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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**

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**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): October 6, 2006 (October 3, 2006)**

**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 1.01 Entry Into a Material Definitive Agreement.**

On October 3, 2006, Arch Coal, Inc. (the "Company") entered into an amendment (the "Credit Amendment") to its credit agreement, dated December 22, 2004, as amended (the "Credit Agreement"), with the banks named in the Credit Agreement and PNC Bank, National Association, as administrative agent for the banks party thereto.

The purpose of the Credit Amendment was to eliminate the dollar limitation on the amount of payments the Company was permitted to make annually with respect to its outstanding capital stock and instead to limit the Company's ability to make those payments by requiring the Company to comply with certain specified financial ratios, calculated in accordance with the Credit Agreement, at the time such payments are made.

As of September 30, 2006, the Company had approximately \$70.0 million and \$28.1 million of borrowings and letters of credit, respectively, outstanding under the Credit Agreement.

Some of the banks under the Credit Agreement and/or their affiliates have or may have had various relationships with the Company and its subsidiaries involving the provision of a variety of financial services, including investment banking, underwriting and commercial banking services, including issuances of letters of credit, for which the financial institutions and/or affiliates receive customary fees, and, in some cases, out-of-pocket expenses.

The Company described the material terms of the Credit Agreement in Item 1.01 of its Current Report on Form 8-K filed on December 28, 2004 and in Item 1.01 of its Current Report on Form 8-K filed on June 27, 2006, and incorporates the descriptions therein by this reference, appropriately modified as set forth above.

The foregoing description is only a summary and is qualified in its entirety by the provisions of the Credit Amendment. Since the terms of the Credit Amendment may differ from the general information contained herein, you should rely on the actual terms of the Credit Amendment, which is filed with this report as Exhibit 10.1 and is incorporated by reference herein.

### **Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

Information concerning the amounts for which the Company has become obligated under the Credit Agreement, as amended by the Credit Amendment, set forth above under Item 1.01 is hereby incorporated by reference into this Item 2.03.

### **Item 9.01 Financial Statements and Exhibits.**

#### (d) Exhibits

The following exhibit is attached hereto and filed herewith.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Second Amendment to Credit Agreement, dated as of October 3, 2006, by and among Arch Coal, Inc., the banks party thereto, Citicorp USA, Inc., JPMorgan Chase Bank, N.A. and Wachovia Bank, National Association, each in its capacity as syndication agent, Bank of America, N.A. (as successor-by-merger to Fleet National Bank), as documentation agent, and PNC Bank, National Association, as administrative agent for the banks.

**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: October 6, 2006

Arch Coal, Inc.

By: /s/ Robert G. Jones

Robert G. Jones

Vice President – Law, General Counsel and Secretary

**Exhibit Index**

Exhibit No.	Description
10.1	Second Amendment to Credit Agreement, dated as of October 3, 2006, by and among Arch Coal, Inc., the banks party thereto, Citicorp USA, Inc., JPMorgan Chase Bank, N.A. and Wachovia Bank, National Association, each in its capacity as syndication agent, Bank of America, N.A. (as successor-by-merger to Fleet National Bank), as documentation agent, and PNC Bank, National Association, as administrative agent for the banks.

**SECOND AMENDMENT TO CREDIT AGREEMENT**

**THIS SECOND AMENDMENT TO CREDIT AGREEMENT** (the "Amendment") is dated as of October 3, 2006 and is made by and among **ARCH COAL, INC.**, a Delaware corporation (the "Borrower"), the **BANKS** party to the Credit Agreement (as hereinafter defined), **CITICORP USA, INC.**, **JPMORGAN CHASE BANK, N.A.** and **WACHOVIA BANK, NATIONAL ASSOCIATION**, each in its capacity as co-syndication agent, and **BANK OF AMERICA, N.A.** (successor by merger to **FLEET NATIONAL BANK**), as documentation agent, and **PNC BANK, NATIONAL ASSOCIATION**, in its capacity as administrative agent for the Banks.

**WHEREAS**, the parties hereto are parties to that certain Credit Agreement dated as of December 22, 2004, as amended by that certain First Amendment to Credit Agreement dated as of June 23, 2006 (as so amended, the "Credit Agreement"), pursuant to which the Banks provided a \$800,000,000 revolving credit facility to the Borrower; and

**WHEREAS**, the Borrower, the Banks and the Administrative Agent desire to amend the Credit Agreement as hereinafter provided.

**NOW, THEREFORE**, the parties hereto, in consideration of their mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, covenant and agree as follows:

1. Definitions.

Capitalized terms used herein unless otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement, as amended by this Amendment.

2. Amendments to Credit Agreement.

(a) Section 1.1 [Certain Definitions] of the Credit Agreement is hereby amended to insert therein, between the definition of "SEC" and the definition of "Section 20 Subsidiary", the following new definition of "Second Amendment Effective Date":

"Second Amendment Effective Date shall mean October 3, 2006, which date is the effective date of the Second Amendment to the Credit Agreement."

(b) Section 7.2.9 [Restricted Payments] of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"7.2.9 Restricted Payments.

The Borrower shall not, and shall not permit any of its Subsidiaries to, declare or pay, directly or indirectly, any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any shares of capital stock or other equity interests of the Borrower or any Subsidiary of the Borrower or directly or indirectly redeem, purchase, retire or otherwise acquire for value any shares of any class of the capital stock or other equity interests of the Borrower or any Subsidiary of the Borrower or set aside any amount for any such purposes, except that:

(i) so long as on the date of the declaration thereof (each such date a "Dividend Declaration Date") and after giving effect thereto the Borrower is in compliance with the Restricted Payment Covenants (as set forth below) and no Potential Default or Event of Default has occurred, the Borrower may pay cash dividends on its common stock;

(ii) so long as on the date of payment thereof (each such date a "Redemption Date") and after giving effect thereto the Borrower is in compliance with the Restricted Payment Covenants

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(as set forth below) and no Potential Default or Event of Default has occurred, the Borrower may purchase, redeem, retire or otherwise acquire for value any shares of any class of the capital stock of the Borrower;

(iii) any Subsidiary of the Borrower may declare and pay dividends to, or repurchase its equity interests from, the Borrower or any other Subsidiary of the Borrower; and

(iv) Arch Western may make distributions to the ARCO Member (as defined in the Arch Western LLC Agreement) in an amount equal to the Hypothetical Income Tax Amount (as defined in the Arch Western LLC Agreement) pursuant to Section 4.3 of the Arch Western LLC Agreement.

Solely for purposes of clause (i) and clause (ii) of this Section 7.2.9, the covenants specified in clauses (a), (b) and (c) below are collectively, the "Restricted Payment Covenants" and on each Dividend Declaration Date (after giving effect to the dividends declared on such date in accordance with clause (i) above) and on each Redemption Date (after giving effect to the purchase, redemption, retirement or other acquisition for value of capital stock of the Borrower on such date in accordance with clause (ii) above):

(a) The Leverage Ratio shall not exceed: (i) if such Dividend Declaration Date or Redemption Date occurs during the period commencing on the Second Amendment Effective Date through and including December 31, 2006, then 3.75 to 1.00, (ii) if such Dividend Declaration Date or Redemption Date occurs during the period commencing on January 1, 2007 through and including December 31, 2008, then 3.50 to 1.00, and (iii) if such Dividend Declaration Date or Redemption Date occurs on or after January 1, 2009, then 3.25 to 1.00;

(b) The Senior Secured Leverage Ratio shall not exceed: (i) if such Dividend Declaration Date or Redemption Date occurs during the period commencing on the Second Amendment Effective Date through and including December 31, 2006, then 2.25 to 1.00, and (ii) if such Dividend Declaration Date or Redemption Date occurs on or after January 1, 2007, then 2.00 to 1.00; and

(c) The Interest Coverage Ratio shall not be less than 3.00 to 1.00."

### 3. Conditions of Effectiveness of Amendment.

The effectiveness of this Amendment is expressly conditioned upon satisfaction of each of the following conditions precedent:

#### (a) Borrower's Certification.

The Borrower by executing this Amendment, hereby certifies that (i) this Amendment has been duly authorized and executed, (ii) the representations and warranties of the Borrower contained in Section 5 of the Credit Agreement and of each Loan Party in each of the other Loan Documents are true and accurate on and as of the date hereof with the same effect as though such representations and warranties had been made on and as of such date (except representations and warranties which relate solely to an earlier date or time, which representations and warranties were true and correct on and as of the specific dates or times referred to therein), (iii) each of the Loan Parties has performed and complied with all covenants and conditions hereof and thereof, and (iv) no Event of Default or Potential Default has occurred and is continuing or exists.

#### (b) Payment of Fees.

The Borrower shall pay or cause to be paid to the Administrative Agent for itself and for the account of the Banks all fees, costs and expenses payable to the Administrative Agent or any Bank or for which the Administrative Agent or any Bank is entitled to be reimbursed, including but not limited to the fees and expenses of the Administrative Agent's legal counsel.

(c) Confirmation of Guaranty.

Each of the Guarantors shall have executed and delivered to the Administrative Agent the Confirmation of Guaranty in substantially the form attached hereto as Exhibit A.

(d) Legal Details.

All legal details and proceedings in connection with the transactions contemplated by this Amendment and the other Loan Documents shall be in form and substance satisfactory to the Administrative Agent and counsel for the Administrative Agent, and the Administrative Agent shall have received all such other counterpart originals or certified or other copies of such documents and proceedings in connection with such transactions, in form and substance satisfactory to the Administrative Agent and its counsel, as the Administrative Agent or its counsel may reasonably request.

4. Force and Effect.

Except as otherwise expressly modified by this Amendment, the Credit Agreement and the other Loan Documents are hereby ratified and confirmed and shall remain in full force and effect after the date hereof.

5. Governing Law.

This Amendment shall be deemed to be a contract under the Laws of the Commonwealth of Pennsylvania and for all purposes shall be governed by and construed and enforced in accordance with the internal laws of the Commonwealth of Pennsylvania without regard to its conflict of laws principles.

6. Effective Date.

This Amendment shall be dated as of and shall be binding, effective and enforceable upon the date of (i) satisfaction of all conditions set forth in Section 3 hereof and (ii) receipt by the Administrative Agent of duly executed original counterparts of this Amendment from the Borrower and the Required Banks, and from and after such date this Amendment shall be binding upon the Borrower, each Bank and the Agents, and their respective successors and assigns permitted by the Credit Agreement.

7. No Novation.

This Amendment amends the Credit Agreement, but is not intended to constitute, and does not constitute, a novation of the Obligations of the Loan Parties under the Credit Agreement or any other Loan Document.

**[Intentionally Blank]**

**[SIGNATURE PAGE 1 OF 24 TO SECOND AMENDMENT TO CREDIT AGREEMENT]**

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed this Second Amendment to Credit Agreement as of the day and year first above written.

**ARCH COAL, INC.**

By: /s/ James E. Florczak

Name: James E. Florczak

Title: Treasurer

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[SIGNATURE PAGE 2 OF 24 TO SECOND AMENDMENT TO CREDIT AGREEMENT]

**BANK LEUMI USA**

By: /s/ Joung Hee Hong \_\_\_\_\_

Name: Joung Hee Hong

Title: First Vice President

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**[SIGNATURE PAGE 3 OF 24 TO SECOND AMENDMENT TO CREDIT AGREEMENT]**

**BANK OF AMERICA, N.A.**  
(as successor by merger to Fleet National Bank),  
individually and as Documentation Agent

By: /s/ Adam H. Frey

Name: Adam H. Frey

Title: Vice President

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[SIGNATURE PAGE 4 OF 24 TO SECOND AMENDMENT TO CREDIT AGREEMENT]

**BANK OF MONTREAL**

By: \_\_\_\_\_

Name:

Title:

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**CALYON NEW YORK BRANCH**

By: /s/ Lee E. Greve

Name: Lee E. Greve

Title: Managing Director, Deputy Manager

By: /s/ Joseph A. Philbin

Name: Joseph A. Philbin

Title: Director

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**[SIGNATURE PAGE 6 OF 24 TO SECOND AMENDMENT TO CREDIT AGREEMENT]**

**CITICORP USA, INC.**, individually and as Syndication Agent

By: \_\_\_\_\_

Name:

Title:

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**COMMERCE BANK N.A.**

By: /s/ Douglas P. Best

Name: Douglas P. Best

Title: Vice President

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**[SIGNATURE PAGE 8 OF 24 TO SECOND AMENDMENT TO CREDIT AGREEMENT]**

**JPMORGAN CHASE BANK, N.A.**, individually and as  
Syndication Agent

By: /s/ Stacey Haines

Name: Stacey Haines

Title: Vice President

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[SIGNATURE PAGE 9 OF 24 TO SECOND AMENDMENT TO CREDIT AGREEMENT]

**LASALLE BANK NATIONAL ASSOCIATION**

By: /s/ Margaret C. Dierkes

Name: Margaret C. Dierkes

Title: First Vice President

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**MIZUHO CORPORATE BANK, LTD.**

By: \_\_\_\_\_

Name:

Title:

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**MORGAN STANLEY BANK**

By: /s/ Jaap L. Tonckens

Name: Jaap L. Tonckens

Title: Authorized Signatory

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**NATEXIS BANQUES POPULAIRES**

By: /s/ Timothy L. Polvado

Name: Timothy L. Polvado

Title: Vice President and Group Manager

By: /s/ Daniel Payer

Name: Daniel Payer

Title: Vice President

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**NATIONAL CITY BANK**

By: /s/ Eric Hartman

Name: Eric Hartman

Title: Senior Vice President

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[SIGNATURE PAGE 14 OF 24 TO SECOND AMENDMENT TO CREDIT AGREEMENT]

**PNC BANK, NATIONAL ASSOCIATION,**  
individually and as Administrative Agent

By: /s/ Dorothy G.W. Brailer \_\_\_\_\_

Name: Dorothy G.W. Brailer

Title: Vice President

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**REGIONS BANK**

By: /s/ Daniel R. Kraus

Name: Daniel R. Kraus

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**SOVEREIGN BANK**

By: /s/ Robert D. Lanigan

Name: Robert D. Lanigan

Title: Senior Vice President

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**SOUTHWEST BANK OF ST. LOUIS**

By: /s/ Roy C. Postel

Name: Roy C. Postel

Title: Senior Vice President

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**THE BANK OF NEW YORK**

By: /s/ Craig J. Anderson

Name: Craig J. Anderson

Title: Vice President

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[SIGNATURE PAGE 19 OF 24 TO SECOND AMENDMENT TO CREDIT AGREEMENT]

**THE ROYAL BANK OF SCOTLAND PLC**

By: /s/ Brian J. Smith

Name: Brian J. Smith

Title: Vice President

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**UBS LOAN FINANCE LLC**

By: /s/ Irja R. Otsa  
Name: Irja R. Otsa  
Title: Associate Director, Banking Products Services, US

By: /s/ Marie A. Haddad  
Name: Marie A. Haddad  
Title: Associate Director, Banking Products Services, US

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**UMB BANK, N.A.**

By: /s/ Cecil G. Wood

Name: Cecil G. Wood

Title: Executive Vice President

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[SIGNATURE PAGE 22 OF 24 TO SECOND AMENDMENT TO CREDIT AGREEMENT]

**UNION BANK OF CALIFORNIA, N.A.**

By: /s/ Bryan P. Read

Name: Bryan P. Read

Title: Vice President

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[SIGNATURE PAGE 23 OF 24 TO SECOND AMENDMENT TO CREDIT AGREEMENT]

US BANK NATIONAL ASSOCIATION

By: /s/ Karen Meyer

Name: Karen Meyer

Title: Vice President

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[SIGNATURE PAGE 24 OF 24 TO SECOND AMENDMENT TO CREDIT AGREEMENT]

**WACHOVIA BANK, NATIONAL ASSOCIATION,**  
individually and as Syndication Agent

By: /s/ Shannan Townsend

Name: Shannan Townsend

Title: Director