

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **January 11, 2016 (January 10, 2016)**

Arch Coal, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-13105
(Commission
File Number)

43-0921172
(IRS Employer
Identification No.)

CityPlace One
One CityPlace Drive, Suite 300
St. Louis, Missouri 63141
(Address, including zip code, of principal executive offices)

Registrant's telephone number, including area code: **(314) 994-2700**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 **Entry into a Material Definitive Agreement.**

The information set forth below in Item 1.03 of this Form 8-K regarding the Restructuring Support Agreement (as defined below) is incorporated herein by reference.

Item 1.03 **Bankruptcy or Receivership.**

On January 11, 2016, Arch Coal, Inc. ("Arch" or the "Company") and substantially all of Arch's wholly owned domestic subsidiaries (the "Filing Subsidiaries" and, together with Arch, the "Debtors") filed voluntary petitions for reorganization (collectively, the "Bankruptcy Petitions") under chapter 11 of Title 11 of the U.S. Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Eastern District of Missouri (the "Court"), for which joint administration has been sought (the "Chapter 11 Cases"), under the caption *In re Arch Coal, Inc., et al.* Case No. 16-40120 (lead case). Each Debtor will continue to operate its business as a "debtor in possession" under the jurisdiction of the Court and in accordance with the applicable provisions of the Bankruptcy Code and the orders of the Court.

In connection with the filing of the Bankruptcy Petitions, Arch entered into a Restructuring Support Agreement, dated as of January 10, 2016 (the "Restructuring Support Agreement"), among Arch, on behalf of itself and the Filing Subsidiaries, and certain holders of first lien term loans under Arch's Existing Credit Agreement (as defined below) (the "Supporting First Lien Creditors"), providing that the Supporting First Lien Creditors will support a restructuring of the Debtors, subject to the terms and conditions of the Restructuring Support Agreement, which include that, on the effective date of the plan of reorganization contemplated therein:

- existing common stock of Arch would be extinguished, and existing equity holders would not receive consideration in respect of their equity interests;
- claims against the Debtors arising under the DIP Financing (as defined below) would be paid in full in cash or receive such other treatment as may be consented to by the holders of such claims;
- claims against the Debtors of holders of first lien term loans would be exchanged for (a) a combination of cash and \$326.5 million (principal amount) of new first lien debt that would be issued by the reorganized Company and (b) 100% of the common stock of the reorganized Company outstanding

on the effective date of the plan, subject to dilution on account of a proposed new management incentive plan and the distribution to unsecured creditors of any new common stock and warrants (as described below);

- first lien term loan deficiency claims (subject to certain exceptions) as well as second lien notes, unsecured notes and general unsecured claims against the Debtors would be exchanged for either (1) common stock in the reorganized Company and warrants or (2) the value of the unencumbered assets of the Company, if any, after giving effect to certain other payments and claims;
- either the Company's existing accounts receivable securitization facility would be reinstated or a new letter of credit facility would be entered into by the Company, in either case on terms acceptable to Supporting First Lien Creditors holding more than 66 2/3% of the aggregate amount of the first lien term loans held by Supporting First Lien Creditors; and
- the board of directors of the reorganized Company would consist of seven directors, including the Company's Chief Executive Officers and six directors selected by certain of the Company's first-lien term lenders in consultation with the Company's Chief Executive Officer.

The Restructuring Support Agreement was entered into by holders of over 50% of Arch's first lien term loans and is expected to reduce Arch's long-term debt by more than \$4.5 billion. The terms of the Restructuring Support Agreement are subject to definitive documentation and approval by the Court, among other conditions. Accordingly, no assurance can be given that the transactions described herein will be consummated.

The description of the Restructuring Support Agreement is subject to the terms thereof, a copy of which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

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Arch expects its mining operations and customer shipments to continue uninterrupted throughout the reorganization process. Arch believes it has sufficient liquidity to continue its normal mining activities and to meet its obligations in the ordinary course. Arch had more than \$600 million in cash and short term investments as of January 11, 2016. Arch expects to receive \$275 million in debtor-in-possession financing from certain of the Supporting First Lien Creditors (or their affiliates) on terms and conditions set forth in the DIP term sheet and DIP credit agreement filed with the Court and contemplated by the Restructuring Support Agreement (the "DIP Financing"). In addition, Arch expects that its securitization financing providers will continue the Company's \$200 million trade accounts receivable securitization facility, subject to customary conditions, which supports Arch's letters of credit program (the "Securitization Facility"). Upon approval by the Court and satisfaction of customary conditions, the DIP Financing and the postpetition Securitization Facility, along with the Company's existing liquidity and cash generated from ongoing operations, will be used to support the business during the restructuring process.

Additional information is available on Arch's website at www.archcoal.com or by calling Arch's Restructuring Hotline, toll-free in the U.S., at 1-844-242-7478. (For calls originating outside the U.S., please dial 1-929-477-8086). In addition, court filings and other documents related to the Chapter 11 Cases are available on a separate website administered by Arch's claims and noticing agent, Prime Clerk, at <https://cases.primeclerk.com/archcoal>.

On January 11, 2016, Arch issued a news release announcing the filing of the Bankruptcy Petitions. A copy of the news release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 2.04 Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement.

The filing of the Bankruptcy Petitions constitutes an event of default that (other than with respect to the receivables securitization facility mentioned below) accelerated Arch's obligations under the documents governing each of Arch's 7.00% senior notes due 2019, 9.875% senior notes due 2019, 8.00% senior secured second lien notes due 2019, 7.25% senior notes due 2020, 7.25% senior notes due 2021, senior secured first lien term loan due 2018 (the "Existing Credit Agreement"), and \$200.0 million receivables securitization facility (collectively, the "Debt Instruments").

The Debt Instruments provide that as a result of the filing of the Bankruptcy Petitions, the principal and interest due thereunder shall be immediately due and payable. Any efforts to enforce such payment obligations under the Debt Instruments are automatically stayed as a result of the Bankruptcy Petitions, and the creditors' rights of enforcement in respect of the Debt Instruments are subject to the applicable provisions of the Bankruptcy Code.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On January 6, 2016, the Company's Board of Directors determined that Mr. John T. Drexler would, in addition to his role as Senior Vice President and Chief Financial Officer, also serve as Arch's principal accounting officer, replacing Mr. John W. Lorson who had previously served in that capacity. Such change would have effect beginning December 31, 2015. Mr. Lorson will continue to serve in a senior accounting role and has assumed other leadership responsibilities at Arch. For more information regarding Mr. Drexler's biography and employment history, please see Item 1 of Arch's Annual Report on Form 10-K filed on February 27, 2015.

Item 7.01 Regulation FD Disclosure.

In connection with Arch's discussions and negotiations with the Supporting First Lien Creditors, and certain holders of Arch's notes, together with each of their respective legal and financial advisors, which, with respect to the Supporting First Lien Creditors, culminated in the entry into the Restructuring Support Agreement, Arch provided certain non-public information pursuant to confidentiality agreements with the Supporting First Lien Creditors, certain noteholders and their advisors (the "Disclosure Information"). The Disclosure Information is included in Exhibit 99.2 hereto. Arch is making the disclosures herein in accordance with the terms of the confidentiality agreements and Regulation FD.

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Any financial projections or forecasts included in the Disclosure Information (the "projections") were not prepared with a view toward public disclosure or compliance with the published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified

Public Accountants regarding projections or forecasts. The projections do not purport to present Arch's financial condition in accordance with accounting principles generally accepted in the United States. Arch's independent accountants have not examined, compiled or otherwise applied procedures to the projections and, accordingly, do not express an opinion or any other form of assurance with respect to the projections. The inclusion of the projections herein should not be regarded as an indication that Arch or its affiliates or representatives consider the projections to be a reliable prediction of future events, and the projections should not be relied upon as such. Neither Arch nor any of its affiliates or representatives has made or makes any representation to any person regarding the ultimate outcome of Arch's restructuring compared to the projections, and none of them undertakes any obligation to publicly update the projections to reflect circumstances existing after the date when the projections were made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the projections are shown to be in error.

The information contained in this Item 7.01 shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing.

Cautionary Note Regarding Forward-Looking Statements

This Report and the Exhibits hereto contain "forward-looking statements" — that is, statements related to future, not past, events. In this context, forward-looking statements often address Arch's expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain.

For Arch, particular uncertainties arise from the risks and uncertainties relating to changes in the demand for Arch's coal by the domestic electric generation industry; legislation and regulations relating to the Clean Air Act and other environmental initiatives; operational, geological, permit, labor and weather-related factors; fluctuations in the amount of cash Arch generates from operations; potential demands for additional collateral for self-bonding; future integration of acquired businesses; numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature; the ability of Arch to continue as a going concern, to meet financial obligations during the Chapter 11 process and to maintain contracts that are critical to Arch's operations; the Supporting First Lien Creditors' ability to obtain Court approval of the Restructuring Support Agreement, the DIP Financing, the Securitization Facility and the plan of reorganization of Arch as proposed, including with respect to the plan of reorganization, the treatment of the claims of the senior noteholders, trade creditors and equity holders, among others; the ability of Arch and the Supporting First Lien Creditors to develop and consummate one or more plans of reorganization with respect to the Chapter 11 process; the Court's rulings in the Chapter 11 case and the outcome of the Chapter 11 process in general; the length of time the Supporting First Lien Creditors will operate under the Chapter 11 case; risks associated with third party motions in the Chapter 11 case, which may interfere with the Supporting First Lien Creditors' ability to develop and consummate one or more plans of reorganization once such plans are developed; the effect of the Chapter 11 filings on Arch's relationships with third parties, regulatory authorities and employees; the potential adverse effects of the Chapter 11 process on Arch's liquidity, results of operations, or business prospects, the ability to execute Arch's business and restructuring plan; increased administrative and legal costs related to the Chapter 11 process and other litigation and the inherent risks involved in a bankruptcy process; the negotiation of the terms, conditions and other provisions of the DIP Financing and the Securitization Facility with the prospective lenders, the anticipated closing of the DIP Financing and the Securitization Facility, the need for Court orders approving it, and the sufficiency of the liquidity purported to be made available by the DIP Financing and the Securitization Facility; and the additional risks and uncertainties that are described in Arch's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, as well as in other reports filed from time to time by Arch with the SEC.

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These uncertainties may cause Arch's actual future results to be materially different than those expressed in its forward-looking statements. Arch does not undertake to update its forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. For a description of additional risks and uncertainties that may affect Arch's future results, you should see the risk factors described from time to time in the reports Arch files with the Securities and Exchange Commission.

Arch cautions that the trading in its securities during the pendency of Chapter 11 proceedings is highly speculative and poses substantial risks. A plan of reorganization could result in Arch's outstanding common stock being diluted or extinguished, and the holders of Arch's common stock may not receive any distribution or other favorable treatment within the Chapter 11 proceedings or pursuant to any confirmed plan of reorganization based on any securities held. Accordingly, Arch's future performance and financial results may differ materially and/or adversely from those expressed or implied in any forward-looking statements made by Arch in this Report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are attached hereto and filed herewith

<u>Exhibit No.</u>	<u>Description</u>
10.1	Restructuring Support Agreement dated January 10, 2016.
99.1	Press release dated January 11, 2016.
99.2	Disclosure Information provided in connection with discussions with Supporting First Lien Creditors.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 11, 2016

Arch Coal, Inc.

By: /s/ Robert G. Jones

Name: Robert G. Jones

Title: Senior Vice President — Law, General
Counsel and Secretary

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Exhibit Index

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RESTRUCTURING SUPPORT AGREEMENT

This RESTRUCTURING SUPPORT AGREEMENT (together with all exhibits, schedules and attachments hereto, as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, this "**Agreement**"), dated as of January 10, 2016, is among:

- (a) Arch Coal, Inc. ("**Arch Coal**");
- (b) the direct and indirect wholly-owned subsidiaries that are guarantors under the First Lien Credit Agreement (as defined below) (the "**Guarantors**") and, together with Arch Coal, collectively, the "**Company**";
- (c) each of the undersigned term lenders (the "**Consenting Lenders**") under that certain Amended and Restated Credit Agreement, dated as of June 14, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "**First Lien Credit Agreement**"), among Arch Coal, as borrower, the Guarantors, the lenders party thereto (the "**First Lien Lenders**"), and Wilmington Trust National Association, as successor term loan administrative agent and successor collateral agent under the First Lien Credit Agreement (in such capacities, the "**First Lien Agent**");

The Company and the Consenting Lenders are each referred to herein as a "**Party**" and collectively are referred to herein as the "**Parties**".

RECITALS

WHEREAS, the Parties wish to reorganize and recapitalize the Company in accordance with a pre-arranged chapter 11 plan of reorganization (the "**Plan**") that implements a restructuring (the "**Restructuring**") on the terms and conditions set forth in the term sheet attached hereto as **Exhibit A** (as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, the "**Term Sheet**");

WHEREAS, in order to effectuate the Restructuring, the Company intends to file petitions commencing (the date of commencement being the "**Petition Date**") voluntary cases (the "**Bankruptcy Cases**") under chapter 11 of Title 11 of the United States Code (the "**Bankruptcy Code**") with the United States Bankruptcy Court for the Eastern District of Missouri (the "**Bankruptcy Court**"); and

WHEREAS, this Agreement is the product of arm's-length, good faith negotiations among the Parties.

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

AGREEMENT

Section 1. Certain Definitions. As used in this Agreement, the following terms have the following meanings:

- (a) "**Claim**" means any "claim" (as such term is defined in section 101(5) of the Bankruptcy Code) against Arch Coal or any of its subsidiaries.
- (b) "**DIP Credit Agreement**" means the credit agreement to be in form and substance consistent with the DIP Term Sheet among Arch Coal, Inc., the guarantors party thereto, the lenders from time to time party thereto and Wilmington Trust, National Association, as administrative agent, as may be amended from time to time in accordance with the terms thereof. For the avoidance of doubt, the ability to amend or modify the form of DIP Credit Agreement attached hereto as **Exhibit C** shall be governed by the terms thereof notwithstanding anything to the contrary contained in this Agreement as though the same had been executed on or prior to the date hereof.
- (c) "**DIP Facility**" means the \$275 million term loan credit facility under the DIP Credit Agreement.
- (d) "**DIP Term Sheet**" means the DIP Term Sheet attached hereto as **Exhibit B**; *provided, however*, that, upon execution of the DIP Credit Agreement, all references to the DIP Term Sheet herein shall be deemed references to the DIP Credit Agreement.
- (e) "**First Lien Lender Group**" means the ad hoc group of lenders under the First Lien Credit Agreement represented by Paul, Weiss, Rifkind, Wharton & Garrison LLP and Kaye Scholer LLP.
- (f) "**Majority Consenting Lenders**" means Consenting Lenders holding in the aggregate more than 66 2/3% of the aggregate principal amount of Loans (as defined in the First Lien Credit Agreement) held by the Consenting Lenders.
- (g) "**Outside Date**" means November 15, 2016.
- (h) "**Transaction Expenses**" means all reasonable and documented out-of-pocket fees and expenses of the First Lien Agent and the First Lien Lender Group (which fees and expenses in respect of professionals shall be limited to the fees and expenses of Paul, Weiss, Rifkind, Wharton & Garrison LLP, Kaye Scholer LLP, Seward & Kissel, LLP, Houlihan Lokey, Inc., one local counsel for each of the First Lien Agent and the First Lien Lender Group, and one operations or similar consultant (should the First Lien Lender Group and the lenders under the DIP Facility decide to engage one)) in connection with this Agreement, the Restructuring Documents and the transactions contemplated hereby and thereby.

Section 2. Definitive Documentation.

2.01. **Term Sheet.** The Plan shall embody the terms contained in, and shall be consistent with, the terms and conditions of the Restructuring set forth in the Term Sheet, which Term Sheet and all schedules thereto are expressly incorporated by reference and made part of

this Agreement as if fully set forth herein. Except as otherwise provided herein, neither this Agreement nor the Term Sheet nor any provision hereof or thereof may be modified, amended, waived or supplemented except in accordance with Section 6.17 hereof.

2.02. Restructuring Documents.

(a) The definitive documents and agreements governing the Restructuring (collectively, the “**Restructuring Documents**”) shall consist of the following: (a) the DIP Credit Agreement and related documentation, including the motion seeking approval of the DIP Facility and authority to use cash collateral and grant adequate protection and the interim and final orders to be entered by the Bankruptcy Court approving such motion (respectively, the “**Interim DIP Order**” and the “**Final DIP Order**” and, together, the “**DIP Order**”), each as described in the DIP Term Sheet; (b) the motion seeking authority for the Company to assume this Agreement pursuant to sections 105(a) and 365 of the Bankruptcy Code and perform its obligations hereunder (the “**RSA Assumption Motion**”) and the order to be entered by the Bankruptcy Court approving the RSA Assumption Motion (the “**RSA Assumption Order**”); (c) the Plan (and all exhibits and supplements thereto consistent with the Term Sheet), it being acknowledged and agreed that a condition precedent to consummation of the Plan shall be that this Agreement remains in full force and effect; (d) the disclosure statement with respect to such Plan (the “**Disclosure Statement**”), the other solicitation materials in respect of the Plan (such materials, collectively, the “**Solicitation Materials**”), the motion to approve the Disclosure Statement and Solicitation Materials and the order to be entered by the Bankruptcy Court approving the Disclosure Statement and Solicitation Materials as containing, among other things, “adequate information” as required by section 1125 of the Bankruptcy Code (the “**Disclosure Statement Order**”); (e) the order to be entered by the Bankruptcy Court confirming the Plan (the “**Confirmation Order**”) and pleadings in support of entry of the Confirmation Order; (f) those motions and proposed court orders that the Company files on or after the Petition Date and seeks to have heard on an expedited basis at the “first day hearing” (the “**First Day Pleadings**”); and (g) such other documents, pleadings, agreements or supplements as may be reasonably necessary or advisable to implement the Restructuring.

(b) Each of the Restructuring Documents shall contain terms and conditions consistent in all material respects with this Agreement and the Term Sheet, and shall otherwise be in form and substance reasonably satisfactory to each of the Company and the Majority Consenting Lenders; it being acknowledged and agreed that the DIP Term Sheet and the form of DIP Credit Agreement attached hereto as Exhibit C is satisfactory to each Consenting Lender and the Company.

Section 3. Support of Restructuring.

3.01. Agreements of the Parties.

(a) Agreement to Support and Vote. Each Party agrees that, subject to the terms of this Agreement (including the terms and conditions set forth in the Term Sheet and, in the case of the Company, Section 6.03 hereof), it shall take such steps as are reasonably necessary to support, achieve approval of and consummate the Restructuring (it being understood that the Consenting Lenders shall not be required to undertake any cost or expense in

furtherance of the foregoing that is not paid by the Company pursuant to Section 6.15 hereof), including, without limitation:

- (i) negotiating the Restructuring Documents in good faith with each other and executing and/or delivering the Restructuring Documents (to the extent such Party is a party thereto);
- (ii) in the case of the Company, supporting and using commercially reasonable efforts to (A) complete the Restructuring and all transactions contemplated under this Agreement, including, without limitation, those described in the Term Sheet (and once filed, the Plan) in accordance with the deadlines specified in Section 5 below, (B) take any and all reasonably necessary actions in furtherance of the Restructuring and the transactions contemplated under this Agreement, including, without limitation, as set forth in the Term Sheet (and once filed, the Plan), (C) obtain any and all required regulatory and/or third-party approvals necessary to consummate the Restructuring and (D) operate its business in the ordinary course based on historical practices and the operations contemplated in the Company’s existing business plan (as may be updated in the ordinary course from time to time in consultation with the First Lien Lender Group, the “**Business Plan**”);
- (iii) in the case of the Consenting Lenders, timely exercising any voting or approval rights under the First Lien Credit Agreement, governing documents or otherwise to direct the First Lien Agent (or other party, as applicable) to take such actions reasonably necessary to cause and support the consummation of the Restructuring;
- (iv) in the case of the Consenting Lenders, subject to receipt by such Consenting Lenders of a Disclosure Statement and other Solicitation Materials in respect of the Plan, and approval by the Bankruptcy Court of such Disclosure Statement and Solicitation Materials as consistent with section 1125 of the Bankruptcy Code, timely voting, or causing to be voted, their Claims (including any Post-Effective Date Claims (as defined below)) to accept the Plan, by delivering their duly executed and completed ballots accepting the Plan; provided that such vote may be immediately revoked and deemed void *ab initio* by such Consenting Lender upon termination of this Agreement pursuant to the terms hereof; and
- (v) in the case of the Consenting Lenders, refraining from changing, revoking or withdrawing (or causing such change, revocation or withdrawal of) such vote or consent described in subsections (iii) and (iv) hereof.

(b) Agreement Not to Interfere. Each Party agrees, in the case of the Company, subject to Section 6.03 hereof, that it will not: (i) object to, delay, postpone, challenge, reject, oppose or take any other action that would reasonably be expected to prevent, interfere with, delay or impede, directly or indirectly, in any material respect, the approval, acceptance or implementation of the Restructuring on the terms set forth in the Term Sheet; (ii) directly or indirectly solicit, propose, file with the Bankruptcy Court, vote for or otherwise support or approve any plan of reorganization, sale, proposal or offer of dissolution, winding up, liquidation, reorganization, merger or restructuring of the Company or its indebtedness other than the Plan (in each case, an “**Alternative Transaction**”); (iii) negotiate, enter into, consummate or otherwise participate in any Alternative Transaction or take any other action,

including, but not limited to, initiating any legal proceeding or enforcing rights as holders of Claims, that is materially inconsistent with, or that would reasonably be expected to prevent or materially delay consummation of, the Restructuring; and (iv) in the case of the Consenting Lenders, object to or oppose, or support any other person’s efforts to object to or oppose, any motions filed by the Company that are not inconsistent with this Agreement, including any

request by the Company to extend its exclusive periods to file the Plan and solicit acceptances thereof. Notwithstanding the foregoing or anything else in this Agreement, the Company, directly or indirectly through any of its representatives or advisors, may participate in negotiations or discussions with any third party that has made an unsolicited proposal that the Company determines in accordance with Section 6.03 hereof could lead to an Alternative Transaction or expressed an interest in making a proposal that the Company determines in accordance with Section 6.03 hereof could lead to an Alternative Transaction (and the Company may, but is not obligated to, furnish to such third party non-public information relating to the Company pursuant to an executed confidentiality agreement); *provided, however*, that, if the Company receives an unsolicited proposal or expression of interest (whether orally or in writing) that the Company determines in accordance with Section 6.03 hereof could lead to an Alternative Transaction, the Company shall (x) promptly notify counsel to the First Lien Lender Group of the receipt of such proposal or expression of interest, with such notice to include the material terms thereof, including the identity of the person or group of persons making such proposal or expression of interest (whether orally or in writing) and (y) thereafter, keep counsel to the First Lien Lender Group informed of any negotiations, discussions, amendments, modifications or other changes relating to such proposal or expression of interest; and *provided, further*, that the Company shall not enter into any confidentiality agreement with a party proposing an Alternative Transaction without first requiring that such party consents to identifying and providing to counsel to the First Lien Lender Group the information contemplated under this Section 3.01(b). The Company shall promptly furnish counsel to the First Lien Lender Group with copies of any written offer relating to an Alternative Transaction.

(c) **Good Faith Cooperation; Further Assurances; Restructuring Documentation.** The Parties shall cooperate with each other in good faith and shall coordinate their activities (to the extent practicable and subject to the terms hereof) in respect of all matters concerning the implementation and consummation of the Restructuring. Notwithstanding anything to the contrary contained herein, the agreement of the Parties to consummate the Restructuring shall be subject to the completion of all necessary definitive documentation, including the Restructuring Documents. The Company acknowledges and agrees that it will provide advance draft copies of all Restructuring Documents and any other material motions, applications and other documents that the Company intends to file with the Bankruptcy Court at least two (2) business days prior to the date when the Company intends to file any such pleading or other document (and, if not reasonably practicable, as soon as reasonably practicable prior to filing) to counsel to the First Lien Lender Group and shall consult to the extent practicable under the circumstances then present in good faith with such counsel regarding the form and substance of any such proposed filing; *provided, however*, that, subject to any applicable confidentiality restrictions, the Company shall deliver unredacted versions of any sealed documents or pleadings or any documents or pleadings for which the Company is seeking or intends to seek sealed treatment to counsel to the First Lien Lender Group on a "Professional Eyes Only" basis.

(d) **Direction to First Lien Agent.** Each Consenting Lender agrees that this Agreement shall be deemed a direction to the First Lien Agent: (i) to take all actions consistent with this Agreement to support pursuit of and consummation of the Restructuring and the transactions contemplated by the definitive documents relating thereto; (ii) to the extent applicable to it, to take or refrain from taking such actions as are set forth in Sections 3.01(b) and 3.01(c) above, consistent with the Consenting Lenders' obligations set forth herein; and (iii) to use all authority under the First Lien Credit Agreement to bind all First Lien Lenders party thereto to the Restructuring and any definitive documents relating thereto, including the Restructuring Documents, to the extent applicable.

(e) **Participation in the Bankruptcy Cases.** The foregoing clauses (a) through (e) of this Section 3 will not limit any Party's rights to (i) appear and participate as a party in interest in any matter to be adjudicated in the Bankruptcy Cases, so long as such appearance and the positions advocated in connection therewith are not inconsistent with this Agreement, or (ii) enforce any rights under this Agreement.

Section 4. Representations, Warranties, and Covenants. Each of the applicable Parties represents, warrants, and covenants as to itself only, severally and not jointly, to each other Party, as of the Effective Date, as follows (each of which is a continuing representation, warranty, and covenant):

4.01. **Enforceability.** It is validly existing and in good standing under the laws of the state of its organization, and this Agreement is a legal, valid, and binding obligation of such Party, enforceable against it in accordance with its terms, except as may be limited by applicable laws relating to or limiting creditors' rights generally (including the Bankruptcy Code) or by equitable principles or a ruling of the Bankruptcy Court and, with respect to the Company from and after the Petition Date, subject to Bankruptcy Court approval.

4.02. **No Consent or Approval.** Except as expressly provided in this Agreement or in the Bankruptcy Code (including, with respect to the Company from and after the Petition Date, the approval of the Bankruptcy Court), no registration or filing with, consent or approval of, or notice to, or other action is required by any other person or entity in order for it to carry out the Restructuring in accordance with the Term Sheet or to perform its respective obligations under this Agreement.

4.03. **Power and Authority.** It has all requisite power and authority to enter into this Agreement and, subject to the Company obtaining necessary Bankruptcy Court approvals from and after the Petition Date, to carry out the Restructuring and to perform its respective obligations under this Agreement.

4.04. **Authorization.** The execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on its part (subject with respect to the Company from and after the Petition Date, the approval of the Bankruptcy Court). The Company further represents and warrants that the respective boards of directors (or such other governing body) for Arch Coal and each of the Guarantors has approved, by all requisite action, all of the terms of the Restructuring set forth in the Term Sheet.

4.05. **No Conflict.** The execution, delivery and performance by it of this Agreement does not: (a) violate any provision of law, rule or regulation applicable to it or its certificate of incorporation or by-laws (or other organizational document); or (b) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under, any material contractual obligation to which it is a party.

4.06. **Ownership by Parties.**

(a) **Consenting Lender Representations and Warranties.** Each Consenting Lender represents and warrants to each of the other Parties that, as of the date such Party executes this Agreement, Transferee Joinder or Additional Party Joinder, as applicable: (i) it either (1) is the sole legal and beneficial owner of the aggregate principal amount of Claims set forth on its signature page, in each case free and clear of any pledge, lien, security interest, charge, claim, proxy, voting restriction, right of first refusal or other limitation on disposition of any kind, in each case that is reasonably expected to adversely affect such Consenting Lender's performance of its obligations contained in this Agreement, or (2) has investment or voting discretion or control with respect to

discretionary accounts for the holders or beneficial owners of the aggregate principal amount of Claims set forth on its signature page and has the power and authority to bind the beneficial owner(s) of such Claims to the terms of this Agreement; (ii) it has full power and authority to vote on and consent to all matters concerning the Claims set forth on its signature page and to exchange, assign, and transfer such Claims; (iii) it is either (1) a qualified institutional buyer as defined in Rule 144A of the Securities Act, or (2) an institutional accredited investor as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act; (iv) any securities acquired by a Consenting Lender in connection with the Restructuring described herein and in the Term Sheet will be acquired for investment purposes and not with a view to distribution; (v) it has made no prior assignment, sale, participation, grant, conveyance or other Transfer of, and has not entered into any other agreement to assign, sell, participate, grant, convey or otherwise Transfer, in whole or in part, any portion of its right, title, or interests in any Claims that is inconsistent with the representations and warranties of such Consenting Lender herein or would render such Consenting Lender otherwise unable to comply with this Agreement and perform its obligations hereunder; and (vi) it is not relying on the Company for any legal or financial advice.

(b) Company Representation and Warranties. The Company represents and warrants that: (i) Arch Coal is the direct or indirect record and beneficial holder of all of the equity interests in each other Guarantor signatory hereto; (ii) all of such equity interests have been duly authorized and are validly issued, fully paid and non-assessable, free and clear of any liens, claims and encumbrances of any kind (other than liens, claims and encumbrances granted for the benefit of the First Lien Lenders under the First Lien Credit Agreement, or as permitted under the First Lien Credit Agreement) and have been issued in compliance with applicable law; (iii) none of the equity interests in the Company are subject to, or have been issued in violation of, preemptive or similar rights; and (iv) no voting trusts, proxies, or other agreements or understandings exist with respect to the voting equity interests of any Company signatory hereto.

For purposes of this Section 4.06, “equity interests” means any: (a) partnership interests; (b) membership interests or units; (c) shares of capital stock; (d) other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distribution of

assets of, the issuing entity; (e) subscriptions, calls, warrants, options, or commitments of any kind or character relating to, or entitling any person or entity to purchase or otherwise acquire membership interests or units, capital stock, or any other equity securities; (f) securities convertible into or exercisable or exchangeable for partnership interests, membership interests or units, capital stock, or any other equity securities; or (g) other interest classified as an equity security.

4.07. Restrictions on Transfers.

(a) Transfer of Claims. Each Consenting Lender party hereto agrees that it shall not, directly or indirectly, in whole or in part, sell, contract to sell, give, assign, participate, hypothecate, pledge, encumber, grant a security interest in, offer, sell any option or contract to purchase, or otherwise transfer or dispose of, any economic, voting or other rights in or to, by operation of law or otherwise (each, a “Transfer”) any of its Claims or any right or interest (voting or otherwise) therein (including granting any proxies, depositing any Claims into a voting trust or entering into a voting agreement with respect to any Claims); *provided, however*, that any Consenting Lender may Transfer any of its Claims or Post-Effective Date Claims (as defined below) to any person or entity (so long as such Transfer is not otherwise prohibited by any order of the Bankruptcy Court) that (i) agrees in writing, in substantially the form attached hereto as Exhibit D (a “Transferee Joinder”), to be bound by the terms of this Agreement (each such transferee, a “Transferee Lender”) or (ii) is a Consenting Lender, *provided*, that upon any purchase, acquisition or assumption by any Consenting Lender of any Claims, such Claims shall automatically be deemed to be subject to the terms of this Agreement. Subject to the terms and conditions of any order of the Bankruptcy Court, the transferring Consenting Lender shall provide Arch Coal and the First Lien Agent with a copy of any Transferee Joinder executed by such Transferee Lender within two (2) business days following such execution in which event (A) the Transferee Lender shall be deemed to be a Consenting Lender hereunder with respect to all of its owned or controlled Claims and rights or interests (voting or otherwise) and (B) the transferor Lender shall be deemed to relinquish its rights (and be released from its obligations) under this Agreement solely to the extent of such transferred Claims. With respect to Claims held by the relevant Transferee Lender upon consummation of a Transfer, such Transferee Lender is deemed to make all of the representations and warranties of a Consenting Lender set forth in this Agreement. Any Transfer of any Consenting Lender’s claim that does not comply with the foregoing shall be deemed void *ab initio* and the Company and each other Consenting Lender shall have the right to enforce the voiding of such Transfer. The restrictions in this Section 4.07 are in addition to any Transfer restrictions in the First Lien Credit Agreement and, in the event of a conflict, the Transfer restrictions contained in this Agreement shall control.

(b) Qualified Marketmaker Transfers. Notwithstanding the provisions of Section 4.07(a) hereof: (i) a Consenting Lender may Transfer any right, title, or interest in its Claims to an entity that is acting in its capacity as a Qualified Marketmaker without the requirement that the Qualified Marketmaker be or become a Consenting Lender only if such Qualified Marketmaker has purchased such Claims with a view to immediate resale of such Claims (by purchase, sale, assignment, transfer, participation or otherwise) as soon as reasonably practicable, and in no event later than the earlier of (A) one (1) business day prior to any voting deadline established by the Bankruptcy Court with respect to the Plan (solely if such Qualified Marketmaker acquires such Claims prior to such voting deadline) and (B) twenty (20) business

days of its acquisition to a Transferee Lender that is or becomes a Consenting Lender (by executing a Transferee Joinder in accordance with Section 4.07(a)); and (ii) to the extent that a Consenting Lender is acting in its capacity as a Qualified Marketmaker, it may Transfer or participate any right, title, or interest in any Claims that the Qualified Marketmaker acquires from a holder of such Claims who is not a Consenting Lender without the requirement that the transferee be or become a Consenting Lender. Notwithstanding the foregoing, (w) if at the time of a proposed Transfer of any Claim to the Qualified Marketmaker in accordance with the foregoing, the date of such proposed Transfer is the voting deadline established by the Bankruptcy Court with respect to the Plan, the proposed transferor Consenting Lender shall first vote such Claim in accordance with the requirements of Section 3.01(a) hereof prior to any Transfer or (x) if, after a transfer in accordance with this Section 4.07(b), a Qualified Marketmaker is holding a Claim on the voting deadline established by the Bankruptcy Court with respect to the Plan, such Qualified Marketmaker shall vote such Claim in accordance with the requirements of Section 3.01(a) hereof. For these purposes, a “Qualified Marketmaker” means an entity that: (y) holds itself out to the market as standing ready in the ordinary course of its business to purchase from customers and sell to customers claims against the Company and its affiliates (including debt securities or other debt) or enter into with customers long and short positions in claims against the Company and its affiliates (including debt securities or other debt), in its capacity as a dealer or market maker in such claims against the Company and its affiliates; and (z) is in fact regularly in the business of making a market in claims against issuers or borrowers (including debt securities or other debt). A Qualified Marketmaker acting in such capacity may purchase, sell, assign, transfer, or participate any Claims against or interests in the Company other than Claims held by a Consenting Lender without any requirement that the transferee be or become subject to this Agreement.

4.08. Additional Claims. Nothing herein shall be construed to restrict a right to acquire Claims after the Effective Date (defined below). To the extent any Consenting Lender acquires any Claims after the Effective Date (such Claims, the “**Post-Effective Date Claims**”), each such Consenting Lender agrees that such acquired Post-Effective Date Claims shall be automatically subject to this Agreement and that such Consenting Lender shall be bound by and subject to this Agreement with respect to such acquired Post-Effective Date Claims. A Consenting Lender may sell or assign any Post-Effective Date Claims, subject to Section 4.07, and provided that any Post-Effective Date Claims that are sold or assigned shall remain subject to this Agreement.

4.09. Additional Lender Parties. Any First Lien Lender may, at any time after the Effective Date, become a party to this Agreement as a Consenting Lender (an “**Additional Lender Party**”) by executing a joinder agreement substantially in the form attached as Exhibit E hereto, pursuant to which such Additional Lender Party will agree to be bound by the terms of this Agreement as a Consenting Lender hereunder.

Section 5. Termination.

5.01. Mutual Termination. This Agreement and the obligations hereunder may be terminated by mutual written consent to terminate this Agreement among: (i) the Company and (ii) the Majority Consenting Lenders.

5.02. Consenting Lender Termination. This Agreement and the obligations hereunder may be terminated by the Majority Consenting Lenders immediately upon the occurrence or, to the extent notice is specifically required as set forth below, upon the giving of notice thereof to the Company at any time after the occurrence, and during the continuation of, any of the following events (each, a “**Consenting Lender Termination Event**”), which Consenting Lender Termination Event may be waived in accordance with Section 6.17 hereof; *provided, however*, that, prior to the entry of the RSA Assumption Order, the occurrence of a Consenting Lender Termination Event shall result in the automatic termination of this Agreement and the obligations hereunder unless waived in accordance with Section 6.17 hereof:

- (a) the Bankruptcy Court shall have entered an order dismissing any of the Bankruptcy Cases or converting any of the Bankruptcy Cases to a case or cases under chapter 7 of the Bankruptcy Code;
 - (b) an order denying confirmation of the Plan shall have been entered by the Bankruptcy Court or the Confirmation Order shall have been reversed, vacated or otherwise materially modified in a manner inconsistent with this Agreement or the Plan without the prior written consent of the Majority Consenting Lenders;
 - (c) any court of competent jurisdiction shall have entered a judgment or order declaring the Restructuring, this Agreement, or any material portion thereof to be unenforceable or illegal and such judgment or order is not stayed, dismissed, vacated or modified within five (5) business days following notice thereof to the Company by the Majority Consenting Lenders; *provided, however*, that (i) if such entry has been made at the request of any of the Consenting Lenders, then a Consenting Lender Termination Event shall not be deemed to have occurred with respect to such judgment or order other than as may be explicitly set forth in such order or judgment and (ii) in the case of a stay, upon such judgment or order becoming unstayed and five (5) business days’ notice thereof to the Company by the Majority Consenting Lenders, a Consenting Lender Termination Event shall be deemed to have occurred;
 - (d) 5:00 P.M. Eastern Time on January 15, 2016, if on or before such date the Petition Date has not occurred;
 - (e) Arch Coal or any Guarantor makes an assignment for the benefit of creditors;
 - (f) Arch Coal or any Guarantor makes any interest payment provided for under any of the indentures for the second lien or the unsecured notes issued by Arch Coal or any Guarantor;
 - (g) the Company fails to comply with or achieve the following deadlines:
 - (i) no later than five (5) days after the Petition Date, entry of the Interim DIP Order, which Interim DIP Order shall be in form and substance reasonably satisfactory to the Majority Consenting Lenders;
 - (ii) no later than ten (10) days after the Petition Date, file the RSA Assumption Motion; and
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- (iii) no later than forty-five (45) days after the Petition Date, entry of the RSA Assumption Order, which RSA Assumption Order shall be in form and substance reasonably satisfactory to the Majority Consenting Lenders;
 - (iv) no later than forty-five (45) days after the Petition Date, entry of the Final DIP Order, which Final DIP Order shall be in form and substance reasonably satisfactory to the Majority Consenting Lenders;
 - (v) no later than sixty (60) days after the Petition Date, delivery to the First Lien Lender Group of an updated business plan that is reasonably acceptable to the Majority Consenting Lenders;
 - (vi) no later than ninety (90) days after the Petition Date, the filing of the Plan and Disclosure Statement, which Plan and Disclosure Statement shall provide for the consummation of the Restructuring provided for in the Term Sheet and each of which otherwise shall be in form and substance reasonably satisfactory to the Majority Consenting Lenders;
 - (vii) no later than sixty (60) days after the filing of the Plan with the Bankruptcy Court, obtain approval of the Disclosure Statement Order, which Disclosure Statement Order shall be in form and substance reasonably satisfactory to the Majority Consenting Lenders;
 - (viii) no later than ninety (90) days after entry of the Disclosure Statement Order, obtain entry of the Confirmation Order, which Confirmation Order shall be in form and substance reasonably satisfactory to the Majority Consenting Lenders; and

(ix) no later than fifteen (15) days after entry of the Confirmation Order by the Bankruptcy Court substantial consummation (as defined in section 1101 of the Bankruptcy Code) of the Plan shall have occurred;

(h) the filing by the Company of any motion or pleading with the Bankruptcy Court that is not consistent in all material respects with this Agreement and the Term Sheet, and such motion or pleading is not withdrawn within five (5) business days' notice thereof by the Majority Consenting Lenders to the Company (or, in the case of a motion that has already been approved by an order of the Bankruptcy Court at the time the Company is provided with such notice by the Majority Consenting Lenders, such order is not stayed, reversed or vacated within five (5) business days of such notice); *provided, however*, that, in the case of a stay, upon such judgment or order becoming unstayed and five (5) business days' notice thereof to the Company by the Majority Consenting Lenders, a Consenting Lender Termination Event shall be deemed to have occurred;

(i) the Bankruptcy Court grants relief that is inconsistent in any material respect with this Agreement or the Restructuring and such inconsistent relief is not dismissed, vacated or modified to be consistent with this Agreement and the Restructuring within five (5) business days following notice thereof to the Company by the Majority Consenting Lenders;

(j) the occurrence of an "Event of Default" (as defined in the DIP Credit Agreement) under the DIP Facility that has not been waived or timely cured in accordance

therewith; *provided, however*, that if such occurrence is primarily the result of a breach by any Consenting Lender, then such Consenting Lender shall not be entitled to exercise the Consenting Lender Termination Event with respect to such occurrence;

(k) any of the following shall have occurred: (a) the Company or any affiliate of the Company shall have filed any motion, application, adversary proceeding or cause of action (1) challenging the validity, enforceability, perfection or priority of, or seeking avoidance or subordination of the Claims of the First Lien Lenders or the liens securing such Claims, or (2) otherwise seeking to impose liability upon or enjoin the First Lien Lenders; or (b) the Company or any affiliate of the Company shall have supported any application, adversary proceeding or cause of action referred to in the immediately preceding clause (a) filed by a third party, or consents to the standing of any such third party to bring such application, adversary proceeding or cause of action;

(l) the Company withdraws or revokes the Plan or files, publicly proposes or otherwise supports, or fails to actively oppose, any (i) Alternative Transaction or (ii) amendment or modification to the Restructuring containing any terms that are materially inconsistent with the implementation of, and the terms set forth in, the Term Sheet unless such amendment or modification is otherwise consented to in accordance with Section 6.17 hereof;

(m) on or after the Effective Date, the Company engages in any merger, consolidation, disposition, acquisition, investment, dividend, incurrence of indebtedness or other similar transaction outside the ordinary course of business, other than: (i) the commencement of the Bankruptcy Cases or other bankruptcy or similar proceeding; or (ii) following the Petition Date, as permitted under the DIP Facility;

(n) an extraordinary event occurs that is not contemplated in either (i) the Business Plan or (ii) the Company's most recent 13-Week Projection (as defined in the DIP Credit Agreement) provided to the Prepetition Agent pursuant to the DIP Order, and, in each case, such event has or could reasonably be expected to have a material adverse effect on the business, assets, financial condition or prospects of the Company; *provided, however*, that, prior to the entry of the Interim DIP Order, the 13-Week Projection referred to in clause (ii) hereof shall refer to the 13-week cash flow forecast dated December 4, 2015 provided to certain of the First Lien Lenders;

(o) the Restructuring Documents and any amendments, modifications or supplements thereto filed by the Company include terms that are not consistent in all material respects with this Agreement and the Term Sheet and such filing has not been modified or withdrawn within five (5) business days after notice thereof has been given by the Majority Consenting Lenders to the Company;

(p) the material breach by the Company of any of the undertakings, representations, warranties or covenants of the Company set forth in this Agreement, and such breach shall continue unremedied for a period of five (5) business days after notice thereof has been given by the Majority Consenting Lenders, to the Company;

(q) the Bankruptcy Court shall have entered an order pursuant to Section 1104 of the Bankruptcy Code appointing a trustee, receiver or an examiner with expanded powers to operate and manage any of the Company's businesses;

(r) the Company loses the exclusive right to file and solicit acceptances of a chapter 11 plan; or

(s) the failure of the Company to pay the fees and expenses of the First Lien Agent and the First Lien Lender Group in accordance with this Agreement and the DIP Order, which failure shall continue unremedied for a period of three (3) business days after notice thereof has been given by the Majority Consenting Lenders to the Company.

The Company hereby acknowledges and agrees that the termination of this Agreement and the obligations hereunder as a result of a Consenting Lender Termination Event, and the delivery of any notice by the Majority Consenting Lenders pursuant to any of the provisions of this Section 5.02 shall not violate the automatic stay imposed in connection with the Bankruptcy Cases.

5.03. Term Sheet or Plan Termination. Notwithstanding anything herein to the contrary, this Agreement and the obligations hereunder may be terminated as to any Consenting Lender by such Consenting Lender if the treatment set forth in the "First Lien Deficiency Claims; Second Lien Debt Claims; Unsecured Bondholder Claims and Other General Unsecured Claims" section of the Term Sheet (or the corresponding provisions of the Plan) is amended or modified in accordance with 6.17 hereof by Consenting Lenders holding in the aggregate less than 80% of the aggregate principal amount of Loans held by the Consenting Lenders.

5.04. **Outside Date Termination.** This Agreement and the obligations hereunder may be terminated as to any Consenting Lender by such Consenting Lender if the substantial consummation (as defined in section 1101 of the Bankruptcy Code) of the Plan has not occurred by the Outside Date.

5.05. **Company Termination.** This Agreement and the obligations hereunder may be terminated by the Company upon the giving of notice thereof to the Consenting Lenders upon the occurrence of any of the following events (a “**Company Termination Event**”), which Company Termination Event may be waived in accordance with Section 6.17 hereof:

(a) the Bankruptcy Court shall enter an order dismissing the Bankruptcy Cases or converting the Bankruptcy Cases to cases under chapter 7 of the Bankruptcy Code;

(b) the Confirmation Order is reversed, vacated or otherwise materially modified in a manner inconsistent with this Agreement or the Plan without the consent of the Company;

(c) any court of competent jurisdiction enters a judgment or order declaring the Restructuring, this Agreement, or any material portion hereof to be unenforceable or illegal and such judgment or order is not dismissed, vacated or modified within five (5) business days following notice thereof to the Company by Majority Consenting Lenders;

(d) any of the covenants of the Consenting Lenders in this Agreement is breached in any material respect by (i) any Consenting Lender and such breach has a material adverse effect on the Company or the ability to consummate the Restructuring or (ii) Consenting Lenders holding in the aggregate more than 50% of the aggregate principal amount of the Loans held by the Consenting Lenders, and, in each case, such breach is not cured within five (5) business days after receipt of notice from the Company to the Consenting Lenders of such breach; or

(e) the board of directors of Arch Coal reasonably determines in good faith, after consulting with outside legal counsel, that the continued performance by the Company under this Agreement would be inconsistent with the exercise of its fiduciary duties under, or contravene, applicable law, including because the board’s fiduciary duties require it to direct the Company to accept a proposal for an Alternative Transaction; provided that Arch Coal provides written notice of such determination (along with a detailed explanation of the reasoning that led to the determination) to the Consenting Lenders within five (5) business days after the date thereof.

5.06. **Effect of Termination.** Upon termination of this Agreement, (a) this Agreement shall be of no further force and effect and each Party shall be released from its commitments, undertakings and agreements under or related to this Agreement, and shall have the rights and remedies that it would have had it not entered into this Agreement, and shall be entitled to take all actions, whether with respect to the Restructuring or otherwise, that it would have been entitled to take had it not entered into this Agreement; (b) any and all consents or votes tendered by the Parties prior to such termination shall be deemed, for all purposes, to be null and void from the first instance and shall not be considered or otherwise used in any manner by the Parties in connection with this Agreement, the Restructuring, the Plan or otherwise; and (c) if Bankruptcy Court permission shall be required for a Consenting Lender to change or withdraw (or cause to be changed or withdrawn) its vote in favor of the Plan, no Party to this Agreement shall oppose any attempt by such Party to change or withdraw (or cause to be changed or withdrawn) such vote. Nothing in this Section 5.06 shall relieve any Party from (i) liability for such Party’s breach of such Party’s obligations hereunder or (ii) obligations under this Agreement that expressly survive termination of this Agreement pursuant to Section 6.28 hereof.

Section 6. Miscellaneous.

6.01. **Agreement Effective Date.** This Agreement shall become effective and binding upon each of the Parties as of the date (the “**Effective Date**”) when (a) the First Lien Agent and the Company each have received executed signature pages to this Agreement from (i) the Company, and (ii) First Lien Lenders holding in the aggregate more than 50% of the aggregate principal amount of the Loans; and (b) the Company shall have paid all outstanding invoices for Transaction Expenses as provided for in Section 6.15 hereof.

6.02. **No Solicitation.** This Agreement is not and shall not be deemed to be a solicitation for votes for the acceptance of the Plan (or any other chapter 11 plan) for the purposes of sections 1125 and 1126 of the Bankruptcy Code or otherwise or a solicitation to tender or exchange any securities. The acceptance of the Plan by the Consenting Lenders will

not be solicited until the Consenting Lenders have received the Disclosure Statement and related ballots, all as approved by the Bankruptcy Court.

6.03. **Company Fiduciary Duties.** Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall require the Company or any directors, officers or members of the Company, in such person’s capacity as a director, officer or member of the Company, to take any action, or to refrain from taking any action, that would breach, or be inconsistent with, its or their fiduciary obligations under applicable law, and (ii) to the extent that such fiduciary obligations require the Company or any directors, officers or members of the Company to take any such action, or refrain from taking any such action, they may do so without incurring any liability to any Party under this Agreement; *provided, however*, that nothing in this Section 6.03 shall be deemed to amend, supplement or otherwise modify, or constitute a waiver of, any Consenting Lender Termination Event that may arise as a result of any such action or omission.

6.04. **Purpose of Agreement.** Each of the Parties acknowledges and agrees that this Agreement is being executed in connection with negotiations concerning the Restructuring.

6.05. **Complete Agreement.** This Agreement is the entire agreement between the Parties with respect to the subject matter hereof and supersedes any prior agreements, oral or written, between the Parties with respect thereto, to the maximum extent they relate in any way to the subject matter hereof; provided that the Parties acknowledge that any confidentiality agreements (if any) heretofore executed between the Company and any Consenting Lender shall continue in full force and effect in accordance with and only to the extent of their respective terms. No claim of waiver, modification, consent or acquiescence with respect to any provision of this Agreement shall be made against any Party, except on the basis of a written instrument executed by or on behalf of such Party.

6.06. Admissibility of this Agreement. Each Party agrees that this Agreement, the Term Sheet and all documents, agreements and negotiations relating thereto (including any prior drafts of any of the foregoing) shall not, pursuant to Rule 408 of the Federal Rules of Evidence, any applicable state rules of evidence and any other applicable law, foreign or domestic, be admissible into evidence or constitute an admission or agreement in any proceeding involving a Party; *provided, however*, that the final execution versions of this Agreement and the Exhibits thereto may be admissible into evidence or constitute an admission or agreement in any proceeding to enforce the terms of this Agreement, obtain entry of the RSA Assumption Order by the Bankruptcy Court and/or support the solicitation, confirmation and consummation of the Restructuring.

6.07. Representation by Counsel. Each Party acknowledges that it has been represented by counsel (or had the opportunity to be so represented and waived its right to do so) in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived. This Agreement is the product of arms' length negotiations among the Parties and its provisions shall be interpreted in a neutral manner and one intended to effect the intent of the Parties. None of the Parties shall have any

term or provision construed against such Party solely by reason of such Party having drafted the same.

6.08. Independent Due Diligence and Decision-Making. Each Party confirms that its decision to execute this Agreement has been based upon its independent investigation of the operations, businesses, financial and other conditions and prospects of the Company.

6.09. Several, Not Joint, Obligations. The agreements, representations, and obligations of the Parties under this Agreement are, in all respects, several and not joint, including among the various Consenting Lenders.

6.10. Parties, Succession and Assignment. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors, assigns, heirs, executors, administrators and representatives. No rights or obligations of any Party under this Agreement may be assigned or transferred to any other person or entity except as otherwise expressly provided herein. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the Parties (and those permitted assigns under Section 4.07), any benefit or any legal or equitable right, remedy or claim under this Agreement.

6.11. No Waiver of Participation and Reservation of Rights. Except as expressly provided in this Agreement, nothing herein is intended to, nor does, in any manner waive, limit, impair, or restrict any right of any Party or the ability of each of the Parties to protect and preserve its rights, remedies and interests, including without limitation, Claims against and interests in the Company. If the Restructuring is not consummated, or following the occurrence of a Consenting Lender Termination Event, a Company Termination Event or the termination of this Agreement, nothing herein shall be construed as a waiver by any Party of any or all of such Party's rights, and the Parties expressly reserve any and all of their respective rights.

6.12. No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns, except as expressly set forth in this Agreement.

6.13. Specific Performance. Each Party hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement would cause the other Parties to sustain damages for which such Parties would not have an adequate remedy at law for money damages, and therefore each Party hereto agrees that in the sole event of any breach, the other Parties shall be entitled to seek the remedy of specific performance and injunctive or other equitable relief (including attorney's fees and costs) to enforce such covenants and agreements, in addition to any other remedy to which such nonbreaching Party may be entitled, at law or in equity, without the necessity of proving the inadequacy of money damages as a remedy, including an order of the Bankruptcy Court requiring any Party to comply promptly with any of its obligations hereunder. Each Party further agrees that no other Party or any other person shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 6.13, and each Party (a) irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument and (b) shall cooperate fully in any attempt by the other Party to obtain such equitable relief.

6.14. Remedies Cumulative. All rights, powers, and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any right, power, or remedy thereof by any Party shall not preclude the simultaneous or later exercise of any other such right, power, or remedy by such Party.

6.15. Transaction Expenses. To the extent not paid pursuant to the DIP Order or the First Lien Credit Agreement, the Company agrees to pay on demand (and in any event no later than ten (10) days following receipt of an invoice) the Transaction Expenses, without the need for any party to file a fee application or otherwise seek Bankruptcy Court approval of such Transaction Expenses (whether incurred prior to, on or after the Petition Date), but subject to any procedural requirements set forth in the DIP Order. All such Transaction Expenses incurred and invoiced up to the Petition Date shall be paid in full prior to the Petition Date (without deducting any retainers).

6.16. Counterparts. This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Delivery of an executed copy of this Agreement shall be deemed to be a certification by each person executing this Agreement on behalf of a Party that such person and Party has been duly authorized and empowered to execute and deliver this Agreement and each other Party may rely on such certification. Delivery of any executed signature page of this Agreement by telecopier, facsimile or electronic mail shall be as effective as delivery of a manually executed signature page of this Agreement.

6.17. Amendments and Waivers.

(a) Any amendment or modification of any term or provision of this Agreement or the Restructuring and any waiver of any term or provision of this Agreement or of the Restructuring or of any default, misrepresentation, or breach of warranty or covenant hereunder shall not be valid unless the same shall be (i) in writing and signed by the Company and the Majority Consenting Lenders or (ii) confirmed by email by both counsel to the Company and counsel to the First Lien Lender Group representing that it is acting with the authority of the Majority Consenting Lenders; *provided, however*, that any amendment or modification to the definition of "Outside Date" or to Sections 5.03 or 5.04 shall not be valid without the prior written consent of each Consenting Lender.

(b) In determining whether any consent or approval has been given or obtained by the Majority Consenting Lenders, any Loans held by any then-existing Consenting Lender, as applicable, that is in material breach of its covenants, obligations or representations under this Agreement shall be excluded from such determination, and the Loans held by such Consenting Lender, as applicable, shall be treated as if they were not outstanding.

(c) Any waiver shall not be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent default, misrepresentation, or breach of warranty or covenant.

(d) The failure of any Party to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other Party with its obligations hereunder shall not constitute a waiver by such Party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(e) Notwithstanding anything to the contrary in this Section 6.17, no amendment, modification or waiver of any term or provision of this Agreement or the Restructuring shall be effective with respect to any Consenting Lender without such Consenting Lender's prior written consent to the extent such amendment, modification or waiver (i) materially affects such Consenting Lender (in its capacity as a First Lien Lender) in a manner that is disproportionately adverse to such Consenting Lender in relation to the other Consenting Lenders or (ii) imposes a material obligation, cost or liability upon such Consenting Lender.

(f) Notwithstanding the foregoing provisions of this Section 6.17, no written waiver shall be required of the Company in the case of a waiver of a Consenting Lender Termination Event.

6.18. **Notices.** All notices hereunder shall be in writing and delivered by email, facsimile, courier or registered or certified mail (return receipt requested) to the email address, address or facsimile number (or at such other address or facsimile number as shall be specified by like notice) as set forth on **Exhibit F** hereto. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile or email, shall be deemed given when sent, *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next business day for the recipient.

6.19. **Construction.** Unless otherwise specified, references in this Agreement to any Section or clause refer to such Section or clause as contained in this Agreement. The words "herein," "hereof" and "hereunder" and other words of similar import in this Agreement refer to this Agreement as a whole, and not to any particular Section or clause contained in this Agreement. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter genders. The words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation".

6.20. **Ratification; Waiver of Defenses; and Release.**

(a) The Company hereby: (i) acknowledges that, as of the Effective Date, (w) Arch Coal is indebted and liable to the First Lien Lenders in an aggregate amount equal to the principal sum of \$1,886,125,000.00, in respect of loans made by the First Lien Lenders pursuant to and in accordance with the First Lien Credit Agreement plus accrued but unpaid interest (which shall continue to accrue at the rate identified in the First Lien Credit Agreement), plus the costs and expenses, including any attorneys', accountants', appraisers' and financial advisors' fees, in each case, that are chargeable or reimbursable under the Loan Documents, plus all other

Obligations (as such term is defined in the First Lien Credit Agreement) owing under the First Lien Credit Agreement (collectively, the "**Existing Obligations**") all without offset, counterclaims or defenses of any kind; and (ii) admits the validity and enforceability of the First Lien Credit Agreement and the other Loan Documents, including the validity and enforceability of the liens and security interests granted thereunder. Each Guarantor hereby confirms and acknowledges that, as of the Effective Date, it is validly indebted for the payment in full of all Existing Obligations, which it has guaranteed, without defense, counterclaim, offset, cross-complaint or demand of any kind or nature whatsoever. Except as specifically set forth herein, nothing shall alter, amend, modify or extinguish the obligation of the Company to repay the Existing Obligations. The RSA Assumption Order shall provide that with respect to all other parties in interest, including, without limitation, any official committee of unsecured creditors appointed in the Bankruptcy Cases and any other person or entity acting on behalf of the Company, this Section 6.20(a) shall be binding on such parties at the time and to the extent provided for in the applicable paragraphs of the DIP Order.

(b) **Release.** Arch Coal and each Guarantor (each, a "**Releasing Party**" and collectively, the "**Releasing Parties**"), does hereby remise, release and discharge, and shall be deemed to have forever remised, released and discharged, the First Lien Agent and each of the First Lien Lenders, and each of their respective subsidiaries, officers, directors, managers, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and other professionals and the respective successors and assigns thereof, in each case, in their respective capacity as such (collectively hereinafter the "**Released Parties**"), from any and all obligations and liabilities to the Releasing Parties (and their successors and assigns) and from any and all claims, counterclaims, demands, debts, accounts, contracts, liabilities, actions and causes of action arising prior to the Effective Date of any kind, nature or description, whether known or unknown, matured or unmatured, foreseen or unforeseen or liquidated or unliquidated, arising in law or equity or upon contract or tort or under any state or federal law or otherwise, arising out of or related to the First Lien Credit Agreement or any of the other Loan Documents (as defined in the First Lien Credit Agreement), the obligations owing and the financial obligations made thereunder, the negotiation thereof and of the deal reflected thereby, and the obligations and financial obligations made thereunder, in each case that Arch Coal or any of the Guarantors at any time had, now have or may have, or that their successors or assigns hereafter can or may have against any of the Released Parties for or by reason of any act, omission, matter, cause or thing whatsoever arising at any time on or prior to the Effective Date. The RSA Assumption Order shall provide that, with respect to all other parties in interest, including, without limitation, any official committee of unsecured creditors appointed in the Bankruptcy Cases and any other person or entity acting on behalf of the Company, this Section 6.20(b) shall be binding on such parties at the time and to the extent set forth in the applicable paragraphs of the DIP Order.

6.21. **Severability.** Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall not affect the validity or enforceability of or the validity or enforceability of the offending term or provision in any other jurisdiction or in any other jurisdiction the

remaining terms and provisions hereof.

6.22. **Headings.** The headings of all sections of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit or aid in

the construction or interpretation of any term or provision hereof and shall not affect in any way the meaning or interpretation of this Agreement.

6.23. **Incorporation of Schedules and Exhibits.** The exhibits and schedules attached hereto and identified in this Agreement are incorporated herein by reference and made a part hereof.

6.24. **WAIVER OF TRIAL BY JURY. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

6.25. **Submission to Jurisdiction.** By its execution and delivery of this Agreement, subject to the commencement of the Bankruptcy Cases, each of the Parties hereby irrevocably and unconditionally submits to the exclusive jurisdiction of the Bankruptcy Court for purposes of any action, suit or proceeding arising out of or relating to this Agreement or any of the transactions contemplated hereby. At any time prior to the filing of the Bankruptcy Cases, each of the Parties hereby irrevocably and unconditionally submits to the exclusive jurisdiction of the state or federal courts located within in the Borough of Manhattan, the City of New York in the State of New York for purposes of any action, suit or proceeding arising out of or relating to this Agreement or any of the transactions contemplated hereby. Each Party irrevocably waives, to the fullest extent permitted by applicable laws, any objection it may have now or hereafter to the venue of any action, suit or proceeding brought in such courts or to the convenience of the forum.

6.26. **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.**

6.27. **Conflicts.** In the event the terms and conditions set forth in the Term Sheet and in this Agreement are inconsistent, the Term Sheet shall control. In the event of any conflict among the terms and provisions of the Plan, this Agreement and the Term Sheet, the terms and provisions of the Plan shall control. In the event of any conflict among the terms and provisions of the Confirmation Order, the Plan, this Agreement and the Term Sheet, the terms of the Confirmation Order shall control. Notwithstanding the foregoing, nothing contained in this Section 6.27 shall affect, in any way, the requirements set forth herein for the amendment of this Agreement.

6.28. **Survival.** Notwithstanding the termination of this Agreement pursuant to Section 5 hereof, the agreements and obligations of the Parties in this Section 6 and Section 5.06 shall survive such termination and shall continue in full force and effect in accordance with the terms hereof.

Section 7. Disclosure. The Consenting Lenders hereby consent to the disclosure of the execution and contents of this Agreement by the Company in the RSA Assumption Motion, the Plan, the Disclosure Statement, the other documents required to implement the Restructuring and any filings by the Company with the Bankruptcy Court or the Securities and Exchange Commission or as required by law or regulation; *provided, however*, that the Company shall not, without the applicable Consenting Lender's prior consent, (a) use the name of any Consenting Lender or its controlled affiliates, officers, directors, managers, stockholders, members, employees, partners, representatives and agents in any press release or public filing or (b) disclose the holdings of any Consenting Lender to any person; *provided, that*, the Company shall be permitted to disclose at any time the aggregate principal amount of, and aggregate percentage of, the Claims held by the Consenting Lenders. The Company and counsel to the First Lien Lender Group shall (a) consult with each other before issuing any press release or otherwise making any public statement or filing with respect to the transactions contemplated by this Agreement, (b) provide to the other for review a copy of any such press release or public statement or filing and (c) not issue any such press release or make any such public statement or filing prior to such consultation and review and the receipt of the prior consent of the other Party, unless required by applicable law or regulations of any applicable stock exchange or governmental authority, in which case, the Party required to issue the press release or make the public statement or filing shall, prior to issuing such press release or making such public statement or filing, use its commercially reasonable efforts to allow the other Party reasonable time to comment on such press release or public statement or filing to the extent practicable. The Company shall cause the signature pages attached to this Agreement to be redacted so as to exclude the identities of the Consenting Lenders and amount of Claims held by each Consenting Lender to the extent this Agreement is filed on the docket maintained in the Bankruptcy Cases, posted on the Company's website(s), or otherwise made publicly available.

[SIGNATURE PAGES FOLLOW]



FOR IMMEDIATE RELEASE
 Media: Logan Bonacorsi 314/994.2766
 Investors: Charles Dayton 314/994.2912

**Arch Coal Reaches Agreement with Senior Lenders
 to Restructure Balance Sheet and Reduce Debt**

Elects to file Chapter 11 reorganization to facilitate financial restructuring

Mining operations and customer shipments to continue uninterrupted

Company has sufficient liquidity to support mining activities throughout restructuring process

ST. LOUIS — January 11, 2016 — Arch Coal, Inc. (“Arch” or the “company”) (NYSE: ACI) today announced that it has reached an agreement with a majority of the lenders under its \$1.9 billion first lien financing facility to significantly restructure the company’s debt load. Arch has entered into a restructuring support agreement with the members of an ad hoc group of lenders that hold more than 50% of the company’s first lien debt. Under the terms of the agreement, the lenders have agreed to support a restructuring transaction that will eliminate more than \$4.5 billion in debt from Arch’s balance sheet and position the company for long-term success.

In order to facilitate this financial restructuring, Arch and substantially all of its wholly-owned domestic subsidiaries have today filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Missouri. The company and the ad hoc group have agreed to the principal terms of a Chapter 11 plan of reorganization, which will be subject to approval by the Bankruptcy Court.

Arch expects its mining operations and customer shipments to continue uninterrupted throughout the reorganization process.

“Today’s announcement represents another significant step in our ongoing efforts to position the company for long-term success,” said John W. Eaves, Arch’s chairman and CEO. “After carefully evaluating our options, we determined that implementing these agreements through a court-supervised process represents the best way to solidify our financial position and strengthen our balance sheet. We are confident that this comprehensive financial restructuring will further enhance Arch’s position as a large-scale, low-cost operator.”

“Since the market downturn, we have taken many steps to enhance the efficiency of our operations and to strengthen our asset base,” Eaves continued. “As a result, all of our operating segments were cash flow positive during the first three quarters of 2015. We will continue to provide our customers with exceptional service as we move through this process, while maintaining and further reinforcing our position as an industry leader in safety, environmental stewardship and productivity.”

The company believes it has sufficient liquidity to continue its normal mining activities and to meet its obligations in the ordinary course. Arch had more than \$600 million in cash and short term investments as of January 11, 2016, and expects to receive \$275 million in debtor-in-possession (DIP) financing from members of the ad hoc group of lenders on terms and conditions set forth in the DIP term sheet and DIP credit agreement filed with the Bankruptcy Court and contemplated by the restructuring support agreement among the Company and the lenders. In addition, Arch expects that its securitization financing providers will continue the company’s \$200 million trade accounts receivable securitization facility, subject to customary conditions, which supports Arch’s letters of credit program. Upon approval by the Bankruptcy Court and satisfaction of customary conditions, these financings, as well as the company’s existing liquidity and cash generated from ongoing operations, will be used to support the business during the restructuring process.

Arch Coal has filed various motions with the Bankruptcy Court in support of its reorganization. The company intends to continue to pay employee wages and provide healthcare and other benefits without interruption in the ordinary course of business and to pay suppliers and vendors in full under normal terms for goods and services provided on or after the Chapter 11 filing date. The company expects to receive Bankruptcy Court approval for these requests.

Additional information is available on Arch’s website at www.archcoal.com/restructuring or by calling Arch’s Restructuring Hotline, toll-free in the U.S., at 1-844-242-7478. (For calls originating outside the U.S., please dial 1-929-477-8086). In addition, court filings and other documents related to the reorganization proceedings are available on a separate website administered by Arch’s claims and noticing agent, Prime Clerk, at <https://cases.primeclerk.com/archcoal>.

Davis Polk & Wardwell LLP is serving as legal advisor to Arch Coal, and PJT Partners is serving as financial advisor.

U.S.-based Arch Coal, Inc. is one of the world’s top coal producers for the global steel and power generation industries, serving customers on five continents. Its network of mining complexes is the most diversified in the United States, spanning every major coal basin in the nation. The company controls more than 5 billion tons of high-quality metallurgical and thermal coal reserves, with access to all major railroads, inland waterways and a growing number of seaborne trade channels. For more information, visit www.archcoal.com.

Forward-Looking Statements

This press release contains “forward-looking statements” — that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties arise from changes in the demand for our coal by the domestic electric generation industry; from legislation and regulations relating to the Clean Air Act and other environmental initiatives; from operational, geological, permit, labor and weather-related factors; from fluctuations in the amount of cash we generate from operations; from potential demands for additional collateral for self-bonding; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These

uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. For a description of some of the risks and uncertainties that may affect our future results, you should see the risk factors described from time to time in the reports we file with the Securities and Exchange Commission.

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Michael Freitag / Andrew Siegel / Aaron Palash
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POWERING THE WORKING WORLD

Arch Coal, Inc.

Disclosure Materials

January 11, 2016

Forward-looking information

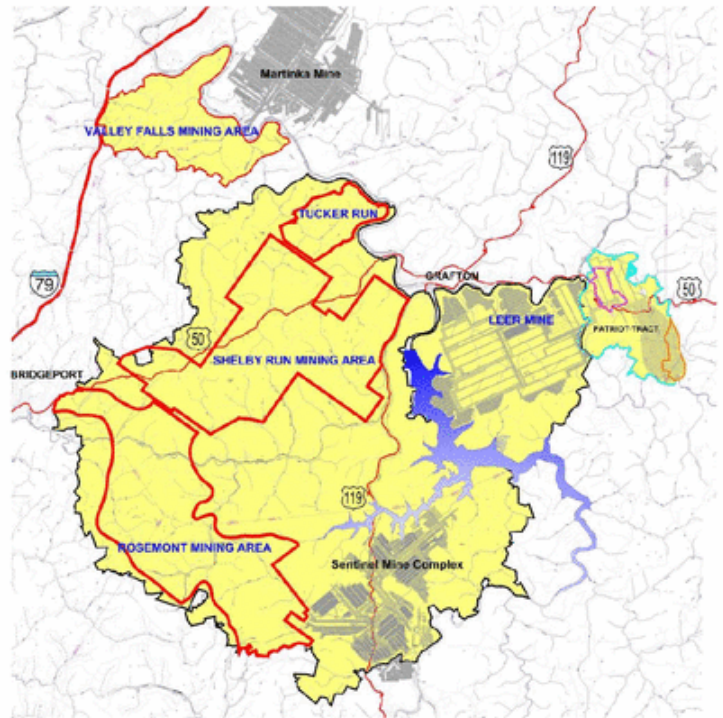
This presentation contains "forward-looking statements" – that is, statements related to future, not past, events – as well as financial projections. Forward-looking statements and projections address our expected future business and financial performance including our financial projections and proposed business plan, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," or "will." We do not typically make long-term projections as to future revenues, earnings, EBITDA or other results for extended periods due to, among other things, the unpredictability of the assumptions and estimates underlying such projections. Forward-looking statements and projections by their nature address matters that are, to different degrees, uncertain and depend upon important estimates and assumptions concerning our financial and operating results, including with respect to our coal pricing expectations, many of which are subject to change. No representations or warranties are made by us as to the accuracy of any such forward-looking statements or projections. Additionally, the projections and forward-looking statements contained herein have not been prepared with a view toward public disclosure, and the inclusion of this information should not be regarded as an indication that we consider it to be necessarily predictive of actual future results. While presented with numeric specificity, the financial projections contained herein reflect numerous estimates and assumptions with respect to coal market conditions, general economic conditions, weather conditions, natural gas prices and matters other matters specific to our business, all of which are difficult to predict and many of which are beyond our control. Uncertainties arise from changes in the demand for and pricing of our coal by the domestic electric generation industry; from legislation and regulations relating to the Clean Air Act and other environmental initiatives; from operational, geological, permit, labor and weather-related factors; from fluctuations in the amount of cash we generate from operations; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. There is significant risk that our current estimates and assumptions may not be accurate and that our actual results will vary significantly from our projected results. In addition, since our projections cover multiple years, such information by its nature becomes less predictive with each successive year. The inclusion of such projections herein should not be relied on as predictive of actual future events nor construed as financial guidance. Whether or not our projections are in fact achieved will also depend upon future events outside of our control. Accordingly, readers are cautioned not to rely on the forward-looking statements and projections contained herein. We do not undertake to update our forward-looking statements or projections, whether as a result of new information, future events or otherwise, except as may be required by law. For a description of some of the risks and uncertainties that may affect our future results, you should see the risk factors described from time to time in the reports we file with the Securities and Exchange Commission.

This presentation includes certain non-GAAP financial measures, including Adjusted EBITDA and cash costs per ton. These non-GAAP financial measures are not measures of financial performance in accordance with generally accepted accounting principles and may exclude items that are significant in understanding and assessing our financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income from operations, cash flows from operations, earnings per fully-diluted share or other measures of profitability, liquidity or performance under generally accepted accounting principles. You should be aware that our presentation of these measures may not be comparable to similarly-titled measures used by other companies. A reconciliation of these financial measures to the most comparable measures presented in accordance with generally accepted accounting principles has been included at the end of this presentation.

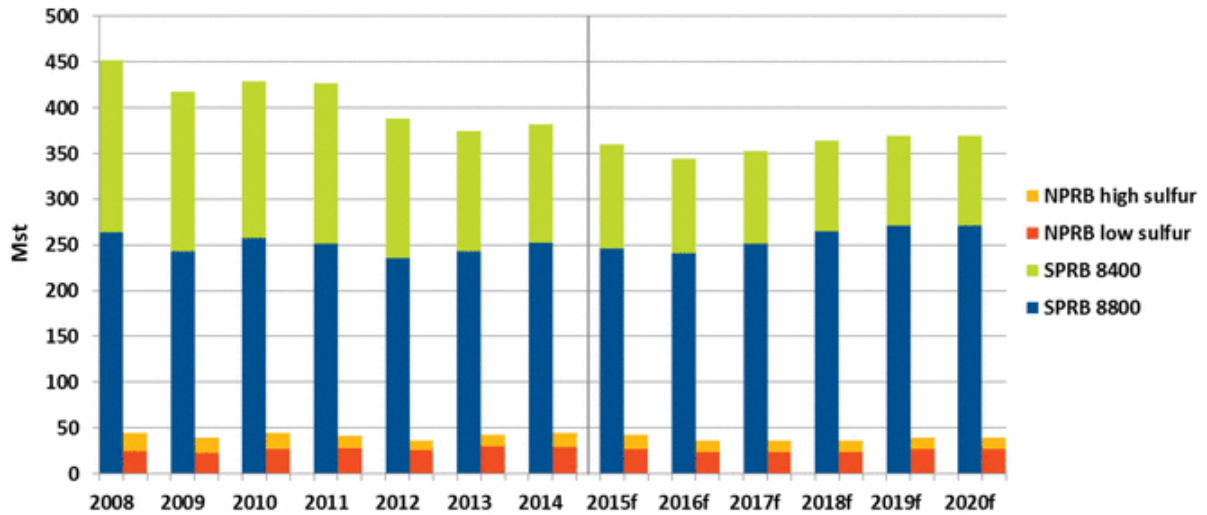
Leer / Tygart Reserve (Lower Kittanning)

- Tygart Reserve block provides tremendous development opportunity of additional low-cost / high quality met production
- 2 additional longwalls
- Reserves owned in fee

54MM Tons	Leer Mine
57MM Tons	Shelby Run Mine
39MM Tons	Rosemont Mine
7MM Tons	Tucker Run Mine
12MM Tons	Valley Falls



PRB production profile



- Since 2010, the supply of 8,400 Btu coal has declined by 24%, or 41 million tons, compared to just 2%, or 5 million tons, for the 8,800 Btu segment
- Looking ahead, we believe the remaining 8400 Btu market represents a growth opportunity for 8,800 Btu mines – particularly Black Thunder and NARM
- Increasing strip ratios are likely to further erode the competitiveness of the Tier 2 and Tier 3 mines during the five-year time frame
- A smaller coal fleet operating at higher capacity factors should reward efficiency, which would extend the advantage for 8,800 Btu coal

Source: MSHA, Ventyx, ACI

Arch's projection model reflects muted coal pricing expectations

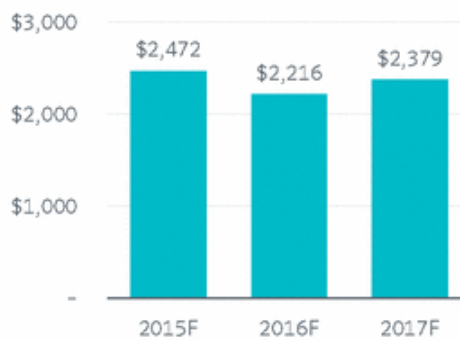
Key assumptions over three year projection period:

- Coal's share remains largest share of US power market at or above 35%
- US Real GDP between 2.5% and 3%
- Normalized weather conditions
- Power generator stocks drawn from 172MM tons at YE15 to 162 at YE16
- Natural gas prices rise above \$3/MBTU putting PRB coal back "in the money"
- Exports muted as international markets remain over-supplied
- CAPP production declines to less than 80MM tons in 2017 from 117MM tons in 2014
- Overall domestic coal demand remains flat during the forecast period
- PRB and IB basins grow market share during the forecast period
- Resulting 2016 pricing and volume assumptions generally reflect ongoing weakness in the coal markets, with a recovery in most regions assumed to begin in 2017

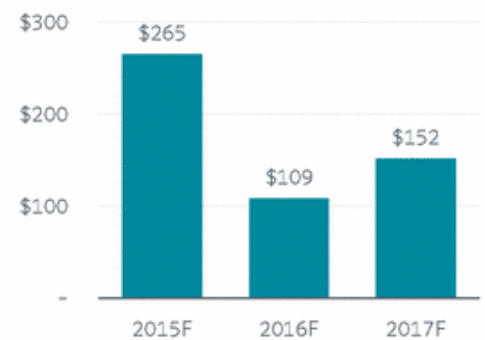
Tons Sold
(in millions)



Revenue
(in millions)



EBITDA
(in millions)



Note: Projections are as of September 2015.

Business Plan – Key Assumptions

	2015	2016	2017
PRB			
PRB Tons Committed (000s)	> 110,299	> 72,421	> 46,013
PRB Committed Price (\$ / ton)	> \$13.2	> \$13.2	> \$13.7
PRB Tons Uncommitted (000s)	> 0-100	> 25,000-35,000	> 57,000-72,000
PRB \$800 Benchmark (\$ / ton) ⁽¹⁾	> N/A	> \$10.8	> \$12.4
Spot PRB Price (\$ / ton) ⁽²⁾	> N/A	> \$10.7	> \$12.4
Appalachia Thermal			
App Thermal Tons Committed (000s)	> 5,756	> 3,605	> 2,062
App Thermal Committed Price (\$ / ton)	> \$53.7	> \$55.4	> \$45.3
App Thermal Tons Uncommitted (000s)	> 200-250	> 1,000-2,000	> 3,000-4,000
CAPP 12500LS Benchmark (\$ / ton) ⁽¹⁾	> N/A	> \$49.0	> \$52.1
App Thermal Spot Price (\$ / ton) ⁽²⁾	> N/A	> \$39.4	> \$46.1
Appalachia Met			
App Met Tons Committed (000s)	> 6,182	> 2,327	> 0
App Met Committed Price (\$ / ton)	> \$71.1	> \$70.9	> N/A
App Met Tons Uncommitted (000s)	> 500-700	> 4,000-6,000	> 6,000-8,000
HCC Benchmark (\$ / metric tonne) ⁽¹⁾	> N/A	> \$90.8	> \$104.8
App Met Spot Price (\$ / ton) ⁽²⁾	> N/A	> \$56.4	> \$68.0
Other BIT			
Other BIT Tons Committed (000s)	> 7,270	> 3,825	> 2,917
Other BIT Committed Price (\$ / ton)	> \$31.2	> \$32.2	> \$33.6
Other BIT Tons Uncommitted (000s)	> 0	> 2,000-4,000	> 3,500-5,500
Other BIT Spot Price (\$ / ton)	> N/A	> \$27.6	> \$29.8

(1) Company's view of benchmark price for future years.

(2) Delta from benchmark due primarily to differences in coal quality.

(3) Delta from benchmark due primarily to transportation differentials.

Preliminary Business Plan

(\$ in millions)	2015F	2016F	2017F
Coal Sales	\$2,464	\$2,164	\$2,394
Cost of Coal Sales	(2,096)	(1,926)	(2,076)
Gross Profit	\$368	\$237	\$318
<i>Margin</i>	15%	11%	13%
SG&A	(102)	(99)	(101)
Other Operating (Expenses) / Income ⁽¹⁾	(21)	(65)	(68)
EBITDA	\$244	\$73	\$149
<i>Margin</i>	10%	3%	6%
	2015F	2016F	2017F
EBITDA	\$244	\$73	\$149
Less: Capex (Including Investment in JVs)	(132)	(169)	(150)
Plus / Less: Change in Net Working Capital	18	52	28
Plus / Less: Other	(168) ⁽²⁾	(1)	14
Unlevered Free Cash Flow	(\$38)	(\$45)	\$41
Plus / Less: Illustrative Restructuring Initiatives	(20)	(32)	31
Adjusted Unlevered Cash Flow	(\$58)	(\$77)	\$72

Note: Projections are as of December 2015.

(1) Includes liquidated damages expense of \$56 million in 2015, \$59 million in 2016, and \$62 million in 2017.

(2) Primarily comprised of cash posted as collateral (\$94 million), taxes, accruals (pension, benefits, workers comp, etc.), equity investments, interest income, and professional fees.

Regional Income Statement: PRB

	Q1.2016	Q2.2016	Q3.2016	Q4.2016	YR2016	YR2017
Revenues:						
Coal Sales	312,664	306,635	313,501	318,304	1,251,104	1,425,535
Costs and expenses:						
Cost of coal sales	274,465	267,578	273,645	269,212	1,084,900	1,219,256
Depreciation, depletion & amortization	42,633	41,744	41,591	40,447	166,415	166,498
Other	241	241	243	212	936	500
	317,339	309,563	315,478	309,870	1,252,251	1,386,254
Other operating income:						
Income (loss) from equity investments	0	0	0	0	0	0
Other revenues	(984)	(1,132)	(985)	(123)	(3,224)	8
	(984)	(1,132)	(985)	(123)	(3,224)	8
Income (loss) from operations	(5,659)	(4,060)	(2,962)	8,311	(4,371)	39,289
EBITDA	37,090	37,800	38,747	48,845	162,481	205,787

Regional Income Statement: Appalachia

	Q1.2016	Q2.2016	Q3.2016	Q4.2016	YR2016	YR2017
Revenues:						
Coal Sales	182,939	175,299	171,824	174,706	704,768	738,709
Costs and expenses:						
Cost of coal sales	170,596	165,613	160,800	163,388	660,397	655,330
Depreciation, depletion & amortization	27,381	24,589	25,135	23,604	100,709	91,887
Other	375	375	375	375	1,500	1,500
	198,352	190,577	186,310	187,367	762,606	748,717
Other operating income:						
Income (loss) from equity investments	0	0	0	0	0	0
Other revenues	1,070	1,507	1,173	1,518	5,268	4,339
	1,070	1,507	1,173	1,518	5,268	4,339
Income (loss) from operations	(14,343)	(13,771)	(13,313)	(11,143)	(52,570)	(5,669)
EBITDA	13,038	10,818	11,822	12,461	48,139	86,218

Regional Income Statement: Bituminous Thermal

	Q1.2016	Q2.2016	Q3.2016	Q4.2016	YR2016	YR2017
Revenues:						
Coal Sales	43,033	52,340	54,203	58,105	207,681	230,003
Costs and expenses:						
Cost of coal sales	38,500	36,785	41,673	39,089	156,048	176,125
Depreciation, depletion & amortization	7,554	9,279	7,863	9,337	34,033	37,331
Other	0	0	0	0	0	0
	46,054	46,064	49,536	48,426	190,081	213,456
Other operating income:						
Income (loss) from equity investments	0	0	0	0	0	0
Other revenues	673	676	677	614	2,640	2,645
	673	676	677	614	2,640	2,645
Income (loss) from operations	(2,348)	6,952	5,344	10,293	20,240	19,192
EBITDA	5,206	16,231	13,207	19,630	54,273	56,523



Regional to Consolidated EBITDA Reconciliation

	2016	2017
PRB	162,481	205,787
Appalachia	48,139	86,218
Bituminous Thermal	54,273	56,523
Other Ops/Ops Admin/Idle	(24,922)	(25,330)
TOTAL OPERATIONS	239,971	323,198
SG&A	(99,275)	(101,265)
Liquidated Damages	(58,626)	(62,163)
Income From Equity Invs.	7,412	7,328
Other	(16,579)	(17,936)
EBITDA	72,903	149,162

Capex Detail by Basin

Appalachia	Q1.2016	Q2.2016	Q3.2016	Q4.2016	YR2016	YR2017
Lease Buyouts	-	-	-	13,584	13,584	1,295
Maintenance	9,980	9,073	3,749	4,747	27,549	22,790
	9,980	9,073	3,749	18,331	41,132	24,085
PRB	Q1.2016	Q2.2016	Q3.2016	Q4.2016	YR2016	YR2017
Lease Buyouts	-	4,745	4,634	1,254	10,633	2,887
Maintenance	902	572	1,685	-	3,159	1,800
	902	5,317	6,319	1,254	13,792	4,687
Bituminous Thermal	Q1.2016	Q2.2016	Q3.2016	Q4.2016	YR2016	YR2017
Lease Buyouts	-	1,238	-	-	1,238	-
Maintenance	9,144	3,457	8,475	4,847	25,923	27,995
	9,144	4,695	8,475	4,847	27,161	27,995
Other	Q1.2016	Q2.2016	Q3.2016	Q4.2016	YR2016	YR2017
	3,447	71,259	585	928	76,219	76,683
TOTAL ACI	Q1.2016	Q2.2016	Q3.2016	Q4.2016	YR2016	YR2017
Lease Buyouts	-	5,983	4,634	14,838	25,454	4,183
Maintenance	20,730	13,532	14,249	9,935	58,446	53,844
Other	3,447	71,259	585	928	76,219	76,683
	24,177	90,773	19,468	25,701	160,119	134,710

Collateral overview (as of 9/30/15)

(\$ in millions)	Surety	LCs	Cash
Asset Retirement Obligations ⁽¹⁾	\$681.2	\$41.3	\$7.6
Workers Compensation	19.5	111.6	11.1
Other	57.6	6.8	-
Total	\$758.3	\$159.7	\$18.7

(1) Includes \$490.0MM of self-bonding in the state of Wyoming.

Illustrative Sources & Uses (Restructuring Scenario)

(\$ in millions)	HL Proposal	Illustrative Company Counterproposal		
	6 Month Case	6 Month Case	9 Month Case	12 Month Case
<u>First Lien Distribution</u>				
First Lien Debt	\$1,887.0	\$1,886.1	\$1,886.1	\$1,886.1
Distribution (%)	27.5%	22.5%	22.5%	22.5%
Total Distribution	\$518.9	\$424.4	\$424.4	\$424.4
Less: December Interest Payment	(29.5)	(29.5)	(29.5)	(29.5)
Less: Adequate Protection Payment	(59.0)	(58.9)	(88.4)	(117.9)
Remaining Distribution	\$430.5	\$335.9	\$306.4	\$276.9
Less: Take-back Paper	(350.0)	(335.9)	(306.4)	(276.9)
Assumed Cash Distribution	\$80.5	-	-	-
<u>Sources & Uses</u>				
<u>Sources:</u>				
Cash Balance (Jan 1, 2016)	\$602.1	\$653.9	\$653.9	\$653.9
DIP Drawn	275.0	275.0	275.0	275.0
Total	\$877.1	\$928.9	\$928.9	\$928.9
<u>Uses:</u>				
December Interest Payment	\$29.5	- ⁽¹⁾	-	-
Adequate Protection Payments	59.0 ⁽²⁾	58.9	88.4	117.9
Bankruptcy Cash Burn (excl. Adeq. Prot. Payments)	83.1	136.0	129.8	136.2
Other Contingency	50.0	50.0 ⁽³⁾	50.0	50.0
Cash Distribution to First Lien	80.5	-	-	-
Minimum Cash	275.0	375.0	375.0	375.0
DIP Paydown	275.0	275.0	275.0	249.9
Excess Cash at Emergence	25.0 ⁽²⁾	34.0	10.7	-
Total	\$877.1	\$928.9	\$928.9	\$928.9
<u>Min Cash Calculation:</u>				
Working Capital Fluctuations	\$50.0	\$50.0	\$50.0	\$50.0
Business Volatility	125.0	225.0	225.0	225.0
Other Contingency	100.0	100.0	100.0	100.0
Total	\$275.0	\$375.0	\$375.0	\$375.0
<u>Capital Structure:</u>				
Rolled DIP	-	-	-	\$25.1
Take-back Paper	350.0	335.9	306.4	276.9
Total Debt	\$350.0	\$335.9	\$306.4	\$302.1
Less: Excess Cash at Emergence	(25.0)	(34.0)	(10.7)	-
Total Net Debt	\$325.0	\$301.9	\$295.7	\$302.1
Memo: Total Cash at Emergence	\$300.0	\$409.0	\$385.7	\$375.0

- (1) Included in starting cash balance.
 (2) Adjusted for \$6.4 million of incremental interest for assumed drawn DIP.
 (3) Assumed \$50 million for comparability purposes.

DIP Budget

(\$ in millions)	2016												2017
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan
EBITDA	\$4	\$2	\$2	\$8	\$11	(\$1)	(\$0)	\$6	\$11	\$18	\$12	\$1	\$15
Less: Capex	(6)	(6)	(12)	(80)	(6)	(4)	(5)	(5)	(9)	(6)	(3)	(17)	(77)
Less: Investments in JVs	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Plus / Less: Change in Net Working Capital	(38)	21	(12)	17	(21)	20	20	10	13	8	(11)	23	(28)
Less: Cash Posted as Collateral	(0)	(5)	(3)	1	1	(1)	(3)	1	4	(2)	7	(6)	(3)
Plus / Less: Other ⁽¹⁾	41	(17)	(0)	(7)	(1)	0	(8)	(8)	(11)	(8)	(6)	(10)	21
Change in Unrestricted Cash Before Financing Items	(\$1)	(\$6)	(\$26)	(\$62)	(\$18)	\$14	\$3	\$3	\$7	\$10	(\$1)	(\$9)	(\$72)
Less: Adequate Protection Payments	-	-	(29)	-	-	(29)	-	-	(29)	-	-	(29)	-
Plus: DIP Proceeds ⁽²⁾	275	-	-	-	-	-	-	-	-	-	-	-	-
Less: DIP Interest	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Less: DIP Fees	(14)	-	-	-	-	-	-	-	-	-	-	-	-
Total Change in Unrestricted Cash	\$258	(\$9)	(\$57)	(\$64)	(\$20)	(\$18)	\$1	\$1	(\$25)	\$8	(\$3)	(\$41)	(\$74)
Ending Unrestricted Cash Balance	\$912	\$903	\$846	\$781	\$761	\$744	\$744	\$745	\$720	\$728	\$725	\$685	\$610

Note: Projections are as of December 2015.

(1) Includes professional fees and other Chapter 11 adjustments.

(2) For illustrative purposes, assumes full amount of DIP drawn upfront. Actual draws to be determined.