

Alliance Coal, LLC and Affiliates Profit Sharing and Savings Plan

In-Plan Roth Conversion

General Information

An in-plan Roth conversion is a transfer from an individual's pre-tax or after-tax accounts in the Alliance Coal, LLC and Affiliates Profit Sharing and Savings Plan ("PSSP") into a Roth account in the PSSP.

What assets may be converted?

You may convert any amounts you contributed (e.g. salary deferrals, after-tax contributions), the vested portion of any employer contributions (e.g. matching contributions, profit sharing contributions), and the earnings on any of those types of contributions into a Roth account in the PSSP once each calendar quarter.

Tax Treatment

At Conversion

The entire amount that you transfer into to a Roth account, less your basis in any after-tax contributions you are transferring, will be includable in your gross income for the tax year of the transfer. Since this is a direct transfer, meaning the funds never leave the PSSP, taxes will not be withheld on the transfer.

We strongly recommend that you consult with your tax advisor before deciding to do the in-plan Roth conversion. You may need to increase withholding on other payments you receive or make estimated tax payments to avoid any underpayment penalties.

At Distribution

In order to benefit from the tax-free earnings advantage of a Roth account, you must not take a distribution from your Roth account until the later of:

1. The date you reach age 59 ½; or
2. The first day after the 5-year period that begins on the first day of the tax year during which the first contribution was made to your Roth account in the PSSP.

For example: You have not made any Roth deferrals and on December 1, 2020, when you are 55 years old, you convert some of your pre-tax accounts to Roth accounts. Since the conversion amount is the first contribution to your Roth account, the 5-year period would begin on January 1, 2020 and end December 31, 2025. The first date that you could take a qualified distribution would be January 1, 2026 because you would have reached age 59 ½ and the 5-year period would have expired.

Can I change my mind later?

This is an irrevocable election. That means any amount you elect to convert to a Roth account must remain in the Roth account and cannot be converted back to a pre-tax account if you later change your mind.

Will the amounts I convert be subject to any distribution restrictions?

The amounts you convert will remain subject to the distribution restrictions that applied to the accounts from which they are converted.

Alliance Coal, LLC and Affiliates Profit Sharing and Savings Plan

| | | | |
|------------------|--|--------------|-------------------|
| ABOUT YOU | Review the information below and contact us immediately if anything is incorrect. | | |
| | Name: _____ | SSN: _____ | Birth Date: _____ |
| | Address: _____ | | |
| | City: _____ | State: _____ | Zip: _____ |

| IN-PLAN ROTH CONVERSION | <p>The Alliance Coal, LLC and Affiliates Profit Sharing and Savings Plan ("Plan") allows you to convert all or any portion of your pre-tax or non-Roth accounts in the Plan to In-Plan Roth Conversion Accounts in the Plan. You are limited to one In Plan Roth Conversion per calendar quarter. The amount you elect to convert must be vested.</p> <p>Please be aware that the amount converted will be included in your taxable income for the year in which the transfer is made. There are significant and potentially irrevocable tax consequences to the In-Plan Roth Conversion. You must have adequate resources outside of the Plan to pay the federal and state taxes related to the transfer. Before making your election for the In-Plan Roth Conversion, please consult with your tax advisor to ensure that you fully understand the regulations, tax consequences and limitations.</p> <p>Once you make a transfer election, it cannot be reversed.</p> <p>In-Plan Roth Conversion</p> <p><input type="checkbox"/> I elect to convert the following amounts from the pre-tax accounts indicated below to the appropriate In-Plan Roth Conversion Accounts. Indicate the pre-tax account source and the dollar amount below:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 60%;">Source</th> <th style="text-align: center;">Dollar Amount</th> </tr> </thead> <tbody> <tr> <td>_____</td> <td style="text-align: right;">\$ _____</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">\$ _____</td> </tr> </tbody> </table> | Source | Dollar Amount | _____ | \$ _____ | _____ | \$ _____ | _____ | \$ _____ | _____ | \$ _____ | _____ | \$ _____ | _____ | \$ _____ | Total | \$ _____ |
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| _____ | \$ _____ | | | | | | | | | | | | | | | | |
| Total | \$ _____ | | | | | | | | | | | | | | | | |

Signature: _____ Date: _____