

**United States Bankruptcy Court**  
Eastern District of Missouri

In re Arch Coal, Inc., et al.,

Case No. 16-40120-705

Debtors.<sup>1</sup>

Chapter 11

**PERIODIC REPORT REGARDING VALUE, OPERATIONS AND  
PROFITABILITY OF ENTITIES IN WHICH THE DEBTORS HOLD A  
SUBSTANTIAL OR CONTROLLING INTEREST**

Arch Coal, Inc. and certain of its subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”), hereby file this report, dated as of January 31, 2016 (the “Periodic Report”) pursuant to Rule 2015.3 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) reporting the value, operations and profitability of certain non-debtor entities (the “Non-Debtors”) in which one or more Debtors hold a substantial or controlling interest. The Debtors directly hold all or substantially all of the equity interests in the following entities:

<u>Name of Entity</u>	<u>Interest of the Estate</u>	<u>Exhibit Number</u>
Arch of Australia PTY LTD	100%	B-1 and B-2
Arch Coal of Australia PTY LTD	100%	B-1 and B-2
Arch Coal Australia Holdings PTY LTD	100%	B-1 and B-2
Arch Coal Asia-Pacific PTE LTD	100%	B-1 and B-2
Arch Coal Europe Limited	100%	B-1 and B-2
Arch Coal UK Unlimited	85%	B-1 and B-2
Arch Receivable Company, LLC	100%	B-1 and B-2

The Periodic Report does not include information for seven Non-Debtors in which a Debtor maintains a joint venture interest and is bound by confidentiality obligations from publicly disclosing the entity’s financial statements. These entities are the following:

<u>Entities in which a joint venture interest is held by Debtors</u>	<u>Interest of the Estate</u>
Tongue River Holding Co., LLC	33.33%
Black Thunder Terminal, LLC	40%
Millennium Bulk Terminals-Longview, LLC	38%
Knight Hawk Holdings, LLC	49%

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<sup>1</sup> The Debtors are listed on Schedule 1 attached hereto. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

The Sycamore Group, LLC	50%
Dominion Terminal	21.8%
DKRW Advanced Fuels LLC	25%

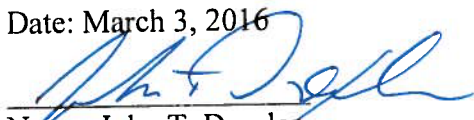
Exhibit A to this Periodic Report sets forth the net book value of each Non-Debtor as of January 31, 2016. Exhibit B contains a balance sheet (Exhibit B-1) and a statement of income (loss) (Exhibit B-2) for each Non-Debtor for the period covered by this Periodic Report as noted in Exhibit B, along with explanatory footnotes. Exhibit C contains a description of the Non-Debtors' business operations.

Please note with respect to Exhibit A, it would be prohibitively expensive, unduly burdensome, and an inefficient use of estate resources for the Debtors to obtain current market valuations of the Non-Debtors. Additionally, due to system and resource constraints, statements of cash flow and statements of changes in shareholders' or partners' equity have not been prepared for each Non-Debtor.

The financial information in this Periodic Report is based upon the Debtors' books and records. The financial information is unaudited and does not purport to show the financial statements of any of the Non-Debtors in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and therefore may exclude items required by U.S. GAAP, such as certain reclassifications, eliminations, accruals, valuations, and disclosure items. Although the Debtors have made reasonable efforts to ensure that the financial information is accurate and complete based on information that was available to them at the time of the preparation of this Periodic Report, subsequent information or discovery may result in material changes to the information, and inadvertent errors or omissions may exist. Moreover, because the financial information included in this filing is unaudited information that is subject to further review and potential adjustment, there can be no assurance that the information is accurate and complete. Nothing contained in this filing shall constitute a waiver of any rights of the Debtors, specifically including the Debtors' right to amend the information.

The undersigned, having reviewed the above listing of entities in which the Debtors' estates directly hold a substantial or controlling interest, and being familiar with the Debtors' financial affairs, verifies under the penalty of perjury that the listing is complete, accurate and truthful to the best of his knowledge.

Date: March 3, 2016



Name: John T. Drexler

Title: Senior Vice President, Chief Financial Officer and Treasurer

**Exhibit A**

**Valuation Estimate for Non-Debtor Entities**

The basis for the valuation of each entity is the net book value calculated as total liabilities of each entity subtracted from its total assets as of January 31, 2016. The book balances for the assets and liabilities of each entity are maintained based on historic cost as adjusted in accordance with U.S. GAAP. The Debtors have no available analyses prepared within the past two years supporting any comprehensive alternative valuation method for the entities.

<u>Name of Entity</u>	<u>Interest of the Estate</u>	<u>Net Book Value (\$ in 000s)</u>
Arch of Australia PTY LTD	100%	\$0
Arch Coal of Australia PTY LTD	100%	\$0
Arch Coal Australia Holdings PTY LTD	100%	\$10,661
Arch Coal Asia-Pacific PTE LTD	100%	\$(1,713)
Arch Coal Europe Limited	100%	\$408
Arch Coal UK Unlimited	85%	\$0
Arch Receivable Company, LLC	100%	\$12,576

**Exhibit B-1**

**Balance Sheet for Non-Debtor Entities  
As of January 31, 2016**

(\$ in 000s)	Arch Coal						
	Arch of Australia PTY LTD	Arch Coal of Australia PTY LTD	Arch Coal Australia Holdings PTY LTD	Arch Coal Asia- Pacific PTE. LTD.	Arch Coal Europe Limited	Arch Coal UK Unlimited	Arch Receivable Company, LLC
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ -	\$ 10,673.7	\$ 738.5	\$ 667.4	\$ -	\$ 101,219.8
Short term investments	-	-	-	-	-	-	-
Receivables	-	-	9.6	3.6	38.7	-	139,376.8
Inventories	-	-	-	-	-	-	-
Other	-	-	-	147.3	-	-	2,387.6
<b>Total current assets</b>	-	-	<b>10,683.4</b>	<b>889.3</b>	<b>706.1</b>	-	<b>242,984.2</b>
<b>Property, plant and equipment, net</b>	-	-	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-	-	-
Intercompany receivables/(payables)	-	-	(22.7)	(2,300.6)	(107.6)	-	(232,175.4)
Other	-	-	-	75.9	82.2	-	1,923.6
<b>Total other assets</b>	-	-	<b>(22.7)</b>	<b>(2,224.7)</b>	<b>(25.4)</b>	-	<b>(230,251.8)</b>
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,660.6</b>	<b>\$ (1,335.3)</b>	<b>\$ 680.7</b>	<b>\$ -</b>	<b>\$ 12,732.4</b>
<b>Liabilities and Equity (Deficit)</b>							
Accounts payable	\$ -	\$ -	\$ (0.1)	\$ -	\$ -	\$ -	\$ 2.7
Accrued expenses	-	-	-	68.4	195.7	-	153.8
Income taxes	-	-	-	23.0	-	-	-
Current portion of long-term debt	-	-	-	-	-	-	-
<b>Total current liabilities</b>	-	-	<b>(0.1)</b>	<b>91.4</b>	<b>195.7</b>	-	<b>156.5</b>
Long-term debt	-	-	-	-	-	-	-
Asset retirement obligations	-	-	-	-	-	-	-
Accrued pension benefits	-	-	-	-	-	-	-
Accrued postretirement benefits other than	-	-	-	-	-	-	-
Accrued workers' compensation	-	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-	-
Other noncurrent liabilities	-	-	-	286.0	78.0	-	-
<b>Total Other Liabilities</b>	-	-	-	<b>286.0</b>	<b>78.0</b>	-	-
<b>Total liabilities</b>	-	-	<b>(0.1)</b>	<b>377.4</b>	<b>273.7</b>	-	<b>156.5</b>
<b>Stockholders' equity</b>	-	-	<b>10,660.7</b>	<b>(1,712.7)</b>	<b>407.0</b>	-	<b>12,575.9</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,660.6</b>	<b>\$ (1,335.3)</b>	<b>\$ 680.7</b>	<b>\$ -</b>	<b>\$ 12,732.4</b>

**Exhibit B-2**

**Statement of Income (Loss) for Non-Debtor Entities  
For the six months ending January 31, 2016**

<i>(\$ in 000s)</i>	Arch Coal							Arch Receivable Company, LLC
	Arch of Australia PTY LTD	Arch Coal of Australia PTY LTD	Australia Holdings PTY LTD	Arch Coal Asia- Pacific PTE. LTD.	Arch Coal Europe Limited	Arch Coal UK Unlimited		
<b>Revenue</b>								
Coal Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Costs, expenses and other</b>								
Cost of coal sales	-	-	-	-	-	-	-	-
Depreciation, depletion and amortization	-	-	-	-	-	-	-	-
Amortization of acquired sales contracts, net	-	-	-	-	-	-	-	-
Mine closure and asset impairment costs	-	-	-	-	-	-	-	-
Goodwill impairment and other intangible asset impairment	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	32.3	162.3	112.9	-	-	111.4
Change in fair value of coal derivatives	-	-	-	-	-	-	-	-
Other operating income, net	-	-	-	-	-	-	-	-
<b>Income from investment in subsidiaries</b>	-	-	-	-	-	-	-	-
<b>Income from operations</b>	-	-	(32.3)	(162.3)	(112.9)	-	-	(111.4)
<b>Interest expense, net:</b>								
Interest expense	-	-	-	-	-	-	-	(655.4)
Interest income	-	-	-	-	-	-	-	362.4
<b>Other non-operating expense:</b>								
Expenses resulting from early debt extinguishment and termination of hedge accounting for interest rate swaps	-	-	-	-	-	-	-	-
Bankruptcy Reorganization	-	-	-	-	-	-	-	-
Other non-operating expense	-	-	-	-	-	-	-	-
<b>Income (loss) before income taxes</b>	-	-	(32.3)	(162.3)	(112.9)	-	-	(404.3)
Provision for (benefit from) income taxes	-	-	-	-	-	-	-	-
Provision for (benefit from) income taxes, discontinued operat	-	-	-	-	-	-	-	-
<b>Net Loss</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32.3)</u>	<u>\$ (162.3)</u>	<u>\$ (112.9)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (404.3)</u>

### Exhibit B-3

#### Notes to Exhibits B-1 and B-2

1. **Condensed Statements.** The condensed financial statements contained in this Periodic Report are unaudited. Although the Debtors and their affiliates have made reasonable efforts to ensure that these financial statements are accurate and complete based upon information that was available to them at the time of preparation of this Periodic Report, subsequent information or discovery may result in material changes in the data contained in these financial statements, and inadvertent errors or omissions may exist. Moreover, because the financial information included in this filing is unaudited information that is subject to further review and potential adjustment, there can be no assurance that the information is accurate and complete. To the extent the Debtors discover additional information that may differ materially from the information set forth in the financial statements contained herein, the Debtors may amend, supplement or otherwise modify this Periodic Report to reflect such changes. Accordingly, the Debtors reserve all rights to amend, supplement or otherwise modify this Periodic Report as they deem necessary or appropriate.
2. **Basis of Presentation.** The accompanying unaudited financial information presented on Exhibits B-1 and B-2 represents the financial position and statements of the operations (collectively, the “Financial Information”) of the Non-Debtor entities in which the Debtors hold a substantial or controlling direct or indirect interest except for joint ventures.

The Financial Information has been assembled from the general ledgers of the Non-Debtors and is presented on an unconsolidated separate legal entity basis. The Financial Information has generally been maintained in accordance with U.S. GAAP, except for elimination of the required footnotes.

Receivables and payables between the Non-Debtors and Debtors and/or among the Non-Debtors have not been eliminated. No conclusion as to the legal obligation related to these intercompany transactions is made by the presentation herein.

The preparation of financial statements in accordance with U.S. GAAP requires the Debtors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual amounts and results could differ from those estimates.

The Financial Information contained herein was not intended to reconcile to any financial statements otherwise prepared or distributed by the Debtors or any of the Debtors’ affiliates. Significant efforts have been put forth to attribute the assets and liabilities to the proper legal entity. However, because the Debtors’

accounting systems, policies, and practices were developed with a view to producing consolidated reporting, rather than by legal entity, it is possible that not all assets or liabilities are reflected in the records of the correct legal entity. Accordingly, the Debtors reserve all rights to supplement or amend any financial statements contained in this Periodic Report.

Moreover, given, among other things, the uncertainty surrounding the collection and ownership of certain assets and the valuation and nature of certain liabilities, to the extent that a Non-Debtor entity shows more assets than liabilities, this is not intended to show that the Non-Debtor entity was solvent as of January 11, 2016 (the "Petition Date") or at any time prior to the Petition Date, including the date as of or for the period of any financial statements or other financial information included in this Periodic Report. Likewise, to the extent that a Non-Debtor entity shows more liabilities than assets herein, this is not intended to show that the Non-Debtor entity was insolvent as of the Petition Date or at any time prior to the Petition Date, including the date as of or for the period of any financial statements or other financial information included in this Periodic Report.

The Financial Information set forth herein does not include all footnotes and certain financial presentations normally required by U.S. GAAP.

3. **Current values.** Unless otherwise indicated, the basis for all current values included in this Periodic Report is the net book value from relevant corporate books and records as of the close of business on January 31, 2016. The net book value as of January 31, 2016 may not reflect the current value of the respective assets. In particular, for amounts receivable by Non-Debtor entities from Debtor entities, no consideration has been made as to whether the chapter 11 filings will result in the amount ultimately receivable being less than the amount stated in the Financial Information. Additionally, interest on intercompany loans to Debtor entities are reflected at contractual amounts and not adjusted for the impact of the chapter 11 filings.

For the reasons discussed above, the Debtors caution readers not to place undue reliance upon the information contained in this Periodic Report. For further information, please refer to the consolidated financial statements and footnotes thereto in the forthcoming Annual Report on Form 10-K for the fiscal year ended December 31, 2015, for Arch Coal, Inc. and other filings by Arch Coal, Inc. with the Securities and Exchange Commission.

**Exhibit C**

**Description of Operations for Non-Debtor Entities**

<u>Name of Entity</u>	<u>Description of Business</u>
Arch of Australia PTY LTD	Dormant
Arch Coal of Australia PTY LTD	Dormant
Arch Coal Australia Holdings PTY LTD	Coal Marketing & Coal Sales
Arch Coal Asia-Pacific PTE. LTD.	Coal Marketing & Coal Sales
Arch Coal Europe Limited	Coal Marketing & Coal Sales
Arch Coal UK Unlimited	Dormant
Arch Receivable Company, LLC	Securitization Facility



**SCHEDULE 1**  
**Debtor Entities**

1.	ACI Terminal, LLC	37.	ICG Eastern, LLC
2.	Allegheny Land Company	38.	ICG Eastern Land, LLC
3.	Apogee Holdco, Inc.	39.	ICG Illinois, LLC
4.	Arch Coal, Inc.	40.	ICG Knott County, LLC
5.	Arch Coal Sales Company, Inc.	41.	ICG Natural Resources, LLC
6.	Arch Coal West, LLC	42.	ICG Tygart Valley, LLC
7.	Arch Development, LLC	43.	International Coal Group, Inc.
8.	Arch Energy Resources, LLC	44.	Jacobs Ranch Coal LLC
9.	Arch Reclamation Services, Inc.	45.	Jacobs Ranch Holdings I LLC
10.	Arch Western Acquisition Corporation	46.	Jacobs Ranch Holdings II LLC
11.	Arch Western Acquisition, LLC	47.	Juliana Mining Company, Inc.
12.	Arch Western Bituminous Group, LLC	48.	King Knob Coal Co., Inc.
13.	Arch Western Finance LLC	49.	Lone Mountain Processing, Inc.
14.	Arch Western Resources, LLC	50.	Marine Coal Sales Company
15.	Arch of Wyoming, LLC	51.	Melrose Coal Company, Inc.
16.	Ark Land Company	52.	Mingo Logan Coal Company
17.	Ark Land KH, Inc.	53.	Mountain Coal Company, L.L.C.
18.	Ark Land LT, Inc.	54.	Mountain Gem Land, Inc.
19.	Ark Land WR, Inc.	55.	Mountain Mining, Inc.
20.	Ashland Terminal, Inc.	56.	Mountaineer Land Company
21.	Bronco Mining Company, Inc.	57.	Otter Creek Coal, LLC
22.	Catenary Coal Holdings, Inc.	58.	Patriot Mining Company, Inc.
23.	Catenary HoldCo, Inc.	59.	P.C. Holding, Inc.
24.	Coal-Mac, Inc.	60.	Powell Mountain Energy, LLC
25.	CoalQuest Development LLC	61.	Prairie Coal Company, LLC
26.	Cumberland River Coal Company	62.	Prairie Holdings, Inc.
27.	Energy Development Co.	63.	Saddleback Hills Coal Company
28.	Hawthorne Coal Company, Inc.	64.	Shelby Run Mining Company, LLC
29.	Hobet Holdco, Inc.	65.	Simba Group, Inc.
30.	Hunter Ridge, Inc.	66.	Thunder Basin Coal Company, L.L.C.
31.	Hunter Ridge Coal Company	67.	Triton Coal Company, L.L.C.
32.	Hunter Ridge Holdings, Inc.	68.	Upshur Property, Inc.
33.	ICG, Inc.	69.	Vindex Energy Corporation
34.	ICG, LLC	70.	Western Energy Resources, Inc.
35.	ICG Beckley, LLC	71.	White Wolf Energy, Inc.
36.	ICG East Kentucky, LLC	72.	Wolf Run Mining Company