

John Eaves Speaks to Coal News

Coal News: Arch Coal, Inc. is America's number two coal producer and, according to the National Mining Association, in 2013 produced 137.5 million tons or 14.0% of the nation's coal. John Eaves, we appreciate you talking to readers of Coal News as we celebrate our 10th Anniversary. Our readers would be very interested in your background and how you came to be President and CEO of Arch Coal.

John Eaves: I'm a native of Kentucky and graduated from UK. I've spent my working career in the coal industry. I served in marketing positions early on with Natomas Coal Company and Diamond Shamrock Coal Company. I joined Arch Mineral in 1987. During my 25-year tenure with Arch, I've served in a number of roles culminating with my current position as President and CEO.

Coal News: I know you have also just completed a term as chairman of the National Coal Council which gives advice to the Secretary of Energy on coal related matters and the Council has just celebrated 30 Years. What are your thoughts on that?

John Eaves: I'm honored to have recently served a two-year term as the chairman of this established and well-respected organization. The National Coal Council serves as a nonprofit group of experts representing the entire value chain, including coal production, transportation, coal use and new technology. This level of expertise provides the U.S. Secretary of Energy with a well-balanced view on critical energy issues. Perhaps what's most unique about the NCC is that we receive no funding from the federal government. Our dedicated membership has sustained our important efforts for the past 30 years.

Coal News: Arch Coal has a long and colorful history. Tell us about that please.

John Eaves: We've grown from an eastern coal producer to the most diversified coal producer in the United States. Arch Mineral was founded in 1969 as a partnership

between Ashland Oil and the Hunt family of Dallas. Arch Coal was created in July 1997 through the merger of Arch Mineral and



John Eaves

Ashland Coal. In 1998, Arch Coal expanded into the western U.S. with the acquisition of Atlantic Richfield. The rest, as they say, is history.

Coal News: Tell us please about the organization and facilities of Arch Coal today.

John Eaves: Today, Arch Coal is one of the world's top six coal producers and marketers for the global steel and power generation industries. Arch is the most diversified American coal company with mining complexes across every major U.S. coal supply basin. In total we represent 14 percent of the U.S. coal supply from active mining complexes in seven states. Last year, our national network of mines sold 140 million tons of coal to customers on five continents.

Coal News: Safety is of vital importance to us all and please give us your views on coal mine safety.

John Eaves: We believe strongly in our behavior-based safety (BBS) process in driving down our safety rate year after year. Our peer-best safety performance is a source of pride; however we're far from satisfied. Our ultimate goal is zero

safety incidents companywide. Our commitment to safety is focused on our people, encouraging a culture focused on preparedness and

prevention. Since adopting BBS in 2006, we've had fewer incidents, which translates to our overall success because, as we all know, safe mines are also productive mines.

Coal News: As you know, we at Coal News are celebrating our 10th Anniversary, but Arch Coal also celebrated a program milestone recently, did it not?

John Eaves: Yes, you're quite correct, we did. The Arch Coal Teacher Achievement Awards program celebrated its 25th Anniversary in 2013 and in addition this signature community program was just recently named among the nation's best by *Bulldog Reporter*. I'm proud to say we earned the silver 2014 Bulldog Corporate Social Responsibility Award for the Best Campaign Supporting Education for our signature community program, the Teacher Achievement Awards. More than \$1 million has been awarded to 400 teachers since the program was initiated in 1988. The program celebrates great teachers and encourages great teaching while at the same time we are making a positive difference in the communities where we operate by making a smart investment in our future workforce.

Coal News: These are challenging and very difficult times for the coal industry. Describe the results that Arch Coal has been able to achieve and do you see improvements ahead?

John Eaves: These are challenging times, indeed. We're managing what we can control: namely holding the line on costs and capital spending, monetizing non-core assets and preserving liquidity. Last year, we successfully extended debt maturities until 2018 and further enhanced our financial flexibility. Our ability to drive down costs quarter after quarter is a testament to our continued focus on strong cost control and operational efficiency at our mines sites. We have strategically positioned the company to withstand the current market conditions and to capitalize on a recovery in both thermal and metallurgical coal markets. As we look ahead, it's important to remember that as coal markets recover, so will coal prices. This, in turn, will improve our financial performance and drive shareholder return.

Coal News: What do you see as the core strengths of Arch Coal?

John Eaves: Our greatest strength is our people. Successful business practices begin with our amazing employees who guide our efforts to excel in safety, environmental and financial performance. We see what people are truly made of when the going gets tough. And despite the ups and downs of the market, the commitment of our workforce is consistent.

Coal News: What do you want your biggest contribution at Arch Coal to be for you to be remembered?

John Eaves: It is both an honor and a great responsibility to serve as the leader of Arch Coal. My philosophy is that in good times and in trying times – operating responsibility must be our bottom line. I hope my legacy is proving that we lived up to our extremely high standards of safety and environmental excellence and smartly managed the company through difficult times and positioned the company to excel when the mar-

kets rebound.

Coal News: As we conclude this interview our readers will be very interested in how do you see the future of coal both here and around the world?

John Eaves: Coal is an essential part of a balanced U.S. energy mix, and I don't envision that changing any time soon. America's large and modern economy runs on electricity – electricity largely generated with coal. Coal is expected to remain the dominant fuel source for power generation here in the U.S. for at least the next 20 years. That's because coal is abundant, reliable and affordable – and because its environmental performance is getting better all the time. America has the world's largest coal reserves – nearly 30 percent of the global total. This tremendous domestic resource is the envy of many countries around the world.

Coal has been the fastest growing fuel source on the planet since the beginning of this century, and we don't expect that to change any time soon. The world's most rapidly developing countries are building their economies on coal – an energy source they view as affordable, reliable and secure. More than 300 gigawatts of coal-fueled power is under construction around the world.

We expect the United States to play an increasingly significant role in meeting the world's energy needs as we increase our coal exports to other, energy-hungry nations. It's hard to imagine a scenario in which we don't continue to make use of this tremendous energy resource for many, many years to come.

Coal News: Well, we very much appreciate you taking the time to answer these questions and we wish you every success in the future.

John Eaves: Thank you, and likewise let me share my best wishes with *Coal News* on another successful decade of industry reporting.

Coal News: Thank you very much.