

From: "Adkins, Todd" <ToddAdkins@coalsource.com>
Date: February 20, 2019 at 1:37:05 PM EST
To: "Eric Murray (Famurray@tva.gov)" <Famurray@tva.gov>
Subject: WKCR Collateral

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Eric, I passed along your message on the collateral. Mr. Moore would like more returned than \$900K, which is based on the concern that Paradise U3 may not be able to take all the tonnage under the agreement prior to the expiration of the agreement. If possible, we'd like to know how many tons are expected to be purchased both this year and next.

While we realize it may be difficult to see what the consumption rates on the unit will be through next year, we believe that the downside risk on volume is much more probable than tonnage nominations we've seen under the agreement to date. With the decision of your board to close the unit as it was announced, we see significant risk in that any type of catastrophic failure on the unit would result in a premature closure, prior to the date that was announced. A smaller volume of tonnage under such a scenario would likely have a material impact on the pro-rata calculations for collateral redemption we discussed earlier.

With this said, we'd request that anything that can be done to return a higher proportion of the collateral be pursued. We'd appreciate anything you and your group could do in this regard.

Thanks in advance,

TA

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