
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): October 1, 2009 (October 1, 2009)

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 September 30, 2009, Arch Coal, Inc., a Delaware corporation (the "Company"), entered into a Second Amendment (the "Amendment") to the Membership Interest Purchase Agreement (the "MIPA") with Rio Tinto Sage LLC, a Delaware limited liability company ("Seller"). The Amendment reflects the revision by Seller of the ownership structure of Jacobs Ranch Coal LLC ("Jacobs Ranch") through (a) the formation of Jacobs Ranch Holdings I LLC, a Delaware limited liability company as a direct, wholly-owned subsidiary of Seller ("Jacobs Ranch Holdings I"); (b) the formation of Jacobs Ranch Holdings II LLC, a Delaware limited liability company as a direct, wholly-owned subsidiary of Jacobs Ranch Holdings I and an indirect subsidiary of Seller ("Jacobs Ranch Holdings II"); and (c) the transfer of all of the membership interests of Jacobs Ranch from Seller to Jacobs Ranch Holdings II (the "Restructure") and various changes to the MIPA which accommodate the Restructure. The Amendment also provides for changes to certain closing conditions and changes to the working capital methodology.

A copy of the Amendment is filed as Exhibit 2.1 to this Form 8-K and is incorporated in this Item 1.01 by reference. The description of the Amendment set forth in this Item 1.01 is not complete and is qualified in its entirety by reference to the full text of the Amendment set forth on Exhibit 2.1, and readers are encouraged to review the Amendment in its entirety.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On October 1, 2009, the Company consummated its previously announced purchase of all of the issued and outstanding membership interests of Jacobs Ranch Holdings I for a purchase price of \$761 million, subject to certain cash, working capital, indebtedness and other adjustments set forth in the MIPA. The Company financed the acquisition with a combination of new debt and equity offerings completed in August 2009.

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

Following the transactions reported in Items 1.01 and 2.01 above, the Company had \$300 million outstanding under its existing credit facility with PNC Bank, National Association, as administrative agent.

Item 7.01 Regulation FD Disclosure.

On October 1, 2009, the Company issued a press release announcing that it had acquired all of the issued and outstanding membership interests of Jacobs Ranch Holdings I. A copy of the press release is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

The information required by Item 9.01(a) and (b), if any, will be filed by amendment not later than 71 calendar days after the date of this initial report on Form 8-K.

(d) Exhibits

The following exhibits are attached hereto and filed herewith.

Exhibit No.	Description
2.1*	Second Amendment to Membership Interest Purchase Agreement dated as of September 30, 2009, by and between Rio Tinto Sage LLC and Arch Coal, Inc.
99.1	Press release dated October 1, 2009.

* Certain appendices, exhibits and/or similar attachments to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The registrant will furnish supplementally a copy of any omitted appendix, exhibit or similar attachment to the SEC upon request.

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 1, 2009

Arch Coal, Inc.

By: /s/ Robert G. Jones

Robert G. Jones
Senior Vice President – Law, General Counsel
and Secretary

Exhibit Index

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* Certain appendices, exhibits and/or similar attachments to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The registrant will furnish supplementally a copy of any omitted appendix, exhibit or similar attachment to the SEC upon request.

**SECOND AMENDMENT TO
MEMBERSHIP INTEREST PURCHASE AGREEMENT**

THIS SECOND AMENDMENT to the Membership Interest Purchase Agreement dated as of March 8, 2009, as amended by the First Amendment to Membership Interest Purchase Agreement dated as of April 6, 2009 (collectively, the "**Purchase Agreement**"), by and between Rio Tinto Sage LLC, a Delaware limited liability company ("**Seller**"), and Arch Coal, Inc., a Delaware corporation ("**Buyer**"), is made and entered into between Seller and Buyer (each a "**Party**" and collectively, the "**Parties**"), as of this 30th day of September, 2009 (the "**Second Amendment**").

RECITALS

A. Seller and Buyer entered into the Purchase Agreement in order to sell and transfer the equity interests of Jacobs Ranch to Buyer.

B. Seller currently directly owns one hundred percent (100%) of the membership interests of Jacobs Ranch.

C. In order to consummate the Acquisition, Seller has determined that it is in its best interest to revise the ownership structure of Jacobs Ranch through (a) the formation of Jacobs Ranch Holdings I, a Delaware limited liability company qualified to do business in Wyoming and a direct, wholly-owned subsidiary of Seller ("**Jacobs Ranch Holdings I**"); (b) the formation of Jacobs Ranch Holdings II, a Delaware limited liability company qualified to do business in Wyoming, a direct, wholly-owned subsidiary of Jacobs Ranch Holdings I and an indirect subsidiary of Seller ("**Jacobs Ranch Holdings II**"); and (c) the transfer of all of the membership interests of Jacobs Ranch from Seller to Jacobs Ranch Holdings II (the "**Restructure**"). Upon completion of the Restructure, (a) Seller will own one hundred percent (100%) of the membership interests in Jacobs Ranch Holdings I, (b) Jacobs Ranch Holdings I will own one hundred percent of the membership interests of Jacobs Ranch Holdings II, and (c) Jacobs Ranch Holdings II will own 100% of the membership interests of Jacobs Ranch.

D. As a result of the Restructure, the State of Wyoming Department of Environmental Quality, Land Quality Division, has determined that no further Required Approvals are necessary for (a) Permit to Mine, Permit 271; and (b) License to Mine, License numbers 271-T1-L1, 271-L2, and 271-L3, in respect of the transfer of the membership interests in Jacobs Ranch Holdings I by Seller to Buyer.

E. The Parties have determined that certain covenants may be impossible or impractical to complete prior to the Closing Date.

F. Section 9.8 of the Purchase Agreement provides that the Purchase Agreement may be amended in a writing signed by Buyer and Seller.

G. The Parties desire to further amend the Purchase Agreement as set forth in this Second Amendment.

AMENDMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, and intending to be legally bound hereby, the Parties agree to amend the Purchase Agreement as follows:

1. Amendments.

a. Recital A of the Purchase Agreement hereby is deleted in its entirety and replaced with the following:

“A. Seller owns one hundred percent (100%) of the outstanding membership interests of Jacobs Ranch Holdings I LLC, a Delaware limited liability company (“**Jacobs Ranch Holdings I**”). Jacobs Ranch Holdings I owns one hundred percent (100%) of the outstanding membership interests of Jacobs Ranch Holdings II LLC, a Delaware limited liability company (“**Jacobs Ranch Holdings II**”). Jacobs Ranch Holdings II owns one hundred percent (100%) of the outstanding membership interests of Jacobs Ranch Coal LLC, a Delaware limited liability company (“**Jacobs Ranch**”). Seller, through its indirect ownership of Jacobs Ranch, owns and operates the Mine and, through its indirect ownership of one hundred percent (100%) of the outstanding membership interests in Jacobs Land & Livestock LLC, a Delaware limited liability company (the “**Subsidiary**”), owns or controls certain Mineral and/or Real Properties (collectively, the “**Business**”).”

b. Section 1.1(d) of the Purchase Agreement hereby is deleted in its entirety and replaced with the following:

““**Arch Coal Supply Agreements**” means the agreements in substantially the forms attached to this Agreement as Exhibit A-1 and Exhibit A-2.”

c. Section 1.1(oo) of the Purchase Agreement hereby is deleted in its entirety and replaced with the following:

““**Equity Interests**” means the membership interests of Jacobs Ranch Holdings I held by Seller.”

d. Section 1.1(nnnnn) of the Purchase Agreement hereby is amended by deleting the phrase “Section 2.6(g)” and replacing it with “Section 2.6(f)”.

e. Section 2.2 of the Purchase Agreement hereby is amended by deleting the phrase “11:59:59 p.m.” and replacing it with “12:00:01 a.m.”.

f. The phrase “ending after the Closing Date” is hereby deleted from the second and third lines of Section 3.10(k) of the Purchase Agreement and is hereby replaced with “ending after September 30, 2009.”

g. The phrase “on or prior to the Closing Date” is hereby deleted from the fourth, fifth and sixth lines of Section 3.10(k) of the Purchase Agreement, the fifth line of Section 3.12(e) of the Purchase Agreement, the second line of Section 5.14(a) of the Purchase Agreement, the fourteenth line of Section 5.14(e) of the Purchase Agreement, the third line of Section 5.14(f) of the Purchase Agreement, the sixth line of Section 5.14(g) of the Purchase Agreement and is hereby replaced with “prior to the Closing Date.”

h. The phrase “on the Closing Date” is hereby deleted from Section 5.8(b) of the Purchase Agreement, the fifth line of Section 5.14(a) of the Purchase Agreement and is hereby replaced with “immediately prior to the Closing Date.”

i. The phrase “on the Closing Date” is hereby deleted from the fifth line of Section 5.14(a) of the Purchase Agreement and is hereby replaced with “on September 30, 2009.”

j. The phrase “up to and including the Closing Date” in the thirteenth line of Section 5.14(a) of the Purchase Agreement is hereby deleted, and is hereby replaced with “up to the Closing Date.”

k. All references to the phrase “the Closing Date” in Section 5.14(c) and Section 5.14(d) of the Purchase Agreement are hereby deleted and are hereby replaced with “September 30, 2009.”

l. The phrase “after the Closing Date” in the seventh line of Section 5.8(c) of the Purchase Agreement, the second line of Section 5.14(a) of the Purchase Agreement, the second line of Section 5.14(g) of the Purchase Agreement and the first line of Section 8.2(c) is hereby deleted and is hereby replaced with “on or after the Closing Date.”

m. The phrase “on or before the Closing Date” is hereby deleted from the third and fourth lines of Section 3.12(e) of the Purchase Agreement, the first line of Section 5.8(d) of the Purchase Agreement, and is hereby replaced with “prior to the Closing Date.”

n. The phrase “as of the Closing Date” is hereby deleted from Section 1.1(o) of the Purchase Agreement, the second line of Section 5.8(a) of the Purchase Agreement, the third, sixth and eighth lines of Section 5.8(d) and Section 5.8(e) of the Purchase Agreement and is hereby replaced with “as of September 30, 2009.”

o. The word “Date” in the title of Section 8.7 is hereby deleted.

p. Section 2.6(f) of the Purchase Agreement hereby is deleted in its entirety and replaced with the following:

“(f) the Arch Coal Supply Agreements, executed by Rio Tinto Energy America Inc., a Delaware corporation (“**RTEA**”) or an Affiliate of RTEA, as applicable;”

q. Section 2.6(g) of the Purchase Agreement hereby is deleted in its entirety and replaced with the following:

“(g) the Tire Allocation Assignment, executed by Rio Tinto Energy America Services Company, a Delaware corporation;”

r. Section 3.1(c) of the Purchase Agreement hereby is amended by deleting the phrase “, as of the Effective Date,” beginning in the first line thereof.

s. Section 3.2(a) of the Purchase Agreement hereby is deleted in its entirety and replaced with the following:

“(a) Jacobs Ranch Holdings I is a limited liability company formed under the laws the State of Delaware on June 17, 2009. Jacobs Ranch Holdings II is a limited liability company formed under the laws of the State of Delaware on June 17, 2009. The Equity Interests, and the membership interests of Jacob Ranch Holdings II, Jacobs Ranch and the Subsidiary, have been legally and validly issued and all legally required contributions have been made under the applicable Organizational Document of each of the Companies.”

t. Section 3.2(b) of the Purchase Agreement hereby is amended by deleting the phrase “Jacobs Ranch” and replacing it with “Jacobs Ranch Holdings I”.

u. Section 3.2(e) of the Purchase Agreement hereby is deleted in its entirety and replaced with the following:

“(e) Jacobs Ranch Holdings I owns 100% of the outstanding membership interests of Jacobs Ranch Holdings II. Except for the direct ownership of membership interests by Jacobs Ranch Holdings I in Jacobs Ranch Holdings II and the indirect ownership of membership interests by Jacobs Ranch Holdings I in Jacobs Ranch and the Subsidiary, Jacobs Ranch Holdings I does not own, and has not owned, any capital stock, membership interests or other equity or debt securities of any other Person, or any other assets. Jacob Ranch Holdings II owns 100% of the outstanding membership interests of Jacobs Ranch. Except for the direct ownership of membership interests of Jacobs Ranch Holdings II in Jacobs Ranch and the indirect ownership of membership interests by Jacobs Ranch Holdings II in the Subsidiary, Jacobs Ranch Holdings II does not own, and has not owned, any capital stock, membership interests or other equity or debt securities of any other Person, or any other assets. Jacobs Ranch owns 100% of the outstanding membership interests of the Subsidiary. Except for the ownership of Jacobs Ranch in the Subsidiary, Jacobs Ranch does not own, directly or indirectly, any capital stock, membership interests or other equity or debt securities of any other Person. The Subsidiary does not own, directly or indirectly, any capital stock, membership interests or other equity or debt securities of any other

Person. Other than its ownership of Jacobs Ranch Holdings II, Jacobs Ranch Holdings I has no operations of any kind. Other than its ownership of Jacobs Ranch, Jacobs Ranch Holdings II has no operations of any kind.”

v. The phrase “JACOBS RANCH” in the sixth line of Section 4.9 of the Purchase Agreement hereby is deleted and replaced with the phrase ”JACOBS RANCH HOLDINGS I”.

w. The word “either” hereby is deleted in the second line of Section 1.1(w) of the Purchase Agreement, the first line of Section 1.1(x) of the Purchase Agreement, the last line of Section 1.1(hh) of the Purchase Agreement, the fifteenth line of Section 1.1(iii) of the Purchase Agreement, the second line of Section 1.1(jjjj) of the Purchase Agreement, the fourth line of Section 2.2(b) of the Purchase Agreement, the eighth line of Section 2.3(a) of the Purchase Agreement, the second line of Section 2.6(j) of the Purchase Agreement, the second line of Section 2.6(l) of the Purchase Agreement, the third line of Section 3.2(c) of the Purchase Agreement, the second line of Section 3.4(a) of the Purchase Agreement, the second line of Section 3.4(c) of the Purchase Agreement, the eleventh line of Section 3.5(c) of the Purchase Agreement, the second and fourth lines of Sections 3.8(b) of the Purchase Agreement, the first line of Section 3.8(c) of the Purchase Agreement, the second line of Section 3.8(d) of the Purchase Agreement, the fourth line of Section 3.10(b) of the Purchase Agreement, the second line of Section 3.10(g) of the Purchase Agreement, the second line of Section 3.10(j) of the Purchase Agreement, the sixth and ninth lines of Section 3.12(a) of the Purchase Agreement, the second, third, fifth and seventh lines of Section 3.14(c) of the Purchase Agreement, the third line of Section 3.14(d) of the Purchase Agreement, the fifth line of Section 3.16(a) of the Purchase Agreement, the eighth line of Section 3.18 of the Purchase Agreement, the second line of Section 5.6(c) of the Purchase Agreement, the third line of Section 5.6(k) of the Purchase Agreement, the first line of Section 5.6(n) of the Purchase Agreement, the second line of Section 5.14(b) of the Purchase Agreement, and the second line of Section 8.2(b) of the Purchase Agreement, and replaced with the word “any”.

x. The word “neither” hereby is deleted in the seventh line of Section 3.5(c) of the Purchase Agreement, the first line of Section 3.11(a)(i) of the Purchase Agreement, the third line of Section 3.15(a) of the Purchase Agreement, and the first line of Section 3.15(b) of the Purchase Agreement and replaced with the word “none”.

y. The word “neither” hereby is deleted in the second line of Section 3.16(a) of the Purchase Agreement, and the second line of Section 3.16(b) of the Purchase Agreement, and replaced with the word “no”.

z. The phrase “, Jacobs Ranch Holdings I, Jacobs Ranch Holdings II,” hereby is inserted after the phrase “Jacobs Ranch” in the first line of Section 1.1(w) of the Purchase Agreement, the fourth, sixth, seventh, ninth and tenth lines of Section 1.1(jjjj) of the Purchase Agreement, the first line of Section 3.6(b)(ii) of the Purchase Agreement,

the second, seventh, eleventh and sixteenth lines of Section 3.7(b) of the Purchase Agreement, the tenth line of Section 3.12(a) of the Purchase Agreement, the first line of Section 3.14(b) of the Purchase Agreement, the first and third lines of Section 3.14(j) of the Purchase Agreement, the first and second lines of Section 3.14(k) of the Purchase Agreement, the third, fifth and ninth lines of Section 3.20 of the Purchase Agreement, the second line of Section 5.6(j) of the Purchase Agreement, the third line in Section 5.6(m) of the Purchase Agreement, and the second, fourth, fifth and twelfth lines of Section 5.16(b) of the Purchase Agreement.

aa. The phrase “Jacobs Ranch Holdings I, Jacobs Ranch, or” hereby is inserted before the phrase “the Subsidiary” in the second line of Section 5.6(k) of the Purchase Agreement, and the sixth line of Section 5.10(d) of the Purchase Agreement.

bb. The phrase “and Coal Leases” hereby is deleted from the heading in the first line of Section 5.1(b)(i) of the Purchase Agreement, and from the third and seventh lines of Section 5.1(b)(i) of the Purchase Agreement.

cc. The phrase “or Coal Leases” hereby is deleted from the fourth line of Section 5.1(b)(i) of the Purchase Agreement.

dd. The phrase “Arch Coal Supply Agreement” hereby is deleted from the fourth line of Section 2.6(j), the first line of Section 2.7(a)(v), the tenth line of Section 5.1(b)(ii) and replaced with the phrase “Arch Coal Supply Agreements”.

ee. Section 5.3 of the Purchase Agreement hereby is amended (i) by replacing the phrase “shall be effective as of the Closing Date” in the first sentence thereof with the phrase “shall be posted on or before the Closing Date and shall be effective as of the Closing Date” and (ii) by replacing the phrase “, and shall obtain the release of all of the Existing Surety Bonds in connection therewith” in the first sentence thereof with the phrase “, and shall use Commercially Reasonable Efforts to obtain the release of all of the Existing Surety Bonds in connection therewith as soon as possible after the Closing Date.”

ff. Section 5.4 of the Purchase Agreement hereby is amended (i) by inserting the phrase “, including any Existing Guaranty related to Coal Sales Contracts covered by the Arch Coal Supply Agreements,” after the phrase “Closing Date” in the fifth line, the eleventh line and the eighteenth line thereof, and (ii) by inserting the phrase “in respect of Buyer or its Affiliates (including, if Closing occurs, one or more of the Companies)” after the phrase “Liabilities” in the twelfth line thereof.

gg. The last sentence of Section 5.16(c) of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

“Seller shall use Commercially Reasonable Efforts to collect, and assist Buyer in the collection of, all such accounts receivable as the same become due, and shall remit to Buyer as promptly as possible any and all amounts received from any third parties with respect to such accounts receivable in accordance with Section 3 of the Arch Coal Supply Agreement, attached hereto as Exhibit A-1, and in accordance with Section 2 of the Arch Coal Supply Agreement, attached hereto as Exhibit A-2, in each case, without any right of set off by Seller.”

hh. Section 8.1 of the Purchase Agreement hereby is amended by deleting “and” at the end of clause (c), by replacing the period at the end of clause (d) with “; and” and by adding the following new clause (e):

“(e) any Liability arising from Seller’s internal reorganization of the ownership of Jacobs Ranch through (i) the formation of Jacobs Ranch Holdings II, (ii) the formation of Jacobs Ranch Holdings I and (iii) the transfer of all of the membership interests of Jacobs Ranch from Seller to Jacobs Ranch Holdings II.”

ii. Section 9.3 of the Purchase Agreement hereby is amended by deleting “or” at the end of clause (A)(i) and replacing it with “,”, by adding by “or” after the comma at the end of clause (A)(ii), and by adding the following new clause (iii):

“(iii) in case of an assignment and/or delegation in whole or in part to the immediate corporate parent of such Party,”

jj. All new definitions to the Purchase Agreement included in this Second Amendment hereby are inserted in alphabetical order into Section 1.1 of the Purchase Agreement, the section numbers in Section 1.1 are renumbered accordingly, and, as appropriate, references to such section numbers in the Purchase Agreement are revised accordingly.

kk. The Arch Coal Supply Agreement attached to the Purchase Agreement as Exhibit A hereby is deleted in its entirety and replaced with (i) the agreement attached to this Second Amendment as Exhibit A-1; and (ii) the agreement attached to this Second Amendment as Exhibit A-2.

ll. Exhibit D to the Purchase Agreement hereby is amended by (i) deleting the reference to “BLM, Federal Coal Leases (see Section 3.5(a)) – 43 C.F.R. Part 3453.” under the heading of “Federal Coal Leases” and replacing it with “None.”; (ii) deleting the reference to “Federal Communications Commission, Transmitters Licenses (see Section 3.6) – 47 U.S.C. § 310(d); 47 C.F.R. § 1.948” and replacing it with “Federal Communications Commission, Radio Station Authorizations (see Section 3.6) – 47 U.S.C. §310(d); 47 C.F.R. § 1.948”; and (iii) by deleting the references to (A) “Mine Safety & Health Administration, Legal Identity 48-00997-MSHA Form 2000-7, available at <http://www.msha.gov/forms/elawsforms/2000-7.htm>”; (B) “Wyoming DEQ, Land Quality Division Permit to Mine, Permit 271 – See Wyo. Stat. Ann. § 35-11-401 et seq.; Wyo. Dept. Envntl. Quality, Land Quality R. & Regs., Ch. 1, 2, 12 & 13; Wyo. Dept. Envntl. Quality, Land Quality, Coal Standard Operating Procedure Nos. 1.8 & 1.9”; and (C) “Wyoming DEQ, Land Quality Division License to Mine, License numbers 271-T1-L1, 271-L2, and 271-L3 — See Wyo. Stat. Ann. § 35-11-401 et seq.; Wyo. Dept. Envntl. Quality, Land Quality R. & Regs., Ch. 1, 2, 12 & 13; Wyo. Dept. Envntl. Quality, Land Quality, Coal Standard Operating Procedure Nos. 1.8 & 1.9” under the heading of “Environmental Permits”.

mm. Exhibit E to the Purchase Agreement hereby is amended by (i) deleting “US\$10,863,892” as the Reference Net Working Capital and replacing it with “US\$10,442,154”; (ii) deleting the Sample Calculation appended to Exhibit E as Appendix 1 and replacing it with the Sample Calculation attached to this Second Amendment as Appendix 1, and (iii) adding a new clause (xi) to Section 9(a):

“(xi) Any accruals for freight under the Confidential Rail Transportation Agreement BNSF-C-12373 between the Burlington Northern and Santa Fe Railway Company and Kennecott Coal Sales Company.”

2. Miscellaneous.

a. Words, terms and phrases that begin with initial capital letters used, but not specifically defined in, this Second Amendment shall have the same meaning ascribed to such words, terms or phrases in the Purchase Agreement.

b. Except as otherwise specifically provided in this Second Amendment, the terms and conditions of the Purchase Agreement shall remain in full force and effect.

c. This Second Amendment shall be governed by and construed in accordance with the Laws of the State of Colorado, excluding conflicts of law principles thereof that would require or permit the application of the Laws of a different jurisdiction.

d. This Second Amendment may be executed in counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered (including by facsimile or other electronic transmission) to the other Parties as required hereunder.

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FOR FURTHER INFORMATION:
Deck Slone (314) 994-2717**FOR IMMEDIATE RELEASE**

Arch Coal Completes Acquisition of Jacobs Ranch

ST. LOUIS (October 1, 2009) – Arch Coal, Inc. (NYSE:ACI) today announced that it has completed the acquisition of Rio Tinto's Jacobs Ranch mine for a purchase price of approximately \$764 million, which includes an estimate for working capital adjustments. In 2008, Jacobs Ranch produced 42.1 million tons of high-quality sub-bituminous coal for sale to U.S. power generators.

"We are enthusiastic about completing the acquisition of Jacobs Ranch," said Steven F. Leer, Arch's chairman and chief executive officer. "This transaction further expands Arch's size, scale and strategic position in the Powder River Basin – the largest, fastest growing and most cost-competitive coal supply region in the nation. Arch plans to integrate Jacobs Ranch – which is the third largest coal mine in the United States based on 2008 production – into the company's existing Black Thunder mine, creating what we believe will be the largest single coal-mining complex in the world."

The acquisition includes 381 million tons of low-cost, low-sulfur coal reserves (as of Dec. 31, 2008) that are contiguous to Arch's Black Thunder mine. Other assets acquired in the transaction consist of a high-speed rail loadout, an overland conveyor and near-pit crushing system, a 120-cubic-yard dragline, eight large electric shovels, more than 40 large haul trucks and a dedicated and experienced workforce. Additionally, Jacobs Ranch has 35 million tons of production committed and priced in 2010 – and 21 million tons of production committed and priced in 2011 – under existing sales contracts.

"Jacobs Ranch is the perfect addition to Arch's flagship Black Thunder operation as the mines share a six mile property line and have adjacent mining facilities along with complementary pit operations," said Leer. "In many respects, Jacobs Ranch already exemplifies Arch's existing operations in the PRB – a low-cost, highly productive mine with little geologic risk, a low level of legacy liabilities and an impressive safety and environmental stewardship record. Thus, the integration of Jacobs Ranch into Black Thunder will build upon Arch's strong foundation and allow the combined mine to realize substantial operational and financial synergies."

Once integrated, the enhanced Black Thunder mine will control six draglines, 22 shovels, more than 130 haul trucks, three rail loadouts and 20 train landing spots. The combined mine also will have assigned coal reserves of 1.6 billion tons (as of Dec. 31, 2008) and productive capacity of more than 140 million tons per year should market conditions warrant.

Arch estimates synergies from the transaction of between \$45 million and \$55 million annually, beginning in 2010. Arch's past experience with the 2004 acquisition of the North Rochelle mine and its integration into Black Thunder suggests that these synergies are readily achievable.

Roughly half of the synergies represent operational cost savings, including mining sequence changes to capitalize on the common property line, shorter truck haulage distances, optimization of the combined mine's three rail loadouts, equipment rationalization, elimination of redundant facilities as well as purchasing and warehousing efficiencies, among others.

The remaining synergies relate to administrative cost savings as well as enhanced coal-blending opportunities. Administrative cost savings include the elimination of duplicative job positions and overhead fees, reduced costs due to Arch's ability to self-bond its reclamation liability and the elimination of fees from inter-company leasing arrangements. Coal-blending opportunities include providing a more diverse blend of products to customers in the power generation industry. Additionally, reduced future net capital requirements are expected due to optimizing the combined equipment fleet.

"We believe this acquisition creates substantial value for our employees, our customers and our shareholders," said Leer. "We are working with the dedicated mining professionals at Jacobs Ranch to achieve a swift and successful integration of the complex. As of today, we have begun executing our integration plan and expect it to be completed by year's end. The enhanced Black Thunder complex will further strengthen Arch's reputation as a preferred, low-cost energy supplier to our nation's largest power generators."

At the time the acquisition was announced on Mar. 9, 2009, Black Thunder and Jacobs Ranch employed approximately 1,815 people, excluding support personnel. At closing on Oct. 1, 2009, the combined mining complex will operate with 115 fewer positions (70 hourly and 45 salaried), and will employ a total of approximately 1,700 people. Outright layoffs were minimized – totaling less than 15 employees – as a majority of the workforce reduction occurred through natural attrition since the announcement of the deal or through retention of salaried employees by Rio Tinto Energy America.

Arch financed the acquisition with a combination of new debt and equity offerings completed in August. "Arch's successful capital markets transactions executed last month helped to pre-finance the Jacobs Ranch transaction – and have left our balance sheet on solid footing to pursue further growth opportunities in the current marketplace, should the potential arise," added Leer.

In the fourth quarter of 2009, Arch expects to record roughly \$8 million in one-time acquisition-related expenses related to severance costs, advisory and legal fees as well as other costs from the integration of the operations.

Since the process of valuing the acquired assets and liabilities and allocating the purchase price has just begun, Arch currently anticipates providing revised earnings guidance for full year 2009 in the company's third quarter 2009 earnings release and conference call scheduled for October 30. In addition, Arch expects to provide guidance on 2010 total company sales volumes, earnings and capital expenditure plans in the fourth quarter 2009 earnings release, typically scheduled for late January.

St. Louis-based Arch Coal is the second largest U.S. coal producer. Through its national network of mines, Arch supplies cleaner-burning, low-sulfur coal to U.S. power producers to fuel roughly 8 percent of the nation's electricity. The company also ships coal to domestic and international steel manufacturers as well as international power producers.

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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.