
**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): February 27, 2008 (February 21, 2008)

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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 21, 2008, upon the recommendation of the Personnel and Compensation Committee (the “Committee”), the Board of Directors (the “Board”) of Arch Coal, Inc. (the “Company”) approved one-time awards of restricted stock units and non-qualified stock options to Steven F. Leer, the Company’s Chairman and Chief Executive Officer, and John W. Eaves, the Company’s President and Chief Operating Officer, for retention purposes. The following table shows information relating to the awards granted to these executives:

Name	Number of Shares of Stock or Units	Exercise or Base Price of Option Awards
Steven F. Leer:		
Restricted stock units	32,550	—
Non-qualified stock options	64,100	\$52.69
John W. Eaves:		
Restricted stock units	21,700	—
Non-qualified stock options	42,750	52.69

Under the terms of the applicable award agreements, the restricted stock units vest in equal installments on February 21, 2011 and February 21, 2012, subject to each executive’s continued employment. The Company will pay dividend equivalent amounts in cash to the executives based on the number of unvested restricted stock units held by the executives on the record date established by the Board for payment of common stock dividends. Dividend equivalent amounts are paid on unvested restricted stock units at the same rate as the cash dividends the Company pays on its outstanding common stock. In addition, upon vesting, the executives may elect to defer receipt of the common stock and the corresponding tax obligations under the terms of the Company’s non-qualified deferred compensation plan, a copy of which is attached as Exhibit 10.1 hereto and is hereby incorporated by reference. The restricted stock units were granted pursuant to the terms of the 1997 Stock Incentive Plan (the “1997 Plan”) and the terms of a Restricted Stock Unit Contract (the “RSU Award Agreement”). A copy of the 1997 Plan and the form of RSU Award Agreement are attached as Exhibits 10.2 and 10.3 hereto and are hereby incorporated by reference.

Under the terms of the applicable award agreements, the stock options vest in equal installments on February 21, 2011 and February 21, 2012, subject to each executive’s continued employment. The stock options were granted pursuant to the terms of the 1997 Plan and the terms of a Non-Qualified Stock Option Agreement (the “Option Agreement”). The form of Option Agreement is attached as Exhibit 10.4 hereto and is hereby incorporated by reference.

In addition, on February 21, 2008, upon the recommendation of the Committee, the Board approved certain revisions to the form of award agreement for non-qualified stock options granted under the 1997 Plan. Under the terms of the amended award agreement, except in certain circumstances, awards will continue to vest and become exercisable in accordance with the vesting schedule described in the award agreement in the event that the employee terminates employment with the Company following the date on which the employee attains age 58 and has at least five years of continuous service with the Company immediately prior to the date of termination. In those circumstances, option awards will remain exercisable for a period of five years following termination of employment but not beyond the original term of the option. The revised form of award agreement for non-qualified stock options is attached as Exhibit 10.5 hereto and is hereby incorporated by reference.

The Company will provide additional information regarding the compensation paid to its named executive officers for the years ended December 31, 2007 and 2006 in the Company’s proxy statement for the 2008 annual meeting of stockholders, which is expected to be filed with the Securities and Exchange Commission in March 2008.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are attached hereto and furnished herewith.

Exhibit No.	Description
10.1*	Arch Coal, Inc. (formerly Arch Mineral Corporation) Deferred Compensation Plan (incorporated herein by reference to Exhibit 4.1 of the Registration Statement on Form S-8 (Registration No. 333-68131) filed by the registrant on December 1, 1998).
10.2*	Arch Coal, Inc. 1997 Stock Incentive Plan (as Amended and Restated on July 22, 2004) (incorporated herein by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
10.3*	Form of 2008 Restricted Stock Unit Contract for Messrs. Leer and Eaves.
10.4*	Form of 2008 Non-Qualified Stock Option Agreement for Messrs. Leer and Eaves.
10.5*	Form of Non-Qualified Stock Option Agreement.

* Denotes management contract or compensatory plan arrangements.

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: February 27, 2008

Arch Coal, Inc.

By: /s/ Robert J. Messey

Robert J. Messey

Senior Vice President and Chief Financial Officer

Exhibit Index

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* Denotes management contract or compensatory plan arrangements.

Form of Restricted Stock Unit Contract
(Not Transferable)

This Contract, by and between Arch Coal, Inc., a Delaware corporation (the “Company”), and **[Participant Name]** (the “Participant”), is made and entered into as a separate inducement in connection with the Participant’s employment and not in lieu of any salary or other compensation for the Participant’s services, pursuant to which the company has awarded, ~~x,xxx~~ restricted stock units (“Units”) to the Participant, subject to the provisions of the Arch Coal, Inc. 1997 Stock Incentive Plan, as amended from time to time (the “Plan”), a copy of which has been provided to the Participant, and to the terms and conditions set forth below, which constitute the entire understanding between the Company and the Participant with respect to this Contract.

This Contract is executed as of February 21, 2008.

Arch Coal, Inc.

By: _____
Sheila B. Feldman
Vice President — Human Resources

By: _____
Name
“Participant”

Terms and Conditions of Restricted Stock Unit Contract

1. **Definitions.** Capitalized terms, not otherwise defined herein shall have the same meanings set forth in the Plan.
 2. **Vesting Dates.** The Units will vest in equal ratable amounts on February 21, 2011 and February 21, 2012 (each, a "Vesting Date").
 3. **Issuance of Shares of Stock.** Subject to the provisions of this Contract, and unless deferred by the Participant, the Company shall issue to the Participant as soon as practicable following each Vesting Date, a number of whole shares of Stock equal to the number of Units vesting on such date. Such shares of Stock shall not be subject to any restriction on transfer other than any such restriction as may be required pursuant to Section 9, or any applicable law, rule or regulation.
 4. **Non-transferable.** The Participant agrees that the Units may not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of.
 5. **Change of Control.** The units will vest automatically and without any further action on the part of the Company or the Participant immediately following any Change of Control.
 6. **Sale of Subsidiary.** The units will vest automatically and without any further action on the part of the Company or the Participant if the Participant is employed by a Subsidiary of the Company immediately following the sale or disposition of such Subsidiary by the Company; provided, however, that the Participant was not offered another position with the Company, which includes substantially equivalent salary, benefits, duties and responsibilities as the Participant's last position.
 7. **Tax Withholding.** The Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company, if any, which arise in connection with the Units or the issuance of shares of Stock upon vesting thereof. The Company shall have no obligation to deliver shares of Stock until the tax withholding obligations of the Company have been satisfied by the Participant.
 8. **Certificate Registration.** The certificate for the shares of Stock issuable upon vesting of the Units shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.
 9. **Restrictions on Issuance of Shares.** The issuance of shares of Stock upon vesting of the Units shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. No shares of Stock may be issued hereunder if the issuance of such shares would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Units shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to issuance of the shares of Stock upon vesting of the Units, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.
 10. **Fractional Shares.** The Company shall not be required to issue fractional shares upon the vesting of the Units.
 11. **Termination of Employment.** The Participant agrees that, upon his or her termination from the Company and its Subsidiaries for any reason (including Retirement, death or Disability) prior to the dates on which the Units vest, the Participant shall forfeit any and all rights he or she may have under this Contract or the Plan to any unvested Units on the Date of Termination.
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12. **Stockholder Rights.** Unless and until such time as the Participant forfeits his or her rights under this Contract in accordance with paragraph 11, the Participant shall be entitled to receive payment, in cash, of an amount equal to the dividends declared and paid from time to time on a share of Stock for each Unit then held by the Participant. Except as provided in the preceding sentence, the Participant shall have no other rights of a common stockholder of the Company, including the right to vote such stock at any meeting of the common stockholders of the Company as a result of his or her ownership of Units.
13. **Adjustments.** The Units shall automatically and without any further action on the part of the Company or the Participant be adjusted if and to the extent that the Stock underlying the Units becomes subject to a stock dividend, stock split, recapitalization, merger, consolidation, reorganization or other event.
14. **Personnel & Compensation Committee Actions.** The Personnel & Compensation Committee (the "Committee") of the Company's Board of Directors may, in its discretion, remove, modify or accelerate the vesting schedule with respect to the Units under such circumstances as the Committee, in its discretion, shall determine, subject however to the terms of the Plan.
15. **Effect of Award on Employment.** Nothing in this Contract shall be construed as an agreement for the continued employment of the Participant, and Company shall have the right to terminate the employment of the Participant at any time for any reason, with or without cause.
16. **Further Assurances.** Each of the parties hereto agrees to execute and deliver all consents and other instruments and take all other actions deemed necessary or desirable by counsel for the Company to carry out each provision of this Contract and the Plan.
17. **Governing Law.** The validity, interpretation, performance and enforcement of this Contract shall be governed by the laws of the State of Delaware, determined without regard to its conflict of law provisions.
18. **Plan Governs.** This Contract has been executed pursuant to the Plan, and each and every provision of this Contract shall be subject to the provisions of such Plan and, except as otherwise provided herein, the terms therein shall govern this Contract. In the event of any conflict between the terms of this Contract and any other documents or materials provided to the Participant, the terms of this Contract.

**Form of Award Agreement
(Non-Qualified Stock Option)**

Name of employee:	(Employee name)	
Name of plan:	1997 Stock Incentive Plan, as amended	
Date of option grant:	February 21, 2008	
Number of option shares:	xx,xxx	
Option price per share:	\$52.69	
Vesting schedule:	xx,xxx shares	February 21, 2011
	xx,xxx shares	February 21, 2012
Expiration date:	February 21, 2018	

Arch Coal, Inc. (“Arch Coal”) hereby confirms this grant of a non-qualified stock option to purchase shares of Arch Coal, Inc. common stock (the “Option”) to the above-named employee (“Employee”). The terms of this Award Agreement and the 1997 Stock Incentive Plan, as amended (the “Plan”), shall govern the Option all respects. Capitalized terms used in this Award Agreement but not otherwise defined herein shall have the meanings assigned to them in the Plan.

Subject to the terms of the Plan, the Option granted hereunder shall vest and become exercisable based on the vesting schedule described above. Upon Retirement, the vested portion of the Option shall remain exercisable for the lesser of (i) a period of five years from the date of Retirement or (ii) the remaining term of the Option and thereafter shall be forfeited if not exercised. In addition, the Option can become exercisable upon the occurrence of other events as specified in the Plan.

Nothing in the Plan or this Award Agreement should confer on any Employee any right to continue in the employment of Arch Coal or interfere in any way with the right of Arch Coal to terminate Employee’s employment at any time.

This Award Agreement shall not be valid unless signed by the Employee and returned to the Human Resources Department.

Arch Coal, Inc.

Sheila B. Feldman
Vice President – Human Resources

I hereby accept the Option granted above under the terms and conditions of the Plan and this Award Agreement. I also acknowledge that I have received a copy of the Plan.

Date: _____

Employee: _____

**Form of Award Agreement
(Non-Qualified Stock Option)**

Name of employee:	(Employee name)	
Name of plan:	1997 Stock Incentive Plan, as amended	
Date of option grant:	(Grant date)	
Number of option shares:	x,xxx	
Option price per share:	\$xx.xx	
Vesting schedule:	xxx shares	xx/xx/20xx
	xxx shares	xx/xx/20xx
	xxx shares	xx/xx/20xx
Expiration date:	xx/xx/20xx	

Arch Coal, Inc. (“Arch Coal”) hereby confirms this grant of a non-qualified stock option to purchase shares of Arch Coal, Inc. common stock (the “Option”) to the above-named employee (“Employee”). The terms of this Award Agreement and the 1997 Stock Incentive Plan, as amended (the “Plan”), shall govern the Option all respects. Capitalized terms used in this Award Agreement but not otherwise defined herein shall have the meanings assigned to them in the Plan.

Subject to the terms of the Plan, the Option granted hereunder shall vest and become exercisable based on the vesting schedule described above. In addition, the Option can become exercisable upon the occurrence of other events as specified in the Plan. Notwithstanding the foregoing and notwithstanding anything contained in the Plan to the contrary, if the Employee’s Date of Termination occurs on or after the date on which the Employee attains age 58, the Employee has five years of continuous service with Arch Coal immediately prior to the Date of Termination and the Employee has not been terminated for Cause, then the Option shall continue to vest and become exercisable in accordance with the vesting schedule described above, and the Option shall remain exercisable for the lesser of (i) a period of five years from the Employee’s Date of Termination or (ii) the remaining term of the Option and thereafter shall be forfeited if not exercised.

Nothing in the Plan or this Award Agreement should confer on any Employee any right to continue in the employment of Arch Coal or interfere in any way with the right of Arch Coal to terminate Employee’s employment at any time.

This Award Agreement shall not be valid unless signed by the Employee and returned to the Human Resources Department.

Arch Coal, Inc.

Sheila B. Feldman
Vice President – Human Resources

I hereby accept the Option granted above under the terms and conditions of the Plan and this Award Agreement. I also acknowledge that I have received a copy of the Plan.

Date: _____

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