

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1996.

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 1-13105.

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below: Arch Coal, Inc. and Subsidiaries Employee Thrift Plan.
- B. Name of issuer of the securities to be held pursuant to the plan and the address of its principal executive office: Arch Coal, Inc., Suite 300, CityPlace One, St. Louis, Missouri 63141.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Pension Committee of  
Arch Coal, Inc.:

We have audited the accompanying financial statements of the Arch Coal, Inc. and Subsidiaries Employee Thrift Plan (the Plan) as of December 31, 1996 and 1995, and for the year ended December 31, 1996, as listed in the accompanying table of contents. These financial statements and the schedules referred to below are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 1996 and 1995, and the changes in its net assets available for benefits for the year ended December 31, 1996, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,  
July 11, 1997

ARCH COAL, INC. AND SUBSIDIARIES  
EMPLOYEE THRIFT PLAN  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
DECEMBER 31, 1996

	Participant-Directed				
	Intermediate Government Bond Fund	Select Income Fund	High Yield Bond Fund	Total Return Fund	Industrial Income Fund
ASSETS:	--				
Investments at fair value-					
Intermediate Government					
Bond Fund	8,323,729	\$ --	\$ --	\$ --	\$ --
Select Income Fund	--	7,030,008	--	--	--
High Yield Bond Fund	--	--	2,046,421	--	--
Total Return Fund	--	--	--	14,231,068	--
Industrial Income Fund	--	--	--	--	11,578,106
Dynamics Fund	--	--	--	--	--
International Growth Fund	--	--	--	--	--
Emerging Growth Fund	--	--	--	--	--
Capital Preservation Fund	--	--	--	--	--
Loans to participants	--	--	--	--	--
Total investments	8,323,729	7,030,008	2,046,421	14,231,068	11,578,106
Receivables-					
Loan payments	--	--	--	--	--
Participant contributions	22,500	17,388	6,495	35,958	21,523
Employer contributions	16,154	11,205	3,935	23,239	12,967
Total receivables	38,654	28,593	10,430	59,197	34,490
Total assets	8,362,383	7,058,601	2,056,851	14,290,265	11,612,596
LIABILITIES:					
Administrative expenses payable	(2,828)	(2,389)	(695)	(4,835)	(3,934)
NET ASSETS AVAILABLE FOR BENEFITS	\$ 8,359,555	\$ 7,056,212	\$ 2,056,156	\$14,285,430	\$11,608,662

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
DECEMBER 31, 1996 (CONT'D)

	Participant-Directed				Nonparticipant-Directed	Total
	Dynamics Fund	International Growth Fund	Emerging Growth Fund	Capital Preservation Fund	Loan Fund	
ASSETS:	--	--		--	--	
Investments at fair value-						
Intermediate Government						
Bond Fund	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 8,323,729
Select Income Fund	--	--	--	--	--	7,030,008
High Yield Bond Fund	--	--	--	--	--	2,046,421
Total Return Fund	--	--	--	--	--	14,231,068
Industrial Income Fund	--	--	--	--	--	11,578,106
Dynamics Fund	8,851,312	--	--	--	--	8,851,312
International Growth Fund	--	1,780,162	--	--	--	1,780,162
Emerging Growth Fund	--	--	2,521,986	--	--	2,521,986
Capital Preservation Fund	--	--	--	21,018,056	--	21,018,056
Loans to participants	--	--	--	--	4,750,950	4,750,950
Total investments	8,851,312	1,780,162	2,521,986	21,018,056	4,750,950	82,131,798
Receivables-						
Loan payments	--	--	--	--	75,006	75,006
Participant contributions	24,550	5,620	6,387	47,255	--	187,676
Employer contributions	14,635	3,258	3,512	31,691	--	120,596
Total receivables	39,185	8,878	9,899	78,946	75,006	383,278
Total assets	8,890,497	1,789,040	2,531,885	21,097,002	4,825,956	82,515,076
LIABILITIES:						
Administrative expenses payable	(3,007)	(605)	(857)	(7,141)	(1,024)	(27,315)
NET ASSETS AVAILABLE FOR BENEFITS	\$8,887,490	\$1,788,435	\$ 2,531,028	\$21,089,861	\$4,824,932	\$82,487,761

The accompanying notes are an integral part of this statement.



ARCH COAL, INC. AND SUBSIDIARIES  
EMPLOYEE THRIFT PLAN  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
DECEMBER 31, 1995

	Participant-Directed				
	Intermediate Government Bond Fund	Select Income Fund	High Yield Bond Fund	Total Return Fund	Industrial Income Fund
ASSETS:	--				--
Investments at fair value-					
Intermediate Government					
Bond Fund	\$ 9,345,145	\$ --	\$ --	\$ --	\$ --
Select Income Fund	--	7,376,373	--	--	--
High Yield Bond Fund	--	--	1,687,505	--	--
Total Return Fund	--	--	--	13,179,418	--
Industrial Income Fund	--	--	--	--	9,816,362
Dynamics Fund	--	--	--	--	--
International Growth Fund	--	--	--	--	--
Emerging Growth Fund	--	--	--	--	--
Capital Preservation Fund	--	--	--	--	--
Loans to participants	--	--	--	--	--
Total investments	9,345,145	7,376,373	1,687,505	13,179,418	9,816,362
Receivables-					
Loan payments	--	--	--	--	--
Participant contributions	17,716	14,136	4,763	24,975	16,970
Employer contributions	12,846	9,402	2,958	16,509	10,201
Total receivables	30,562	23,538	7,721	41,484	27,171
Total assets	9,375,707	7,399,911	1,695,226	13,220,902	9,843,533
LIABILITIES:					
Administrative expenses payable	(3,048)	(2,406)	(550)	(4,299)	(3,202)
NET ASSETS AVAILABLE FOR BENEFITS	\$ 9,372,659	\$ 7,397,505	\$ 1,694,676	\$ 13,216,603	\$ 9,840,331

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS  
DECEMBER 31, 1995 (CONT'D)

	Participant-Directed				Nonparticipant-Directed	Total
	Dynamics Fund	International Growth Fund	Emerging Growth Fund	Capital Preservation Fund	Loan Fund	
ASSETS:						
Investments at fair value-						
Intermediate Government						
Bond Fund	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,345,145
Select Income Fund	--	--	--	--	--	7,376,373
High Yield Bond Fund	--	--	--	--	--	1,687,505
Total Return Fund	--	--	--	--	--	13,179,418
Industrial Income Fund	--	--	--	--	--	9,816,362
Dynamics Fund	6,653,075	--	--	--	--	6,653,075
International Growth Fund	--	1,446,630	--	--	--	1,446,630
Emerging Growth Fund	--	--	796,555	--	--	796,555
Capital Preservation Fund	--	--	--	21,733,137	--	21,733,137
Loans to participants	--	--	--	--	4,623,242	4,623,242
Total investments	6,653,075	1,446,630	796,555	21,733,137	4,623,242	76,657,442
Receivables-						
Loan payments	--	--	--	--	45,803	45,803
Participant contributions	13,499	4,371	1,289	36,917	--	134,636
Employer contributions	8,254	2,599	741	23,465	--	86,975
Total receivables	21,753	6,970	2,030	60,382	45,803	267,414
Total assets	6,674,828	1,453,600	798,585	21,793,519	4,669,045	76,924,856
LIABILITIES:						
Administrative expenses payable	(2,170)	(472)	(260)	(7,089)	(382)	(23,878)
NET ASSETS AVAILABLE FOR BENEFITS	\$ 6,672,658	\$ 1,453,128	\$ 798,325	\$ 21,786,430	\$ 4,668,663	\$ 76,900,978

The accompanying notes are an integral part of this statement.

ARCH COAL, INC. AND SUBSIDIARIES  
EMPLOYEE THRIFT PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 1996

	Participant-Directed				
	Intermediate Government Bond Fund	Select Income Fund	High Yield Bond Fund	Total Return Fund	Industrial Income Fund
ADDITIONS:	--	--	--		
Investment income-					
Net appreciation (depreciation) in fair value of investments	\$ (379,948)	\$ (218,456)	\$ 73,771	\$ 1,142,739	\$ 603,331
Dividends	482,952	535,473	171,559	534,911	1,062,618
Interest on loans	44,418	31,718	10,022	61,811	40,437
Loans issued	(349,084)	(221,242)	(78,608)	(446,371)	(266,483)
Loan principal payments	250,565	161,555	56,753	372,364	221,752
Participant contributions	648,521	500,735	187,552	1,039,798	620,331
Participant rollovers	18,679	24,264	16,086	23,709	31,531
Employer contributions	450,157	310,534	107,212	645,209	356,965
Total additions	1,166,260	1,124,581	544,347	3,374,170	2,670,482
DEDUCTIONS:					
Benefits paid to participants	(1,102,534)	(788,630)	(179,465)	(1,738,552)	(946,298)
Administrative expenses	(3,127)	(1,546)	(742)	(4,018)	(2,285)
Other	--	--	--	(169)	--
Total deductions	(1,105,661)	(790,176)	(180,207)	(1,742,739)	(948,583)
TRANSFERS (FROM) TO FUNDS	(1,073,703)	(675,698)	(2,660)	(562,604)	46,432
Net increase (decrease)	(1,013,104)	(341,293)	361,480	1,068,827	1,768,331
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	9,372,659	7,397,505	1,694,676	13,216,603	9,840,331
NET ASSETS AVAILABLE FOR BENEFITS, end of year	\$ 8,359,555	\$ 7,056,212	\$ 2,056,156	\$ 14,285,430	\$11,608,662

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 1996 (CONT'D)

	Participant-Directed				Nonparticipant-Directed	
	Dynamics Fund	International Growth Fund	Emerging Growth Fund	Capital Preservation Fund	Loan Fund	Total
ADDITIONS:		--		--		--
Investment income-						
Net appreciation (depreciation) in fair value of investments	\$ 312,007	\$ 101,069	\$ 2,931	\$ 1,326,279	\$ --	\$ 2,963,723
Dividends	817,456	91,406	104,108	--	--	3,800,483
Interest on loans	35,753	8,103	6,716	103,842	--	342,820
Loans issued	(325,699)	(55,542)	(43,805)	(763,301)	2,550,135	--
Loan principal payments	227,375	47,571	40,191	538,740	(1,916,866)	--
Participant contributions	713,442	162,046	187,829	1,362,382	29,203	5,451,839
Participant rollovers	36,830	6,526	21,604	2,619	--	181,848
Employer contributions	405,769	90,023	100,610	951,137	--	3,417,616
Total additions	2,222,933	451,202	420,184	3,521,698	662,472	16,158,329
DEDUCTIONS:						
Benefits paid to participants	(690,493)	(140,383)	(97,233)	(4,301,601)	(504,662)	(10,489,851)
Administrative expenses	(3,011)	(468)	(964)	(57,717)	(642)	(74,520)
Other	(5,873)	--	--	(234)	(899)	(7,175)
Total deductions	(699,377)	(140,851)	(98,197)	(4,359,552)	(506,203)	(10,571,546)
TRANSFERS (FROM) TO FUNDS	691,276	24,956	1,410,716	141,285	--	--
Net increase (decrease)	2,214,832	335,307	1,732,703	(696,569)	156,269	5,586,783
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	6,672,658	1,453,128	798,325	21,786,430	4,668,663	76,900,978

NET ASSETS AVAILABLE FOR	-----	-----	-----	-----	-----	-----
BENEFITS, end of year	\$ 8,887,490	\$ 1,788,435	\$ 2,531,028	\$ 21,089,861	\$ 4,824,932	\$ 82,487,761
	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of this statement.

ARCH COAL, INC. AND SUBSIDIARIES  
EMPLOYEE THRIFT PLAN  
NOTES TO FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES  
DECEMBER 31, 1996 AND 1995

1. PLAN DESCRIPTION:

The following description of the Arch Coal, Inc. and Subsidiaries Employee Thrift Plan (the Plan) (formerly known as the Arch Mineral Corporation Employee Thrift Plan), is provided for general information purposes only. More complete information regarding the Plan's provisions may be found in the plan document.

General

The Plan is a defined contribution plan established by Arch Coal, Inc. and affiliates (the Employer) under the provisions of Section 401(a) of the Internal Revenue Code (IRC), which includes a qualified deferred arrangement as described in Section 401(k) of the IRC, for the benefit of eligible salaried and nonunion hourly employees. All hourly employees received separate benefits under a subordinate plan, the Retirement Savings Plan, until July 1, 1992, when they were given the same benefits as salaried employees. The Plan was amended and restated during 1994. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

The Employer is the plan administrator. A Pension Committee oversees the activities of the Plan as agent of the Employer. INVESCO Retirement Plan Services (INVESCO) is the Plan's trustee. Benefit Services Corp. is the Plan's record keeper.

Plan Amendment

During 1995, the Plan's payroll deferral provisions were revised for employees of Paint Creek Terminal, Inc. and the Ridgeline Mine.

Contributions

Participants may contribute up to 16% of gross wages, as defined by the Plan. The Employer contributes an amount equal to 100% of the first 6% contributed by each participant. Participants and the Employer contribute biweekly.

Ridgeline Mine employees may contribute only up to 10% of gross wages, as defined by the Plan. The Employer contributes an amount equal to 100% of the first 2% contributed by each Ridgeline Mine participant. The Ridgeline Mine closed in September 1996.

Vesting

Participants are fully vested in their contributions and all earnings. Vesting in employer matching contributions is based on years of continuous service. A participant vests according to the following schedule:

Years of Service	Vested Percentage
Less than 2 years	0%
More than 2 but less than 3	25%
More than 3 but less than 4	50%
More than 4 but less than 5	75%
5 years or more	100%

All participants are automatically fully vested in the case of death, total disability or at retirement age, regardless of the number of months of participation.

Forfeitures of terminated participants' nonvested accounts are used to reduce the Employer's future contributions. Restoration of such forfeitures to reemployed participants is made in accordance with the Plan's provisions. During the year ended December 31, 1996, \$79,801 of forfeitures were used to reduce employer contributions.

#### Benefits

Upon termination of service due to death, disability or retirement, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account. The form of payment is a lump-sum distribution. Effective July 1, 1996, a participant who is disabled or eligible for retirement may elect to receive payment in installments. The minimum installment allowed is \$500 and installments are paid quarterly, semiannually or annually.

#### Participant Accounts

Individual accounts are maintained for each of the Plan's participants to reflect the participant's share of the Plan's income, the Employer's contribution and the participant's contribution. Allocations are based on participant account balances, as defined.

#### Loans to Participants

Participants who have been in the Plan for at least 12 months may borrow a portion of their account in accordance with the provisions of the Plan. No loan shall be made if, immediately after the loan, the unpaid balance of all loans to the participant would exceed the lesser of:

- (A) \$50,000
- (B) 50% of the vested portion of the participant's account.

Notwithstanding the foregoing:

- (C) The \$50,000 limitation in (A) above shall be reduced by the highest outstanding loan balance for the one-year period ending on the day before a new loan is made less the outstanding balance of the loans on the date of the new loan.

Loans are secured by assignment of the participant's account and the participant's collateral promissory note for the amount of the loan. Interest rates are based on the prime rate on the first working day of the month in which the loans are taken.

#### Investment Options

Participants direct contributions, including employer matching contributions, into nine investment options in 1% increments. Participants may change their investment elections daily. A description of each investment option is provided below:

##### Intermediate Government Bond Fund

The fund invests primarily in obligations of the United States government and government agencies and instrumentalities maturing in three to five years.

#### Select Income Fund

At least 50% of the fund's assets are invested in investment grade debt securities. The balance of the fund is invested in corporate bonds rated below investment grade.

#### High Yield Bond Fund

The fund invests primarily in higher yielding corporate bonds (including convertible issues) and preferred stocks with medium to lower credit ratings. The Plan does not allow participants to invest more than 25% of their accounts in this fund.

#### Total Return Fund

The fund invests 30% in equities and 30% in fixed and variable income securities. The remaining 40% of the portfolio will vary in asset allocation.

#### Industrial Income Fund

The fund may invest up to 100% of its assets in equities of domestic industrial issuers. A minimum of 90% of the equity investments must be in dividend-paying common stocks. The remaining assets are invested in other income-producing securities, mostly corporate bonds.

#### Dynamics Fund

The fund invests in common stocks of companies traded on U.S. securities exchanges and over-the-counter. The fund may also invest in preferred stocks and convertible or straight issues of debentures, as well as foreign securities.

#### International Growth Fund

The fund normally invests at least 65% of its assets in foreign equity securities representing at least three different countries outside of the United States. Issuers have more than 50% of their assets located outside the United States or earn more than 50% of their gross income outside the United States. The Plan does not allow participants to invest more than 25% of their accounts in this fund.

#### Emerging Growth Fund

The fund normally invests at least 65% of its assets in equity securities of smaller companies whose capitalization is below \$1 billion. The balance of the fund's assets may be invested in the equity securities of companies with market capitalizations in excess of \$1 billion, debt securities and short-term investments. The Plan does not allow participants to invest more than 25% of their accounts in this fund.

#### Capital Preservation Fund

The fund invests in long-term guaranteed insurance contracts issued by a variety of insurance carriers, the I.T.C. Stable Value Fund and cash equivalents. The guaranteed insurance contracts included in this fund had average yields of 8.44% and 8.25% for the years ended December 31, 1996 and 1995, respectively. The crediting interest rates were 8.82% and 8.27%, as of December 31, 1996 and 1995, respectively. The fair values of the guaranteed insurance contracts were \$3,188,469 and \$4,956,164 at December 31, 1996 and 1995.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from net assets available for benefits during the reporting period. Actual results could differ from these estimates.

### Investment Valuation

Investments of the Plan are stated at fair value. Securities traded in public markets are valued at their quoted market prices. Guaranteed insurance contracts included in the Capital Preservation Fund are valued at contract value.

The difference between cost and market value from one period to the next is recognized as net appreciation in fair value of investments in the accompanying statement of changes in net assets available for benefits.

### Administrative Expenses

The Employer pays the salaries and related benefits of employees who administer the Plan. Effective July 1, 1996, participants pay for loan, withdrawal and distribution fees. All other administrative expenses are paid by the Plan.

## 3. INCOME TAX STATUS:

The Internal Revenue Service issued a determination letter dated August 9, 1996, stating that the Plan was in accordance with applicable design requirements for amendments adopted through March 6, 1995. The Plan has been amended since March 6, 1995. However, the plan administrator believes that the Plan is currently designed and operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, the plan administrator believes that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

## 4. PLAN TERMINATION:

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, participants will become fully vested in their accounts. The net assets of the Plan will be allocated to provide benefits to participants as prescribed by ERISA.

## 5. RECONCILIATION TO FORM 5500:

As of December 31, 1996 and 1995, the Plan had \$136,455 and \$848,667, respectively, of pending distributions to participants who elected either a withdrawal or final payment of their benefits from the Plan. These amounts are recorded as a liability in the Plan's Form 5500; however, these amounts are not recorded as a liability in the statements of net assets available for benefits in accordance with generally accepted accounting principles.

The following table reconciles net assets available for benefits per the financial statements to the Form 5500 as filed by the Company for the year ended December 31, 1996:

	Benefits Payable to Participants	Participant Termination and Withdrawal Payments	Net Assets Available for Benefits
	-----	-----	-----
Per financial statements	\$ --	\$ 10,489,851	\$ 82,487,761
Accrued benefit payments - December 31, 1996	136,455	136,455	(136,455)
Accrued benefit payments - December 31, 1995	--	(848,667)	--
	-----	-----	-----
Per Form 5500	\$ 136,455	\$ 9,777,639	\$ 82,351,306
	=====	=====	=====

6. SUBSEQUENT EVENT:

On July 1, 1997, a wholly owned subsidiary of Arch Mineral Corporation and Ashland Coal, Inc. (Ashland) merged, and Arch Mineral Corporation changed its name to Arch Coal, Inc. In connection with the merger, Arch Coal, Inc. common stock was registered with the Securities and Exchange Commission and now trades on the New York Stock Exchange. On July 1, 1997, an amendment to the Plan became effective to add the common stock of Arch Coal, Inc. as an investment option.

The Plan and similar plans at Ashland and its Coal Mac, Inc. and Mingo Logan Coal Company subsidiaries will continue to exist as separate plans through December 31, 1997. The management of Arch Coal, Inc. intends to merge the four plans effective January 1, 1998. Although the specific plan design is not known as of this date, it is anticipated the new plan will very closely resemble the Plan.

SCHEDULE I

ARCH COAL, INC. AND SUBSIDIARIES  
 EMPLOYEE THRIFT PLAN  
 ITEM 27a - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES  
 DECEMBER 31, 1996

Identity of Issuer	Description of Investment	Number of Shares or Par Value	Cost	Current Value
Mutual funds:				
*INVESCO Trust Company	Intermediate Government Bond Fund	668,036	\$ 8,412,262	\$ 8,323,729
*INVESCO Trust Company	Select Income Fund	1,073,284	6,966,793	7,030,008
*INVESCO Trust Company	High Yield Bond Fund	288,228	1,986,684	2,046,421
*INVESCO Trust Company	Total Return Fund	585,640	11,479,769	14,231,068
*INVESCO Trust Company	Industrial Income Fund	860,186	10,372,753	11,578,106
*INVESCO Trust Company	Dynamics Fund	686,681	8,482,755	8,851,312
*INVESCO Trust Company	International Growth Fund	107,045	1,701,879	1,780,162
*INVESCO Trust Company	Emerging Growth Fund	201,437	2,487,814	2,521,986
*PRIMCO Capital Management	Capital Preservation Fund	19,060,539	19,491,505	21,018,056
			71,382,214	77,380,848
*Arch Coal, Inc.	Loans to participants, at prime rate	\$4,750,950	4,750,950	4,750,950
			\$ 76,133,164	\$ 82,131,798

\*Represents a party-in-interest for the year ended December 31, 1996.

The accompanying notes are an integral part of this schedule.

## SCHEDULE II

ARCH COAL, INC. AND SUBSIDIARIES  
EMPLOYEE THRIFT PLAN  
ITEM 27d - SCHEDULE OF REPORTABLE TRANSACTIONS(a)  
FOR THE YEAR ENDED DECEMBER 31, 1996

Identity of Issuer	Description of Investment	Purchases		Sales			Net (Loss)/ Gain
		No. of Trans.	Cost	No. of Trans.	Sales Price	Cost	
*INVESCO Trust Company	Intermediate Government Bond Fund	286	\$ 1,719,796	282	\$ 2,845,227	\$ 2,846,847	\$ (1,620)
*INVESCO Trust Company	Total Return Fund	334	3,354,368	293	3,982,014	3,291,403	690,611
*INVESCO Trust Company	Industrial Income Fund	320	2,490,380	269	2,395,827	2,082,080	313,747
*INVESCO Trust Company	Dynamics Fund	350	3,651,506	271	2,584,225	2,303,506	280,719
*PRIMCO Capital Management	Capital Preservation Fund	354	6,712,801	336	8,754,179	8,315,846	438,333

(a) Represents transactions or a series of transactions in excess of 5% of the fair value of plan assets at the beginning of the year.

\*Represents a party-in-interest for the year ended December 31, 1996.

The accompanying notes are an integral part of this schedule.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the duly authorized Plan Administrator has executed this annual report.

ARCH COAL, INC. AND SUBSIDIARIES  
EMPLOYEE THRIFT PLAN

Date: July 31, 1997

By: /s/ Teresa A. Daniel  
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Teresa A. Daniel,  
Plan Administrator