Servicer, at the following address:

1000 CONSOL Energy Drive, Canonsburg PA 15317, attention: Treasurer

(C) in the case of the Administrative Agent, at the following address:

PNC Bank, National Association
Tower at PNC Plaza
300 Fifth Avenue
Pittsburgh, PA 15222
Telephone: (412) 768-2001
Facsimile: (412) 762-9184
Attention: Brian Stanley

(D) in the case of the LC Bank, at the following address:

PNC Bank, National Association
Tower at PNC Plaza
300 Fifth Avenue
Pittsburgh, PA 15222
Telephone: (412) 768-2001
Facsimile: (412) 762-9184
Attention: Brian Stanley

(E) 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.

EXHIBIT 10.45

First Amendment to Employment Agreement of James A. Brock

RECITALS

WHEREAS, CONSOL Energy, Inc. (the "**Company**") entered into an Employment Agreement (the "**Agreement**") dated as of February 15, 2018 with James A. Brock (the "**Executive**");

WHEREAS the Company wishes to ensure the Executive's continued employment beyond the initial Term in the Agreement through the provision of additional compensation in the form of certain retention payments and other compensation and benefits;

WHEREAS, the Agreement by its terms under Section 9.02 may be amended by written agreement between the Executive and the Company; and

WHEREAS, the Executive is willing to commit himself to continue to serve the Company on the terms and subject to the conditions set forth in this First Amendment to the Employment Agreement (the "First Amendment");

NOW THEREFORE, in consideration of the promises and the respective covenants and agreements of the parties herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Section 4.01. *Base Salary and Retention Payments*. Section 4.01 of the Agreement shall be amended in its entirety to read as follows:

(i) The Executive's annual base salary (the "**Base Salary**") will be set from time to time by the Board. The Base Salary will be payable in accordance with the normal payroll practices of the Company. Effective as of January 1, 2021, the Executive's Base Salary will be $1,000,000 per annum, and will be reviewed periodically by the Board or the Compensation Committee of the Board from time to time to ensure that such Base Salary is competitive; provided, however, that the Executive's Base Salary may not be reduced during the Employment Period or any renewal thereof pursuant to Section 5.01.

(ii) The Executive shall be eligible to receive a retention payment conditioned upon his continued employment as follows: If the Executive continues to be (x) employed with the Company through December 31, 2021, the Company shall pay the Executive a cash lump sum payment equal to $1,000,000 no later than (30) days following December 31, 2021(the "First Retention Payment"); and (y) employed by the Company through December 31, 2022, the Company shall pay the Executive a cash lump sum payment equal to $1,000,000 no later than thirty (30) days following December 31, 2022 (the "Second Retention Payment").

(iii) Notwithstanding any provision in the Employment Agreement to the contrary, the Company shall accelerate the payment of the $1,000,000 retention payment to the Executive in the event of his (x) involuntary termination of employment absent Cause (whether or not related to a Change in Control), (y) death or (z) Permanent Disability if the termination event occurs prior to December 31,2021 with respect to the First Retention, or if the termination event occurs prior to December 31, 2022 with respect to the Second Retention Payment. Each such payment shall be made no later than sixty (60) days following the Executive's Termination Date.

2.) Section 5.02. *Termination Without Cause Absent a Change in Control*. Subsections (ii) and (vii) of Section 5.02 shall be amended to read as follows:

(ii) an amount equal to two (2) times the Base Salary and Target Bonus;

(vii) Medical benefits shall be as provided in Section 5.6 below;

The remaining provisions of Section 5.02 shall remain in effect under the terms of the Agreement.

3.) Section 5.06. *Medical Benefits.* Section 5.06 is amended and restated in its entirety to read as follows:

Section 5.06. *Medical Benefits*. If the Employment Period is terminated as a result of a termination of employment as specified in Section 5.02, the Company shall pay the Executive a lump sum cash payment within thirty (30) days following the Executive's Date of Termination equal to the cost of the Executive (and his dependents') health coverage for the a period of eighteen (18) months based on the monthly COBRA cost of such coverage under the Company's health plan on the Date of Termination. The Executive may use this lump sum amount to elect and pay for any COBRA continuation coverage and continue to participate in all Company medical, dental and vision insurance plans in which the Executive (and his dependents) were participating on the Date of Termination for a period of eighteen (18) months. During this eighteen (18) period, the Executive shall be entitled to benefits on substantially the same basis and cost as would have been provided had the Executive not separated from service. If the Executive chooses to continue to participate in the Company's medical, dental and vision plans, the COBRA eighteen (18) month period for such coverage shall run concurrent with the continuation period federally mandated by COBRA. For purposes of this Agreement, "COBRA" shall mean the continuation period for medical and dental insurance to be provided under the terms of this Agreement which shall commence on the first day of the calendar month following the month in which the Date of Termination falls and generally shall continue for an eighteen (18) month period, unless otherwise provided for under COBRA.

4.) Miscellaneous. All other provisions of the Agreement shall remain in full force and effect, with this Amendment shall be effective as of February 10, 2021, unless otherwise provided herein.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on February 10, 2021.

Energy Inc

By:

/s/ Martha A. Wiegand
Martha A. Wiegand
General Counsel

/s/ James A. Brock
James A. Brock

Exhibit 21

CONSOL Energy Inc.
SUBSIDIARIES
As of February 12, 2021

(In alphabetical order)

AMVEST LLC (a Virginia limited liability company)
AMVEST Gas Resources, LLC (a Virginia limited liability company)
AMVEST West Virginia Coal, L.L.C. (a West Virginia limited liability company)
Braxton-Clay Land & Mineral, LLC (a West Virginia limited) liability company)
CONSOL Coal Finance Corp. (a Delaware corporation)
CONSOL Coal Resources GP LLC (a Delaware limited liability company)
CONSOL Coal Resources LP (a Delaware limited partnership)
CONSOL Marine Terminals LLC (a Delaware limited liability company)
CONSOL Operating LLC (a Delaware limited liability company)
CONSOL RCPC LLC (a Delaware limited liability company)
CONSOL Thermal Holdings LLC (a Delaware limited liability company)
Conrhein Coal Company (a Pennsylvania general partnership)
CONSOL Amonate Facility LLC (a Delaware limited liability company)
CONSOL Amonate Mining Company LLC (a Delaware limited liability company)
CONSOL Energy Canada Ltd. (a Canadian corporation)
CONSOL Energy Sales Company LLC (formerly CONSOL Sales Company) (a Delaware limited liability company)
CONSOL Financial Inc. (a Delaware corporation)
CONSOL Funding LLC (a Delaware limited liability company)
CONSOL Mining Company LLC (a Delaware limited liability company)
CONSOL Mining Holding Company LLC (a Delaware limited liability company)
CONSOL of Canada LLC (a Delaware limited liability company)
CONSOL of Kentucky LLC (a Delaware limited liability company)
CONSOL Pennsylvania Mine Holding LLC (a Delaware limited liability company)
Consol Pennsylvania Coal Company LLC (formerly CONSOL Pennsylvania Coal Company) (a Delaware limited liability company)
Fola Coal Company, L.L.C. d/b/a Powellton Coal Company (a West Virginia limited liability company)
Helvetia Coal Company LLC (a Pennsylvania limited liability company)
Island Creek Coal Company LLC (a Delaware limited liability company)
Laurel Run Mining Company LLC (a Virginia limited liability company)
Leatherwood, LLC (a Pennsylvania limited liability company)
Little Eagle Coal Company, L.L.C. (a West Virginia limited liability company)
MTB LLC (a Delaware limited liability company)
Nicholas-Clay Land & Mineral, LLC (a Virginia limited liability company)
R&PCC LLC (a Pennsylvania limited liability company)
TECPART LLC (a Delaware limited liability company)
Terry Eagle Coal Company, L.L.C. (a West Virginia limited liability company)
Terry Eagle Limited Partnership (a West Virginia limited partnership)
Transformer LP Holdings Inc. (a Delaware corporation)
Vaughan Railroad Company LLC (a West Virginia limited liability company)
Windsor Coal Company LLC (a West Virginia limited liability company)
Wolfpen Knob Development Company LLC (a Virginia limited liability company)

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- Form S-8 (File No. 333-221727, File No. 333-251852 and File No. 333-238173) pertaining to the CONSOL Energy Inc. 2020 Amended and Restated Omnibus Performance Incentive Plan, and
- Form S-4 No. 333-250091 pertaining to the consent solicitation statement/proxy statement/prospectus of CONSOL Energy Inc. and Subsidiaries;

of our reports dated February 12, 2021, with respect to the consolidated financial statements of CONSOL Energy Inc. and Subsidiaries and the effectiveness of internal control over financial reporting of CONSOL Energy Inc. and Subsidiaries included in this Annual Report (Form 10-K) of CONSOL Energy Inc. and Subsidiaries for the year ended December 31, 2020.

/s/ Ernst & Young, LLP
Pittsburgh, Pennsylvania
February 12, 2021

Exhibit 31.1

CERTIFICATIONS

I, James A. Brock, certify that:

1. I have reviewed this annual report on Form 10-K of CONSOL Energy Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2021

/s/ James A. Brock
James A. Brock
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Miteshkumar B. Thakkar, certify that:

1. I have reviewed this annual report on Form 10-K of CONSOL Energy Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2021

/s/ Miteshkumar B. Thakkar

Miteshkumar B. Thakkar
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002,
18 U.S.C. Section 1350

I, James A. Brock, Chief Executive Officer (principal executive officer) of CONSOL Energy Inc. (the "Registrant"), certify that to my knowledge, based upon a review of the Annual Report on Form 10-K for the period ended December 31, 2020, of the Registrant (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: February 12, 2021

/s/ James A. Brock
James A. Brock
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002,
18 U.S.C. Section 1350

I, Miteshkumar B. Thakkar, Chief Financial Officer (principal financial officer) of CONSOL Energy Inc. (the "Registrant"), certify that to my knowledge, based upon a review of the Annual Report on Form 10-K for the period ended December 31, 2020, of the Registrant (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: February 12, 2021

/s/ Miteshkumar B. Thakkar
Miteshkumar B. Thakkar
Chief Financial Officer
(Principal Financial Officer)

Exhibit 95

Mine Safety and Health Administration Safety Data

We believe that CONSOL Energy is one of the safest mining companies in the world. The Company has in place health and safety programs that include extensive employee training, accident prevention, workplace inspection, emergency response, accident investigation, regulatory compliance and program auditing. The objectives of our health and safety programs are to eliminate workplace incidents, comply with all mining-related regulations and provide support for both regulators and the industry to improve mine safety.

The operation of our mines is subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977 (Mine Act). MSHA inspects our mines on a regular basis and issues various citations, orders and violations when it believes a violation has occurred under the Mine Act. We present information below regarding certain mining safety and health violations, orders and citations issued by MSHA and related assessments and legal actions and mine-related fatalities with respect to our coal mining operations. In evaluating this information, consideration should be given to factors such as: (i) the number of violations, orders and citations will vary depending on the size of the coal mine, (ii) the number of violations, orders and citations issued will vary from inspector to inspector and mine to mine, and (iii) violations, orders and citations can be contested and appealed, and in that process, are often reduced in severity and amount, and are sometimes dismissed.

The table below sets forth for the year ended December 31, 2020, for each coal mine of CONSOL Energy and its subsidiaries, the total number of: (i) violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard under section 104 of the Mine Act for which the operator received a citation from MSHA; (ii) orders issued under section 104(b) of the Mine Act; (iii) citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under section 104(d) of the Mine Act; (iv) flagrant violations under section 110(b)(2) of the Mine Act; (v) imminent danger orders issued under section 107(a) of the Mine Act; (vi) the total dollar value of proposed assessments from MSHA (regardless of whether CONSOL Energy has challenged or appealed the assessment); (vii) the total number of mining-related fatalities; (viii) notices from MSHA of a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety hazards under section 104(e) of the Mine Act; (ix) notices from MSHA regarding the potential to have a pattern of violations as referenced in (viii) above; and (x) pending legal actions before the Federal Mine Safety and Health Review Commission (as of December 31, 2020) involving such coal or other mine, as well as the aggregate number of legal actions instituted and the aggregate number of legal actions resolved during the reporting period.

Mine or Operating Name/MSHA Identification Number		Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Total Dollar Value of MSHA Assessments Proposed (in dollars)	Total Number of Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e)	Received Notice of Potential to have Pattern Under Section 104(e)	Legal Actions Pending as of Last Day of Period (1)	Legal Actions Initiated During Period	Legal Actions Resolved During Period
Active Operations													
Bailey	36-07230	55	—	7	—	—	$ 119,297	—	No	No	10	11	12
Enlow Fork	36-07416	26	—	—	—	—	113,570	—	No	No	11	14	16
Harvey	36-10045	6	—	—	—	—	20,658	—	No	No	3	5	8
Itmann	46-09569	2	—	—	—	—	1,719	—	No	No	—	1	1
		89	—	7	—	—	$ 255,244	—			24	31	37

(1) See table below for additional detail regarding Legal Actions Pending as of December 31, 2020. With respect to Contests of Proposed Penalties, we have included the number of dockets (as opposed to citations) when counting the number of Legal Actions Pending as of December 31, 2020.

Mine or Operating Name/MSHA Identification Number		Contests of Citations, Orders (as of 12.31.20) (a)	Contests of Proposed Penalties (as of 12.31.20) (b)		Complaints for Compensation (as of 12.31.20) (c)	Complaints of Discharge, Discrimination or Interference (as of 12.31.20) (d)	Applications for Temporary Relief (as of 12.31.20) (e)	Appeals of Judges' Decisions or Order (as of 12.31.20) (f)
			Dockets	Citations				
Active Operations								
Bailey	36-07230	—	10	43	—	—	—	—
Enlow Fork	36-07416	—	11	76	—	—	—	—
Harvey	36-10045	—	3	8	—	—	—	1
Itmann	46-09569	—	—	—	—	—	—	—
		—	24	127	—	—	—	1

(a) Represents (if any) contests of citations and orders, which typically are filed prior to an operator's receipt of a proposed penalty assessment from MSHA or relate to orders for which penalties are not assessed (such as imminent danger orders under Section 107 of the Mine Act). This category includes: (i) contests of citations or orders issued under section 104 of the Mine Act, (ii) contests of imminent danger withdrawal orders under section 107 of the Mine Act, and (iii) emergency response plan dispute proceedings (as required under the Mine Improvement and New Emergency Response Act of 2006, Pub. L. No. 109-236, 120 Stat. 493).

(b) Represents (if any) contests of proposed penalties, which are administrative proceedings before the Federal Mine Safety and Health Review Commission (“FMSHRC”) challenging a civil penalty that MSHA has proposed for the violation contained in a citation or order.

(c) Represents (if any) complaints for compensation, which are cases under section 111 of the Mine Act that may be filed with the FMSHRC by miners idled by a closure order issued by MSHA who are entitled to compensation.

(d) Represents (if any) complaints of discharge, discrimination or interference under section 105 of the Mine Act, which cover: (i) discrimination proceedings involving a miner's allegation that he or she has suffered adverse employment action because he or she engaged in activity protected under the Mine Act, such as making a safety complaint, and (ii) temporary reinstatement proceedings involving cases in which a miner has filed a complaint with MSHA stating that he or she has suffered such discrimination and has lost his or her position. Complaints of Discharge, Discrimination, or Interference are also included in Contests of Proposed Penalties, column (b).

(e) Represents (if any) applications for temporary relief, which are applications under section 105(b)(2) of the Mine Act for temporary relief from any modification or termination of any order or from any order issued under section 104 of the Mine Act (other than citations issued under section 104(a) or (f) of the Mine Act).

(f) Represents (if any) appeals of judges' decisions or orders to the FMSHRC, including petitions for discretionary review and review by the FMSHRC on its own motion.