
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): April 26, 2007 (April 26, 2007)

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
(I.R.S. 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))
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Item 7.01 Regulation FD Disclosure.

Steven F. Leer, Chairman and Chief Executive Officer of Arch Coal, Inc. (the "Company"), will deliver a presentation at the Company's 2007 annual meeting of stockholders to be held at 10:00 a.m., St. Louis time, on April 26, 2007. The slides from the presentation are attached hereto as Exhibit 99.1 and are hereby incorporated by reference. A copy of the slides will be available at <http://investor.archcoal.com/events.cfm> for 30 days.

Item 8.01 Other Events.

On April 26, 2007, the board of directors of the Company authorized an increase in the quarterly common stock cash dividend from \$0.06 per share to \$0.07 per share. A quarterly cash dividend of \$0.07 per share of common stock will be paid on June 15, 2007 to stockholders of record on June 1, 2007. A copy of the press release announcing the increase is attached hereto as Exhibit 99.2 and is hereby incorporated by reference.

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> |
|------------------------|--|
| 99.1 | Slides from presentation at the 2007 annual meeting of stockholders. |
| 99.2 | Press release dated April 26, 2007. |

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.

Dated: April 26, 2007

Arch Coal, Inc.

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

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|----------------|--|
| 99.1 | Slides from presentation at the 2007 annual meeting of stockholders. |
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Annual Shareholders Meeting

Saint Louis, Missouri
April 26, 2007

Unearthing **Value**

Arch Coal, Inc.






Forward-looking information

This presentation 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 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.

This presentation includes certain non-GAAP financial measures, including Adjusted EBITDA. 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.

Slide 2





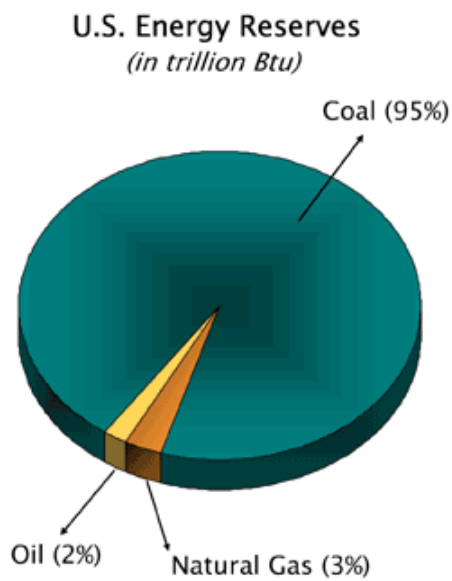
In 2006, Arch Coal unearthed value for our shareholders through:

- Growth Opportunities
 - ▶ *Coal Creek*
 - ▶ *Skyline*
 - ▶ *Mountain Laurel*
 - ▶ *Knight Hawk*
- Technology Leadership
 - ▶ *DKRW Advanced Fuels*
- Stock Optimization
 - ▶ *Two-for-one stock split*
 - ▶ *50% increase in stock dividend*
 - ▶ *Share buy-back program*

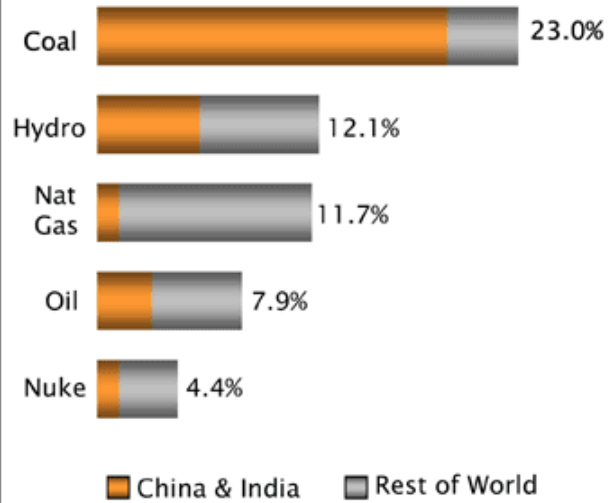
And we laid the foundation for even greater growth in the years ahead



Coal will remain a vital part of America's – and the developing world's – energy future



Cumulative 4-Yr Percent Change
in Global Energy Consumption
2001–2005
(in millions of tons of oil equivalent)



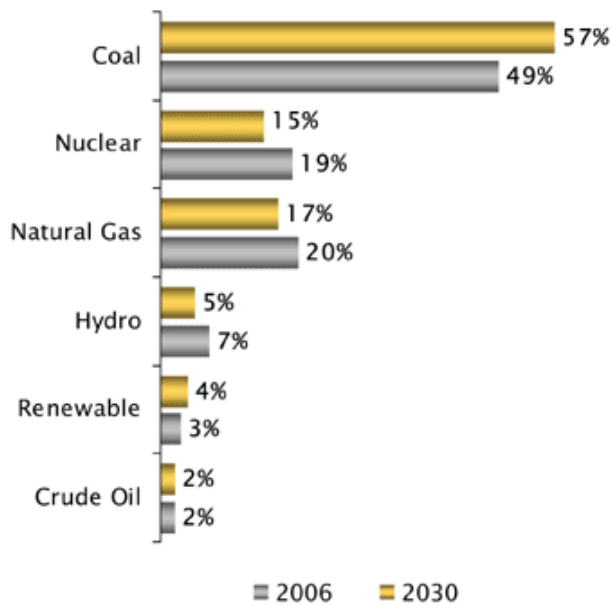
Slide 4

Source: EIA, Platts and BP Statistical Review of World Energy 2006

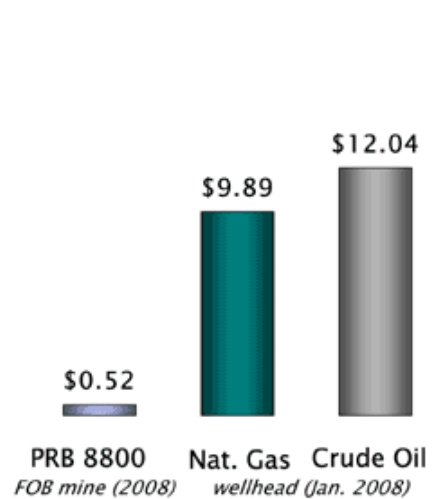


EIA projects U.S. coal use and market share to increase over next 25 years

Market Share by Fuel Type
(in billion kWh)



U.S. Fuel Prices
(\$/mm BTU, at 3/30/07)



Slide 5

Source: EIA, Platts and NYMEX



Construction is now underway on more than 11 GW of new coal-fueled capacity



WPS Weston #4 (Wisc.)
500 MW / June 2008



Cleco Rodemacher #3 (La.)
600 MW / June 2008



OPP Nebraska City #2 (Neb.)
663 MW / May 2009



T.S. Power Boulder Valley (Nev.)
200 MW / Jan. 2010



MidAmer. Council Bluffs (Iowa)
790 MW / May 2007

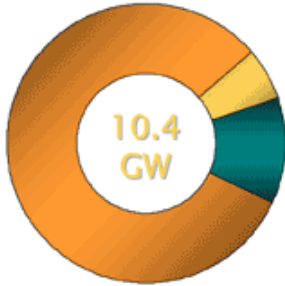


Elm Road Generating (Wis.)
600 MW / July 2009



Arch's PRB operations may prove advantageous for sourcing new coal plants

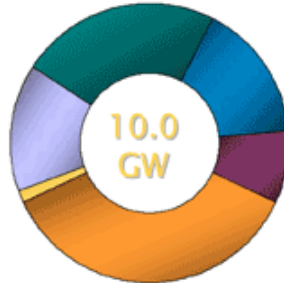
Under Construction



■ PRB ■ CAPP ■ Illinois

- Total coal demand of 40 million tons
- Powder River Basin expected to capture 35 million tons

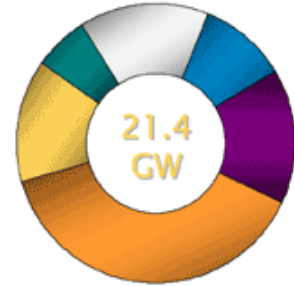
Advanced Development



■ PRB ■ CAPP ■ WBIT
■ Illinois ■ NAPP ■ Lignite

- Total coal demand of 34 million tons
- Powder River Basin expected to capture 12 million tons

Early Development



■ PRB ■ CAPP ■ Illinois
■ Other ■ NAPP ■ Lignite

- Total coal demand of 79 million tons
- Powder River Basin expected to capture 34 million tons

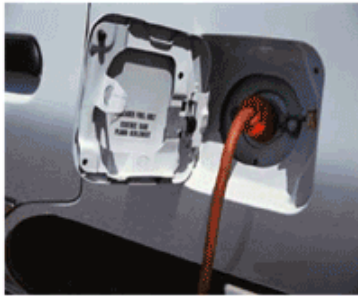
Net new coal-fueled generating capacity announcements total close to 80 GW

Slide 7

Source: Platts and ACI estimates



Over the long-term, clean-coal technologies can create new markets for coal



- A plug-in hybrid is one entry for coal into the transportation market

- ▶ *Likely to create significant off-peak demand for electricity*

- Coal can be converted into ultra-low-sulfur diesel fuel

- ▶ *At current oil prices, coal-to-liquids facilities appear economically feasible*

- Gasification can reduce emissions & transform coal into pipeline-quality natural gas

- ▶ *IGCC & CCS should enable coal to prosper in a carbon constrained world*

Public policy initiatives aimed at domestic energy security are leading to energy legislation and financial incentives for clean-coal-technology development



Debate on potential future CO₂ regulation is focused on energy security *and* climate

- Cannot reduce dependence on foreign oil without increased coal use
 - ▶ *Can advance clean-coal technology investment*
- Progress on carbon capture and storage (CCS) is accelerating
 - ▶ *Stabilizing CO₂ concentrations without CCS is virtually impossible*
 - ▶ *Recent announcement by AEP shows real progress on CCS*
- IGCC plants are now gaining traction
 - ▶ *Technology providers eager to establish the industry standard*
- Most realistic way to de-carbonize automotive fleet is to electrify (employing centralized CCS)
 - ▶ *Plug-in hybrids increasingly viewed as key part of solution*
 - ▶ *Off-peak power demand will most benefit lowest cost fuels*



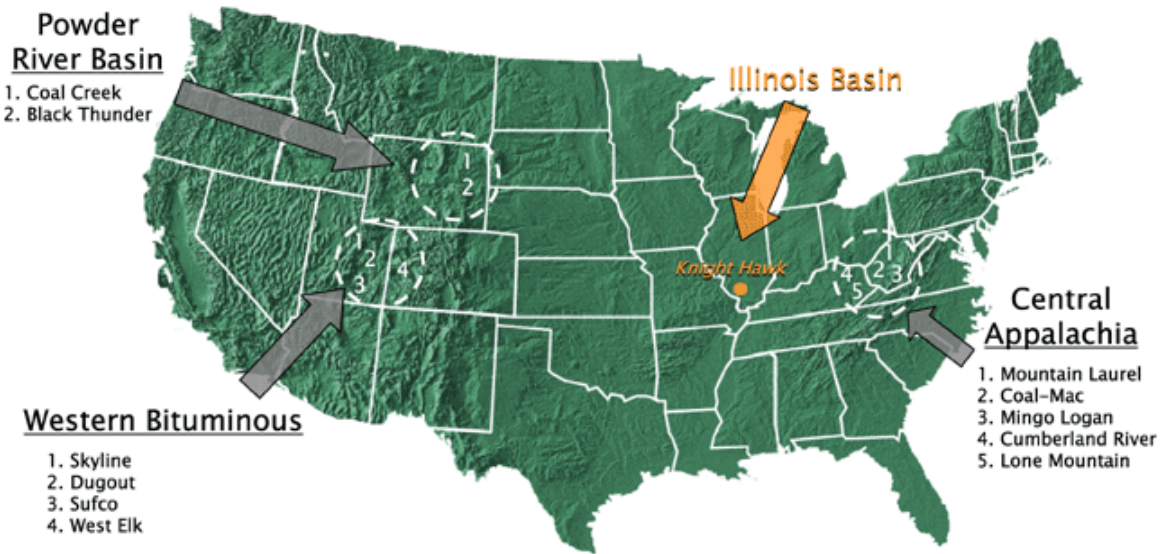
About Arch Coal, Inc.



- One of the largest coal producers in the nation with a leading position in all three major low-sulfur basins
- Core business is providing U.S. power generators with clean-burning, low-sulfur coal for electric generation
 - ▶ *Supplies roughly 11% of U.S. coal needs*
 - ▶ *Provides source fuel for roughly 6% of U.S. electricity*
- Talented workforce operates large, modern mines
- Industry leader in mine safety, productivity and reclamation



Arch's national scope of operations includes presence in four major U.S. coal basins



- Leading operating position in all three major low-sulfur basins
- Equity interest in an Illinois Basin producer, Knight Hawk



Arch's long-term success hinges on three crucial areas of performance

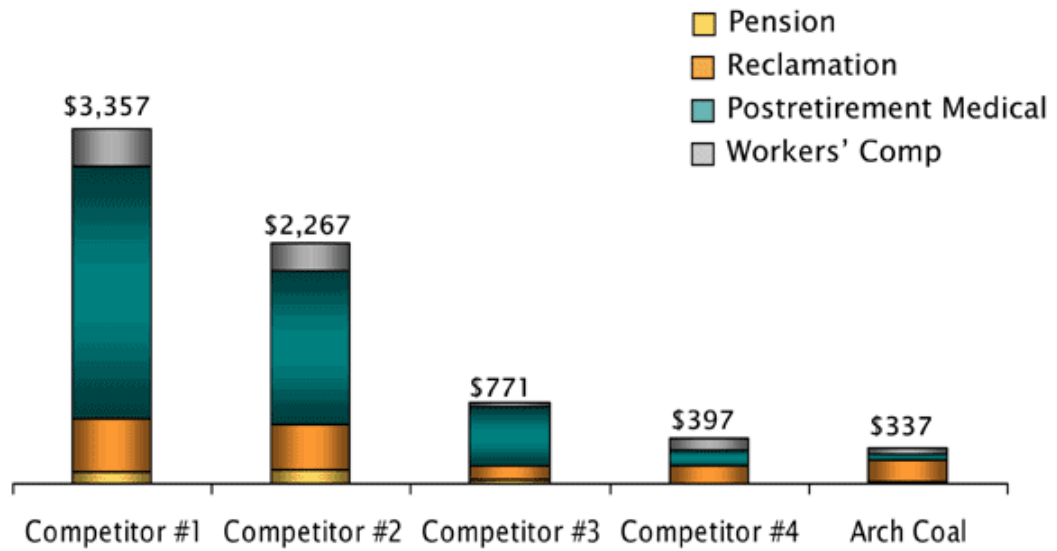


- Achieving industry-leading productivity rates
 - ▶ *Three of top eight most productive longwall mines*
 - ▶ *Sufco most productive underground mine in 2006*
 - ▶ *Surface mines produced 210% more tons than industry average*
- Operating the world's safest coal mines
 - ▶ *Sentinels of Safety – Safest underground coal mine*
 - ▶ *Second best-year on record for lost-time incidents*
 - ▶ *Outperformed the industry safety average by three times*
- Acting as responsible citizens and environmental stewards
 - ▶ *National Good Neighbor Award*
 - ▶ *Greenlands Award – Best reclamation in West Virginia*

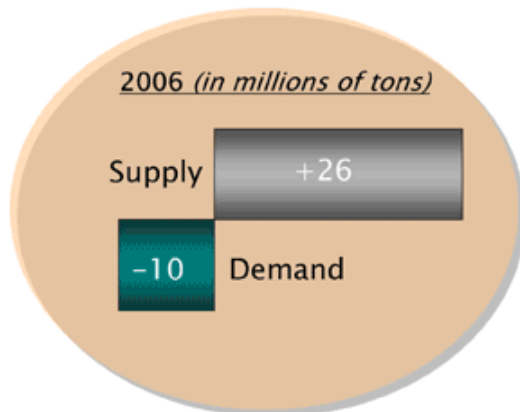


Arch has the cleanest balance sheet among major U.S. coal producers

Legacy Liabilities of Largest U.S. Coal Companies
12/31/06 (in millions)



U.S. coal markets weakened in 2006, but appears to be on the rebound



- Factors causing demand decline
 - ▶ *Mild winter; mild summer (East)*
 - ▶ *Near-record nuclear availability*
 - ▶ *Strong hydro year*
- Low gas prices allowed coal stockpile conservation efforts
- Led to generator stockpile increase of an estimated 35 million tons

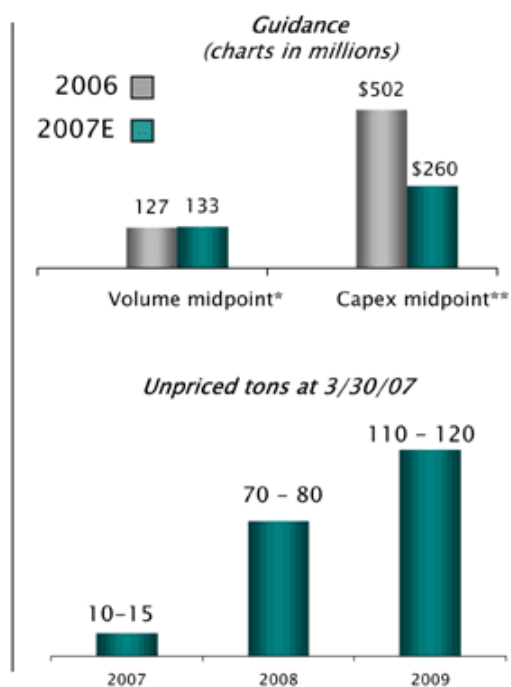
■ Correction may be near

- ▶ *Stronger gas prices*
- ▶ *Return of normal weather*
- ▶ *Electric generation up 4.6% YTD*
- ▶ *Coal production down 1.8% YTD*
- ▶ *Renewed CAPP permitting issues*
- ▶ *Seaborne coal markets strengthening*
- ▶ *Met market - tugging at steam*
- ▶ *Long-term supply pressures in East*
- ▶ *New plants on horizon*



We've reduced production levels and are containing costs in weak market cycle

- Reduce production targets
 - ▶ *Preserve value of reserves for future when demand rebounds*
- Lower capital spending
 - ▶ *Align spending with market demand and reduced production levels*
- Focus on cost control
- Maintain upside exposure
 - ▶ *Unpriced position translates into more upside potential when market rebounds*
 - ▶ *Creates long-term value for shareholders*



*Volume excludes pass-through tons associated with Magnum transaction

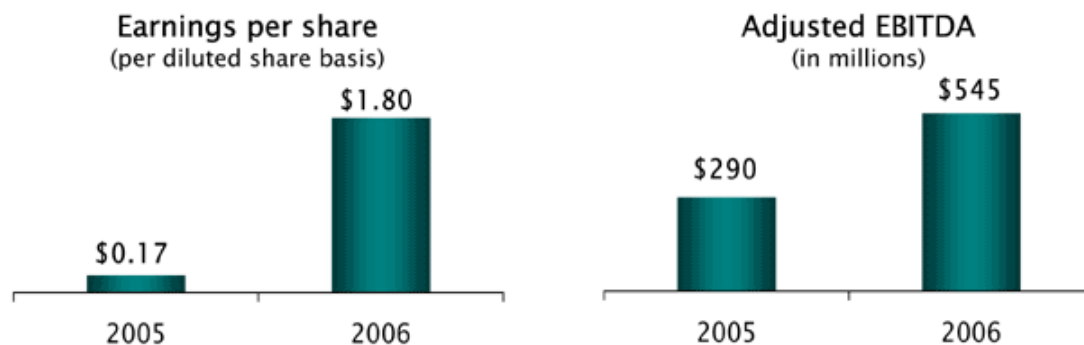
**Capex excludes reserve additions

Slide 15

Source: ACI



Arch's 2006 operating results demonstrated significant progress

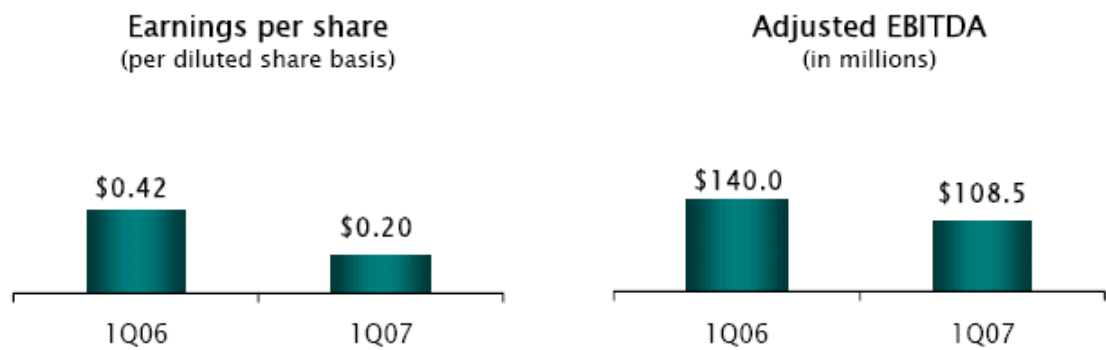


- Achieved rising price realization per ton in all regions due to the roll-off of lower-priced contracts
- Expanded operating margin per ton in all regions due to better price realization and cost control initiatives

Note: Reconciliation appears on last page of handout, may not tie due to rounding



Arch records solid performance in 1Q07 despite a weak market environment



- Reduced production volume targets impacted 1Q results
- Benefited from higher price realizations at our Western operations compared to 4Q06
- Plan to expand on our results and expect improving market fundamentals as the year progresses

Note: Reconciliation appears on last page of handout, may not tie due to rounding



Arch's future strategic growth possibilities are exciting



- Invest in core businesses to enhance profit growth and return on capital as well as evaluate opportunities to further upgrade and expand reserve base
- Consider acquisitions or investments that strategically fit and create shareholder value
- Expand market for coal through Btu conversion technologies that provide significant upside



Reconciliation to Non-GAAP Measures (Adjusted EBITDA)

Adjusted EBITDA:

Adjusted EBITDA is defined as net income before the effect of net interest expense; income taxes; our depreciation, depletion and amortization; expenses resulting from early extinguishment of debt; and other non-operating expenses.

Adjusted EBITDA is not a measure of financial performance in accordance with generally accepted accounting principles, and items excluded to calculate Adjusted EBITDA are significant in understanding and assessing our financial condition. Therefore, Adjusted EBITDA should not be considered in isolation nor as an alternative to net income, income from operations, cash flows from operations or as a measure of our profitability, liquidity or performance under generally accepted accounting principles. We believe that Adjusted EBITDA presents a useful measure of our ability to service and incur debt based on ongoing operations. Furthermore, analogous measures are used by industry analysts to evaluate operating performance. Investors should be aware that our presentation of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies. The table below shows how we calculate Adjusted EBITDA.

| | Year Ended December 31, | |
|---|----------------------------|-------------------|
| | 2006 | 2005 |
| Net income | | |
| Income tax (benefit) expense | \$ 260,931 | \$ 38,123 |
| Interest expense, net | 7,650 | (34,650) |
| Depreciation, depletion and amortization | 60,639 | 63,120 |
| Expenses from early debt extinguishment and other non-operating | 208,354 | 212,301 |
| | <u>7,447</u> | <u>11,264</u> |
| Adjusted EBITDA | <u>\$ 545,021</u> | <u>\$ 290,158</u> |



Reconciliation to Non-GAAP Measures (Adjusted EBITDA)

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| | Three Months Ended | |
|---|--------------------|-------------------|
| | March 31, | |
| | 2007 | 2006 |
| | (Unaudited) | |
| Net income | \$ 28,724 | \$ 60,687 |
| Income tax expense | 4,650 | 17,900 |
| Interest expense, net | 16,587 | 14,157 |
| Depreciation, depletion and amortization | 57,620 | 45,821 |
| Expenses from early debt extinguishment and other non-operating | 902 | 1,393 |
| Adjusted EBITDA | <u>\$ 108,483</u> | <u>\$ 139,958</u> |



News from Arch Coal, Inc.



FOR FURTHER INFORMATION:
Media — Kim Link (314) 994-2936

FOR IMMEDIATE RELEASE
Thursday, April 26, 2007

Arch Coal Announces Dividend Increase

ST. LOUIS (April 26, 2007) — Arch Coal, Inc. (NYSE:ACI) today announced that its board of directors has approved an increase in the quarterly cash dividend from \$0.06 per common share to \$0.07 per common share. The dividend is payable June 15, 2007 to shareholders of record on June 1, 2007.

“I’m pleased to announce Arch’s third dividend increase in four years,” said Steven F. Leer, chairman and chief executive officer of Arch Coal. “Today’s announcement reflects the board’s continued confidence in Arch’s long-term success.”

St. Louis-based Arch Coal is one of the nation’s largest coal producers. Through its national network of mines, Arch provides the fuel for approximately 6 percent of the electricity generated in the United States.

###

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 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.