

**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): **June 18, 2019**

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))

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, \$.01 par value	ARCH	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement.

On June 18, 2019, Arch Coal, Inc. (“Arch”), entered into a definitive implementation agreement (the “Implementation Agreement”) with Peabody Energy Corporation (“Peabody”), to establish a joint venture that will combine the respective Powder River Basin and Colorado mining operations of Arch and Peabody. Pursuant to the terms of the Implementation Agreement, Arch will hold a 33.5% economic interest, and Peabody will hold a 66.5% economic interest in the joint venture. At the closing, certain of the respective subsidiaries of Arch and Peabody will enter into an Amended and Restated Limited Liability Company Agreement (the “LLC Agreement”) in substantially the form attached as an exhibit to the Implementation Agreement. Under the terms of the LLC Agreement, the governance of the joint venture will be overseen by the joint venture’s board of managers, which will initially be comprised of three representatives appointed by Peabody and two representatives appointed by Arch. Decisions of the board of managers will be determined by a majority vote subject to certain specified matters set forth in the LLC Agreement that will require a supermajority vote. Peabody, or one of its affiliates, will initially be appointed as the operator of the joint venture and will manage the day-to-day operations of the joint venture, subject to the supervision of the joint venture’s board of managers.

Formation of the joint venture is subject to customary closing conditions, including the termination or expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the receipt of certain other required regulatory approvals and the absence of injunctions or other legal restraints preventing the formation of the joint venture. The obligation of Arch to consummate the transaction is also conditioned upon (a) Arch having obtained consents or refinanced all outstanding indebtedness under Arch’s senior secured term loan facility, Arch’s inventory based revolving credit facility and Arch’s existing accounts receivable securitization facility and (b) Arch having either obtained an exemptive order from the U.S. Securities and Exchange Commission (the “SEC”) or other exemptive determination under the Investment Company Act of 1940 (the “1940 Act”). The obligation of Peabody to consummate the transaction is also conditioned upon Peabody having obtained consents or refinanced all outstanding indebtedness under Peabody’s existing senior secured credit facility, the indenture governing Peabody’s 6.000% Notes due 2022 and 6.375% Notes due 2025 and Peabody’s existing receivables securitization facility. Formation of the joint venture does not require approval of the respective stockholders of either Arch or Peabody.

The Implementation Agreement contains customary representations, warranties and covenants, including an obligation for each of Arch and Peabody to use its best efforts to take all actions necessary to obtain required regulatory approvals, subject to the limitations set forth in the Implementation Agreement.

The Implementation Agreement may be terminated by mutual written agreement of Arch and Peabody and by either Arch or Peabody if, among other things, the closing has not occurred on or prior to December 18, 2020, except that (a) the right to terminate will not be available to a party whose failure to perform any of its obligations under the Implementation Agreement has been a principal cause of or resulted in the failure of the closing to occur on or prior to such date and (b) the right to terminate will not be available to Arch until June 18, 2021 if all closing conditions have been satisfied other than the receipt by Arch of an exemptive order (or other determination) under the 1940 Act.

Additionally, if the closing has not occurred on or prior to June 18, 2020 and all required regulatory approvals have not been obtained, the Implementation Agreement may be terminated by either Arch or Peabody no later than June 29, 2020 following written notice and the payment by the terminating party to the non-terminating party of a termination fee of \$40 million; provided, however, that the non-terminating party may elect to extend the Implementation Agreement until September 18, 2020. If the non-terminating party exercises this option to extend, the termination fee payable to the non-terminating party by the

terminating party if the closing does not occur on or prior to September 18, 2020 will be reduced to \$25 million.

Except as set forth above, neither party will be required to pay a termination fee if the Implementation Agreement is terminated. If all closing conditions have been satisfied other than the receipt by Arch of an exemptive order (or other determination) under the 1940 Act, Arch will reimburse Peabody for regulatory transaction expenses.

The foregoing description of the Implementation Agreement and the LLC Agreement and the transactions contemplated thereby does not purport to be complete and is subject to, and qualified in its entirety by reference to, the Implementation Agreement, including the form of LLC Agreement attached as an exhibit thereto, a copy of which will be filed as an amendment to this Current Report on Form 8-K.

Item 7.01 Regulation FD Disclosure.

On June 19, 2019, Arch issued a press release announcing its entry into the Implementation Agreement. A copy of the press release is furnished as Exhibit 99.1 hereto and incorporated by reference herein.

The information set forth in and incorporated into this Item 7.01 of this Current Report on Form 8-K and Exhibit 99.1 is being furnished pursuant to Item 7.01 of Form 8-K and 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, nor shall it be deemed incorporated by reference into any of Arch’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. The filing of this Item 7.01 of this Current Report on Form 8-K shall not be deemed an admission as to the materiality of any information herein that is required to be disclosed solely by reason of Regulation FD.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated June 19, 2019

Cautionary Note Regarding Forward-Looking Statements

This Current Report on Form 8-K contains “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,” “aims,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Particular uncertainties arise from Arch’s ability to complete the joint venture transaction in a timely manner, including obtaining regulatory approvals and satisfying other closing conditions; from Arch’s ability to achieve the expected synergies from the joint venture; from Arch’s ability to successfully integrate the operations of certain mines in the joint venture; from Arch’s emergence from Chapter 11 bankruptcy protection; changes in the demand for coal by the domestic electric generation and steel industries; from legislation and regulations relating to the Clean Air Act and other environmental initiatives; from competition within Arch’s industry and with producers of competing energy sources; from Arch’s ability to successfully acquire or develop coal reserves; from operational, geological, permit, labor and weather-related factors; from the Tax Cuts and Jobs Act and other tax reforms; from the effects of foreign and domestic trade policies, actions or disputes; from fluctuations in the amount of cash Arch generates from operations, which could impact, among other things, Arch’s ability to pay dividends or repurchase shares in accordance with Arch’s announced capital allocation plan; from Arch’s ability to successfully integrate the operations that Arch acquires; 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 Arch’s actual future results to be materially different than those expressed in Arch’s 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 some of the 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.

Signatures

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: June 19, 2019

Arch Coal, Inc.

By: /s/ Robert G. Jones
Robert G. Jones
Senior Vice President — Law, General Counsel and Secretary

FOR FURTHER INFORMATION:

Investor Relations
314/994-2897**FOR IMMEDIATE RELEASE****Arch and Peabody to combine U.S. PRB and Colorado assets in highly synergistic joint venture to unlock approximately \$820 million in synergies**

- *JV synergies projected to average approximately \$120 million per year over initial 10 years, with NPV of approximately \$820 million*
- *Optimal combination expected to create one of lowest-cost thermal coal suppliers in U.S. to strengthen competitiveness against natural gas and renewables and create value*
- *JV ownership to be 33.5% Arch and 66.5% Peabody; Peabody to serve as operator*
- *Centerpiece combines two adjacent and highly productive U.S. coal mines into single, lower-cost complex*

ST. LOUIS, June 19, 2019 — Arch Coal, Inc. (NYSE: ARCH) and Peabody Energy Corporation (NYSE: BTU) today announced that they have entered into a definitive agreement to combine the companies' Powder River Basin and Colorado assets in a highly synergistic joint venture aimed at strengthening the competitiveness of coal against natural gas and renewables, while creating substantial value for customers and shareholders.

The joint venture is expected to unlock synergies with a pre-tax net present value of approximately \$820 million.(1) Average joint venture synergies are projected to be approximately \$120 million per year over the initial 10 years.(2) The joint venture will be 33.5 percent owned by Arch and 66.5 percent owned by Peabody.

"We are excited about this transaction's potential to enhance the value of Arch's top-tier thermal coal assets," said Arch Chief Executive Officer John W. Eaves. "This new joint venture should allow us to realize the full potential of our valuable assets in the Powder River Basin and Colorado and benefit our customers in the process. The significant operating synergies will enhance the competitiveness of these assets and also enable us to continue to generate long-term, sustainable returns for our shareholders. We look forward to completing this transaction in a timely manner."

(1) Synergies of approximately \$820 million represent the combined net present value of estimated pre-tax synergies projected over standalone life-of-mine plans assuming third-party price assumptions and a 10 percent discount rate.

(2) Average combined synergies of approximately \$120 million per year projected over initial 10 years.

“The Peabody/Arch joint venture is an extraordinary example of industrial logic targeted to strengthen the competitive position of our products and create significant value for multiple stakeholders in a low-cost combination with exceptional physical synergies,” said Peabody President and Chief Executive Officer Glenn Kellow. “The transaction unites two strong, culturally aligned workforces with a commitment to core values such as safety and sustainability. We believe this joint venture allows us to offer enhanced products and security of supply for customers, increased value for shareholders, greater efficiencies for railroads, long-term opportunities for employees and strength for the communities in which we operate.”

Governance of the joint venture will consist of a five-member board of managers appointed by Arch and Peabody. Each party will have voting rights in proportion to its ownership percentages, with certain items requiring supermajority approval. As the operator, Peabody will manage all activities including the marketing of coal. Arch and Peabody will share profits, capital requirements and cash distributions of the joint venture in proportion to ownership percentages.

Among other assets, the joint venture will combine two productive and adjacent U.S. coal mines — Arch’s Black Thunder Mine and Peabody’s North Antelope Rochelle Mine (NARM), which share a property line of more than seven miles — into a single, lower-cost complex.

Aggregated synergies are expected to enable the joint venture to significantly reduce costs well beyond what each company could achieve alone. A lower cost structure enables coal to better compete against other energy sources for electricity generation and create value. Expected substantial synergies include, among others:

- Optimization of mine planning, sequencing and accessing otherwise isolated reserves;
- Improved efficiencies in deployment of the combined equipment fleet;
- More efficient procurement and warehousing;
- Enhanced blending capabilities to more closely meet customer requirements;
- Improved utilization of the combined rail loadout system and other rail efficiencies;
- Reductions in long-term capital requirements; and
- Leveraging of shared services.

Underpinning the combination, Peabody has the lowest cost position among major Powder River Basin (PRB) producers and Arch has some of the highest-quality coal in the PRB. Arch is contributing its low-cost, higher-margin West Elk Mine that enhances Peabody’s Twentymile Mine in Colorado. Further PRB synergies are expected from the integration of the Caballo, Rawhide and Coal Creek mines, which have some of the best overburden-to-coal ratios in the world. Together with Black Thunder and NARM, the PRB assets represent five of the 10 most productive mines in the United States. The inclusion of the Colorado assets will lead to additional synergies and offer the ability to better serve domestic customers while preserving seaborne coal optionality.

The combination of assets from two recognized companies is expected to advance continued responsible mining and reclamation for decades to come, benefiting all stakeholders.

“In addition to enhancing the competitiveness of our western thermal coal platform, this move represents an excellent fit with our well-defined strategy for long-term value creation and growth,” Eaves said. “While we expect our thermal coal assets to contribute significantly to our overall financial performance well into the future, we plan to focus our future growth and all of our projected growth capital on our core coking coal segment. Earlier this year, we announced plans to develop a second, world-class, High-Vol A longwall mine on the Leer reserves in northern West Virginia, and will continue to evaluate additional investments on this 200-million-ton reserve base over time. Looking ahead, we anticipate continued, favorable market dynamics in global coking coal markets, and view our premier coking coal portfolio as the centerpiece of our strategy to drive exceptional, long-term returns.”

At the same time, Arch plans to drive forward with its highly successful capital return program. Since launching the program in May 2017, Arch has returned \$725.6 million to shareholders via buybacks and dividends. As part of this program, Arch has bought back 8.1 million shares, or nearly one third of its initial shares outstanding, through March 31, 2019. “With our strong and increasingly valuable coking coal portfolio and continuing contributions from our thermal coal assets, we remain sharply focused on generating high levels of free cash that we can use to fuel our robust and ongoing capital return program,” Eaves said.

Arch and Peabody will continue to operate the assets independently until closing of the transaction. Closing is subject to regulatory approval and the satisfaction of customary closing conditions. Upon closing, Arch and Peabody will each contribute its active Powder River Basin and Colorado mines, as well as related assets and liabilities, into the joint venture. Each company expects to proportionally consolidate the joint venture within their respective financial statements.

In 2018, on a combined basis, the assets shipped 206.0 million tons of coal. The assets are operated by a workforce of approximately 3,300, with combined proven and probable reserves totaling 3.4 billion tons as of December 31, 2018.

Conference Call

On June 19, 2019, Arch and Peabody will each host conference calls to discuss the details of the joint venture. Peabody’s call will be held at 9:00 a.m. CDT, with Arch’s call immediately following at 9:30 a.m. CDT.

Participants can access Peabody’s call at PeabodyEnergy.com or using the following dial-in numbers:

U.S. and Canada 888-312-3049
Australia 1800 849 976
United Kingdom 0808 238 9907

All other international participants, please contact Peabody Investor Relations at (314) 342-7900 prior to the call to receive your dial-in number.

Participants can access Arch’s call at archcoal.com or using the following dial-in numbers:

U.S.-based Arch Coal, Inc. is a top coal producer for the global steel and power generation industries. Arch operates a streamlined portfolio of large-scale, low-cost mining complexes that produce high-quality metallurgical coals in Appalachia and low-emitting thermal coals in the Powder River Basin and other strategic supply regions. For more information, visit www.archcoal.com.

Peabody is the leading global pure-play coal company and a member of the Fortune 500, serving power and steel customers in more than 25 countries on six continents. The company offers significant scale, high-quality assets, and diversity in geography and products. Peabody is guided by seven core values: safety, customer focus, leadership, people, excellence, integrity and sustainability. For further information, visit PeabodyEnergy.com.

Credit Suisse and Lazard are acting as financial advisers to Peabody for the transaction. Cravath, Swaine & Moore LLP and Akin Gump Strauss Hauer & Feld LLP are acting as legal advisers to Peabody. Goldman Sachs & Co. LLC is acting as financial adviser to Arch. Latham & Watkins LLP and Baker Botts LLP are acting as legal advisers to Arch.

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,” “aims,” “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 our ability to complete the joint venture transaction in a timely manner, including obtaining regulatory approvals and satisfying other closing conditions; from our ability to achieve the expected synergies from the joint venture; from our ability to successfully integrate the operations of certain mines in the joint venture; from our emergence from Chapter 11 bankruptcy protection; from changes in the demand for our coal by the domestic electric generation and steel industries; from legislation and regulations relating to the Clean Air Act and other environmental initiatives; from competition within our industry and with producers of competing energy sources; from our ability to successfully acquire or develop coal reserves; from operational, geological, permit, labor and weather-related factors; from the Tax Cuts and Jobs Act and other tax reforms; from the effects of foreign and domestic trade policies, actions or disputes; from fluctuations in the amount of cash we generate from operations, which could impact, among other things, our ability to pay dividends or repurchase shares in accordance with our announced capital allocation plan; from our ability to successfully integrate the operations that we acquire; 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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