ARCH COAL INC
Form 424B5
July 28, 2009

Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-157880

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Maximum Offering Price per Share	Maximum Aggregate Offering Price	Amount of Registered Fee(2)
Common Stock, par value $0.01 per share	19,550,000	$17.50	$342,125,000	$19,091

(1) Includes shares of common stock which may be purchased by the underwriters to cover over-allotments, if any.
(2) Calculated in accordance with Rule 457(r) promulgated under the Securities Act of 1933, as amended.

PROSPECTUS SUPPLEMENT
(To Prospectus dated March 12, 2009)

17,000,000 Shares

Common Stock

We are offering 17,000,000 shares of our common stock.

Our common stock is listed on the New York Stock Exchange under the symbol ACI. The last reported sale price of our common stock on the New York Stock Exchange on July 24, 2009 was $18.14 per share.

Investing in our common stock involves risks. See Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2008 and all subsequent filings under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, as well as the additional risk factors beginning on page S-10 of this prospectus supplement, to read about important factors you should consider before buying shares of our common stock.

	Per Share	Total[(1)]

Public offering price	$ 17.5000	$ 297,500,000
Underwriting discount	$ 0.7875	$ 13,387,500
Proceeds, before expenses, to us	$ 16.7125	$ 284,112,500

(1) We have granted the underwriters an option exercisable for a period of 30 days from the date of this prospectus supplement to purchase up to 2,550,000 additional shares of common stock at the public offering price, less underwriting discount, to cover over-allotments, if any.

The underwriters are offering our common stock as described in Underwriting. Delivery of the common stock will be made to purchasers on or about July 31, 2009.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the related prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

BofA Merrill Lynch **Morgan Stanley**

Citi **J.P.Morgan**

The date of this prospectus supplement is July 27, 2009

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part consists of this prospectus supplement, which describes the specific terms of this offering. The second part consists of the accompanying prospectus, which gives more general information about securities that we may offer from time to time, some of which may not be applicable to the shares of common stock offered by this prospectus supplement and the accompanying prospectus. For more information about our common stock offered in this offering, see Description of Common Stock in this prospectus supplement and Description of Capital Securities Common Stock in the accompanying prospectus.

Before you invest in our common stock, you should read the registration statement of which this prospectus supplement and the accompanying prospectus form a part. You also should read the exhibits to that registration statement, as well as this prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The documents incorporated by reference are described in this prospectus supplement under Where You Can Find More Information.

If the information set forth in this prospectus supplement varies in any way from the information set forth in the accompanying prospectus, you should rely on the information contained in this prospectus supplement. If the information set forth in this prospectus supplement varies in any way from the information set forth in a document that we have incorporated by reference into this prospectus supplement, you should rely on the information in the more recent document.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

In this prospectus supplement, unless otherwise specified or the context requires otherwise, we use the terms Arch Coal, the company, we, us and our to refer to Arch Coal, Inc. and its subsidiaries.

FORWARD-LOOKING STATEMENTS

Information we have included or incorporated by reference in this prospectus supplement and the accompanying prospectus contains or may contain forward-looking statements. These forward-looking statements include, among others, statements of our plans, objectives, expectations (financial or otherwise) or intentions. Words such as may, expects, anticipates, approximates, believes, estimates and intends and variations of such words and similar expressions are intended to identify such forward-looking statements.

Our forward-looking statements involve risks and uncertainties. Our actual results may differ significantly from those projected or suggested in any forward-looking statements. We do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Factors that might cause such a difference to occur include, but are not limited to:

- market demand for coal and electricity;

geologic conditions, weather and other inherent risks of coal mining that are beyond our control;

competition within our industry and with producers of competing energy sources;

excess production and production capacity;

- our ability to acquire or develop coal reserves in an economically feasible manner;
- inaccuracies in our estimates of our coal reserves;
- availability and price of mining and other industrial supplies;
- availability of skilled employees and other workforce factors;
- disruptions in the quantities of coal produced by our contract mine operators;
- our ability to collect payments from our customers;
- defects in title or the loss of a leasehold interest;
- the closing of our pending acquisition of Jacobs Ranch;
- railroad, barge, truck and other transportation performance and costs;
- our ability to successfully integrate the operations that we acquire, including as a result of our pending acquisition of the Jacobs Ranch mining complex;
- our ability to secure new coal supply arrangements or to renew existing coal supply arrangements;
- our relationships with, and other conditions affecting, our customers;
- the deferral of contracted shipments of coal by our customers;
- our ability to service our outstanding indebtedness;
- our ability to comply with the restrictions imposed by our credit facility and other financing arrangements;
- the availability and cost of surety bonds;
- failure by Magnum Coal Company, which we refer to as Magnum, a subsidiary of Patriot Coal Corporation, to satisfy certain below-market contracts that we guarantee;
- our ability to manage the market and other risks associated with certain trading and other asset optimization strategies;
- terrorist attacks, military action or war;
- environmental laws, including those directly affecting our coal mining operations and those affecting our customers coal usage;
- our ability to obtain and renew mining permits;
- future legislation and changes in regulations, governmental policies and taxes, including those aimed at reducing emissions of elements such as mercury, sulfur dioxides, nitrogen oxides, particulate matter or

greenhouse gases;

the accuracy of our estimates of reclamation and other mine closure obligations;

the existence of hazardous substances or other environmental contamination on property owned or used by us; and

the availability of future permits authorizing the disposition of certain mining waste.

These and other relevant factors, including those risk factors identified in our Annual Report on Form 10-K for the year ended December 31, 2008, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 and our other filings with the Securities and Exchange Commission, which we refer to as the SEC, under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, which are incorporated by reference in this prospectus supplement and the accompanying prospectus, should be carefully considered when reviewing any forward-looking statement. See Where You Can Find More Information.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us and this offering. This summary is not complete and does not contain all of the information that may be important to you. You should read carefully this entire prospectus supplement and the accompanying prospectus, including the Risk Factors section, and the other documents that we refer to and incorporate by reference in this prospectus supplement and the accompanying prospectus for a more complete understanding of us and this offering. In particular, we incorporate by reference important business and financial information into this prospectus supplement and the accompanying prospectus. Except as otherwise noted, all information in this prospectus supplement assumes no exercise of the underwriters option to purchase additional shares of our common stock.

Our Company

Our Business

We are one of the largest coal producers in the United States, based on 2008 coal production. For the year ended December 31, 2008, we sold approximately 139.6 million tons of coal, including approximately 6.1 million tons of coal which we purchased from third parties, fueling approximately 6% of all electricity generated in the United States in 2008. For the three months ended March 31, 2009, we sold approximately 30.9 million tons of coal, including approximately 1.4 million tons of coal which we purchased from third parties. We sell substantially all of our coal to power plants, steel mills and industrial facilities. As of March 31, 2009, we operated 20 active mines located in each of the major low-sulfur coal-producing regions of the United States. The locations of our mines enable us to ship coal to most of the major coal-fueled power plants, steel mills and export facilities located in the United States.

We estimate that we owned or controlled approximately 2.8 billion tons of proven and probable recoverable reserves as of December 31, 2008. Of these reserves, approximately 73.4% consist of compliance coal, or coal which emits 1.2 pounds or less of sulfur dioxide per million Btus upon combustion, while an additional 8.7% could be sold as low-sulfur coal, or coal which emits 1.6 pounds or less of sulfur dioxide per million Btus upon combustion. The balance is classified as high-sulfur coal. Most of our reserves are suitable for the domestic steam coal markets. A substantial portion of the low-sulfur and compliance coal reserves at the Cumberland River, Lone Mountain and Mountain Laurel mining complexes may also be used as metallurgical coal. Metallurgical coal is distinguishable from other types of coal because of its high carbon content, low expansion pressure, low sulfur content and various other chemical attributes. As such, the price offered by steel makers for metallurgical coal is generally higher than the price offered by power plants and industrial users for steam coal. We sold approximately 0.4 million tons and 0.8 million tons of metallurgical quality coal in the three months ended March 31, 2009 and 2008, respectively, and approximately 4.4 million tons, 2.1 million tons and 2.0 million tons of metallurgical quality coal in the years ended December 31, 2008, 2007 and 2006, respectively.

Competitive Strengths

We believe that the following competitive strengths are instrumental to our success:

We are a leading producer and marketer of cleaner-burning coal, with a reserve base consisting of a significant percentage of compliance and low sulfur coal. Demand for clean-burning, low sulfur coal has grown dramatically since the adoption of the Clean Air Act. In 2008, we sold approximately 139.6 million tons of compliance and low sulfur coal. We are one of the largest producers of compliance and low sulfur coal in the United States and are the only producer with a leading position in each of the nation s principal low sulfur coal basins, the Powder River Basin, the Western Bituminous region and Central Appalachia. As of December 31, 2008, we owned or controlled approximately 2.8 billion tons of proven and probable coal reserves, approximately 82.1% of which was compliance or low sulfur coal.

Our operations and low-sulfur reserves are balanced in the western and eastern United States. In 2008, we sold approximately 102.6 million tons of compliance and low sulfur coal from the Powder River Basin,

Table of Contents

approximately 20.6 million tons of compliance and low sulfur coal from the Western Bituminous region and approximately 16.4 million tons of compliance and low sulfur coal from Central Appalachia. We believe that this geographic diversity provides us with a competitive advantage, allowing us to source coal from multiple regions and giving us greater flexibility to meet the needs of certain of our customers.

We have high quality reserves and significant expansion opportunities in each of the reserve basins in which we operate. In the Powder River Basin, the nation s largest coal supply basin, we controlled approximately 1.7 billion tons of reserves as of December 31, 2008. At December 31, 2008, we controlled approximately 336.0 million tons of high Btu, low sulfur reserves in Central Appalachia and approximately 455.0 million tons of compliance and low sulfur reserves in the Western Bituminous region. These reserves should support low-cost mining for many years to come. We also own or control approximately 374.0 million tons of coal in the Illinois Basin which we believe could provide an attractive expansion opportunity in that region once pollution control technologies, such as scrubbers, are more widely adopted.

In 2008, our mines ranked among the most productive in the industry. Coal production costs vary dramatically and are affected by a number of factors, such as mining methods, coal seam thickness, overburden ratios and depth of underground reserves. Through careful management, the application of advanced technologies and the use of efficient mining equipment, we strive to maintain high levels of productivity in each of our operating regions. In 2008, our surfacing mining operations were 140% more productive per hour than the U.S. surface coal industry average, while our underground mining operations were 86% more efficient than the underground coal industry average.

We have longstanding relationships and multiple long-term contracts with many of the largest coal-fueled electricity generators in the United States. We supply coal to 175 power plants operated by electricity generators in 35 states nationwide and customers in 21 countries worldwide. We are recognized as a preferred supplier to many of these customers, with a reputation for reliability and superior customer service. Our long-term supply agreements provide us with a relatively reliable and stable revenue base, while our uncommitted position enables us to increase our participation in coal markets as pricing improves.

We are a recognized industry leader in safety and environmental performance. Our profitability depends, in part, on our ability to avoid lost-time injuries and environmental violations. We operate some of the nation s safest mines, with a 2008 lost-time safety incident rate of 0.81 per 200,000 hours worked, which is more than three times better than the industry average of 3.06 per 200,000 hours worked. We also emphasize safety and environmental compliance company-wide. In 2008, we earned eight national and state environmental awards, including two Good Neighbor Awards from the U.S. Department of Interior. We base incentive compensation for much of our management team in part on several key environmental and safety metrics. We believe achieving excellence in safety and environmental performance lowers the likelihood of production disruptions at our mines, which allows us to better maintain lower production costs.

Our management team has a proven track record. Our management team has a proven track record of increasing productivity, making strategic acquisitions, developing and maintaining strong customer relationships and effectively positioning us for future growth. Our senior executives have an average of 23 years of experience in the coal industry and 20 years of experience with us.

Business Strategies

We believe that we are well positioned for improved long-term financial performance through implementation of a strategy consisting of the following:

Capitalizing on the ongoing shift to compliance and low sulfur coals. To comply with the Clean Air Act, many power producers must burn compliance and low sulfur coal or install pollution control technologies, such as scrubbers. Our reserve base of compliance and low sulfur coal should enable us to benefit from this trend. Over time, we expect the Powder River Basin to continue to capture a significant portion of the growth in U.S. coal demand, and we intend to continue our expansion efforts in this highly strategic basin. We believe our acquisition of the Jacobs Ranch mining complex provides an attractive opportunity for continued growth in the Powder River Basin.

Table of Contents

Strengthening our position as a low-cost producer. We focus on continuous improvement at all of our operations, with an emphasis on lowering costs and improving productivity. We seek to reduce costs by pursuing advanced technologies, such as GPS-enabled equipment dispatch, and by leveraging our significant economies of scale, experienced and innovative workforce, large fleet of mining equipment, information technology systems and centralized purchasing and land management functions. In addition, we expect that the integration of the Jacobs Ranch mining complex into our existing Black Thunder mine will provide opportunities to realize operating synergies.

Continuing to focus on excellence in safety performance and environmental stewardship. We intend to continue to improve upon our recognized industry leadership as the operator of some of the safest mines in the United States. We also will continue our commitment to achieve environmental excellence and to restore mined properties to a condition that is as good as or better than existed before they were mined. Our ability to avoid lost-time injuries and environmental violations improves our cost structure, fosters community and regulatory support and ultimately enhances our financial performance.

Enhancing strong relationships with customers. We are recognized as a preferred provider of compliance and low sulfur coal to many electric generators, and we have a reputation for reliability, quality assurance and customer service. We intend to maintain our strong customer relationships and to build upon these relationships and our status as a preferred supplier to the nation s largest electric generators in order to enhance our market position.

Recent Developments

Pending Acquisition of Jacobs Ranch

On March 9, 2009, we announced that we agreed to purchase the Jacobs Ranch mining complex in the Powder River Basin of Wyoming from Rio Tinto Energy America for a purchase price of $761.0 million in cash, subject to certain cash, working capital, indebtedness and other post-closing adjustments. In 2008, Jacobs Ranch produced 42.1 million tons of sub-bituminous coal for sale to power generators located throughout the United States.

At December 31, 2008, we estimate that Jacobs Ranch controlled approximately 381.0 million tons of low-cost coal reserves that are contiguous to our Black Thunder mine, sharing a six-mile property line. The acquisition also includes a high-speed rail loadout, a recently added overland conveyor and near-pit crushing system, customer commitments and a fleet of mining equipment at Jacobs Ranch.

Jacobs Ranch is served by the joint rail line in the Powder River Basin. Like Black Thunder, Jacobs Ranch can ship its output to a broad and geographically diverse customer base. The equipment fleet at Jacobs Ranch includes a 120-cubic-yard dragline, eight large electric shovels and more than 40 large haul trucks, all of which are expected to complement the existing equipment at Black Thunder. Jacobs Ranch also benefits from competitive mining costs due to the thickness of the region s coal seam and the proximity of the seam to the surface.

On a pro forma basis, our reserves in the Powder River Basin would have increased to 2.1 billion tons, and our total reserve base across all regions would increase to 3.2 billion tons, assuming the acquisition had closed on December 31, 2008.

Consummation of the acquisition is subject to certain governmental and regulatory conditions and approvals, including under competition laws and regulations, and other customary conditions. On May 27, 2009, we announced that we received a request for additional information from the Federal Trade Commission, which we refer to as the FTC, in connection with the acquisition, effectively extending the waiting period imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which we refer to as the HSR Act, until 30 days after we and Rio Tinto Energy America have substantially complied with the request, unless that period is extended voluntarily by the parties or terminated sooner by the FTC. There can be no assurance that the acquisition will be completed.

For more information regarding our pending acquisition of Jacobs Ranch, see The Acquisition.

Table of Contents

Results for the Three and Six Months Ended June 30, 2009

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
	(In millions, except per share data) (Unaudited)			
Statement of operations data:				
Coal sales revenue	$ 554.6	$ 785.1	$ 1,235.7	$ 1,484.5
Cost of coal sales	467.5	568.5	1,014.6	1,082.9
Depreciation, depletion and amortization	68.5	72.0	141.5	145.0
Selling, general and administrative expenses	21.6	33.0	46.7	58.7
Change in fair value of coal derivatives and coal trading activities	(6.5)	(53.2)	(6.9)	(83.7)
Costs related to acquisition of Jacobs Ranch	3.0		6.4	
Other operating income, net	(6.8)	(4.4)	(12.6)	(4.3)
Income from operations	7.3	169.2	46.0	285.9
Interest expense, net	(20.2)	(18.2)	(33.8)	(38.3)
Income (loss) before income taxes	(12.9)	151.0	12.2	247.6
Provision for (benefit from) income taxes	2.2	37.7	(3.3)	52.9
Net income (loss)	(15.1)	113.3	15.5	194.7
Less: Net (income) loss attributable to non-controlling interest		(0.3)		(0.6)
Net income (loss) attributable to Arch Coal, Inc.	$ (15.1)	$ 113.0	$ 15.5	$ 194.1
Earnings (loss) per share:				
Weighted average shares outstanding:				
Basic	142.8	144.1	142.8	143.8
Diluted	142.8	145.0	142.9	144.8
Basic earnings (loss) per common share	$ (0.11)	$ 0.78	$ 0.11	$ 1.35
Diluted earnings (loss) per common share	$ (0.11)	$ 0.78	$ 0.11	$ 1.34
Other Data:				
Tons sold[1]	27.7	34.8	58.6	69.6

	As of June 30, 2009 (Unaudited)
Balance sheet data:	
Cash and cash equivalents	$ 50.6
Total assets	4,029.0
Working capital	75.5

Debt	1,436.3
Other long-term obligations	498.4
Arch Coal, Inc. stockholders equity	1,750.6

(1) Includes certain transactions in which we act as an intermediary with no effect on our results, primarily related to contracts that were retained after mining operations were sold. These transactions totaled 0.2 million tons and 0.4 million tons in the three months ended June 30, 2009 and 2008, respectively, and 0.5 million tons and 0.9 million tons in the six months ended June 30, 2009 and 2008, respectively.

Table of Contents

On July 24, 2009, we reported a net loss of $15.1 million, or $0.11 per fully diluted share, in the second quarter of 2009, compared with net income of $113.0 million, or $0.78 per fully diluted share, in the second quarter of 2008. For the six months ended June 30, 2009, we reported net income of $15.5 million, or $0.11 per fully diluted share, compared with net income of $194.1 million, or $1.34 per fully diluted share, for the six months ended June 30, 2008, when market conditions were much stronger.

Lower average price realizations in our Powder River Basin and Central Appalachia regions and higher unit costs resulting from the impact of lower production levels and four longwall moves hampered our financial results for the second quarter of 2009 when compared to the first quarter of 2009. Tons sold were reduced 3.2 million tons in the second quarter of 2009, compared with already reduced volume levels in the first quarter of 2009, reflecting additional equipment idling, planned production reductions and continued weak market demand. Over the same time periods, average sales price per ton decreased due to a larger percentage of Powder River Basin coal in our overall volume mix in addition to lower price realizations in the Powder River Basin and Central Appalachia regions. Per-ton operating costs for the second quarter of 2009 declined slightly from the first quarter of 2009, benefiting from a larger percentage of Powder River Basin production and improved cost containment in that region. In addition, our results for the second quarter of 2009 include acquisition-related expenses associated with our acquisition of the Jacobs Ranch mining complex of $3.0 million.

In the Powder River Basin, second quarter 2009 volumes were reduced by 1.8 million tons from the first quarter of 2009, reflecting the idling of a second dragline and associated equipment at the Black Thunder mine in early May. Average sales price fell by $0.69 per ton over the same time period, resulting from lower pricing on market-indexed tons. Operating costs per ton decreased slightly in the second quarter of 2009 relative to the first quarter of 2009, driven by cost containment efforts which helped offset the impact of lower volume levels and higher hedged diesel prices. Our Power River Basin segment earned $0.72 per ton of operating margin in the second quarter of 2009 compared with $1.33 per ton in the first quarter.

In the Western Bituminous region, second quarter 2009 volumes were reduced by 0.5 million tons from the first quarter, primarily reflecting the impact of three longwall moves in the region. Average sales price increased $1.82 per ton over the same time period, benefiting from a more favorable mix of customer shipments offset somewhat by quality-related discounts stemming from continuing coal quality issues on a portion of the production at the West Elk mine in Colorado. Operating costs rose by $1.16 per ton in the quarter just ended, due to lost production from the longwall moves. The Western Bituminous region incurred an operating loss of $1.56 per ton in the second quarter of 2009 compared with a loss of $2.22 per ton in the first quarter.

In Central Appalachia, second quarter 2009 volumes were reduced by 0.8 million tons compared with the first quarter, reflecting lower shipment levels across all mining complexes in the region. Average price realizations declined $2.81 per ton over the same time period due to reduced metallurgical coal shipments and lower pricing on metallurgical coal sales. Operating costs per ton rose by $5.36 per ton in the second quarter, driven by the impact of lower volume levels across all operations. Our Central Appalachian segment contributed $3.36 per ton in operating margin in the second quarter of 2009 versus $11.53 per ton in the first quarter.

The foregoing is a summary of our unaudited results of operations for the three and six months ended June 30, 2009. This summary is not intended to be a comprehensive statement of our unaudited financial results for these periods. Full financial results will be included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, which we intend to file with the SEC on or about August 7, 2009.

Other Developments

We estimate that year-to-date U.S. power generation declined approximately 4.2% through the third week of July 2009 in response to weak domestic and international economic conditions. Additionally, U.S. coal consumption has declined significantly primarily as a result of weak industrial demand in geographic regions that traditionally rely more heavily on coal-fueled generation caused by the current U.S. economic recession. As a result of these market pressures, coupled with continued geological challenges in certain regions, cost pressures, regulatory hurdles and limited access to capital, we expect that coal production and capital spending across the domestic coal industry have been, and will continue to be, curtailed.

Table of Contents

In response to weakened demand caused by challenging domestic and international economic conditions, we have decreased our expected capital expenditures for 2009 and have established other process improvement initiatives and cost containment programs. In addition, we have curtailed production at our West Elk mine in response to declining demand from power generation and industrial customers for Western Bituminous coal and elevated levels of lower quality, mid-ash coal currently being produced at the mine resulting from intermittent sandstone intrusions. As a result of the curtailment, we have laid off 61 employees, discontinued the use of 38 contractors and plan to reduce production by more than 2.5 million tons at West Elk in 2009. We estimate that the challenges at West Elk will result in approximately $50 million to $75 million of lost operating income in total during 2009.

As a result of the decision to curtail production at West Elk and in response to the continued softness in coal demand that has resulted in modest pushback of tonnage under some existing sales contracts, we have reduced our expected sales volume for 2009. In addition, we continue to reduce discretionary capital expenditures during the current weak market cycle in order to align capital spending with our volume expectations for 2009.

Concurrent Offering

Concurrently with this offering of common stock, we are offering $500.0 million aggregate principal amount of Senior Notes due 2016, which we refer to as the Senior Notes, in accordance with Rule 144A under the Securities Act of 1933, as amended. All of our subsidiaries that guarantee indebtedness under our existing senior secured credit facility will be guarantors of the Senior Notes on a senior basis. Neither the completion of the Senior Notes offering nor the completion of this offering is contingent on the completion of the other. We plan to use the net proceeds from the Senior Notes offering together with the net proceeds of this offering as described under Use of Proceeds . We estimate that the net proceeds of the Senior Notes offering, after deducting the underwriting discount and estimated expenses, but before taking into account any original issue discount, will be approximately $489.5 million.

The concurrent offering of Senior Notes will not be registered under the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, and the Senior Notes may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The Senior Notes will only be offered to qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act and outside the United States pursuant to Regulation S under the Securities Act. This description and other information in this prospectus supplement regarding our concurrent offering of Senior Notes is included in this prospectus supplement solely for informational purposes. Nothing in this prospectus supplement should be construed as an offer to sell, or the solicitation of an offer to buy, any Senior Notes.

Additional Information

We were organized in Delaware in 1969. Our principal executive offices are located at One CityPlace Drive, Suite 300, St. Louis, Missouri 63141, and our telephone number at that address is (314) 994-2700. Our website address is www.archcoal.com. The information on or accessible through our website is not part of this prospectus supplement or the accompanying prospectus and should not be relied upon in connection with making any investment decision with respect to the securities offered by this prospectus supplement and the accompanying prospectus.

Table of Contents

The Offering

The following is a brief summary of some of the terms of this offering and is not intended to be complete. For a more complete description of our common stock, please refer to Description of Common Stock in this prospectus supplement and Description of Capital Stock Common Stock in the accompanying prospectus.

Issuer	Arch Coal, Inc.
Shares of our common stock offered	17,000,000 shares[1]
Option to purchase additional shares	We have granted the underwriters an option exercisable for a period of 30 days from the date of this prospectus supplement to purchase up to an additional 2,550,000 shares of our common stock at the public offering price, less the underwriting discount, to cover over-allotments, if any.
Common stock to be outstanding after this offering	159,920,977 shares[2]
Use of proceeds	We will receive net proceeds from this offering of approximately $283.6 million (or approximately $326.2 million if the underwriters over-allotment option is exercised in full), after deducting underwriting discount and estimated offering expenses. We expect to use the net proceeds from this offering and the concurrent Senior Notes offering to finance the cost of our acquisition of the Jacobs Ranch mining complex and pay related fees and expenses. If our acquisition of Jacobs Ranch is not completed, we intend to use the net proceeds from this offering and the concurrent Senior Notes offering for general corporate purposes, which may include the financing of future acquisitions, including lease-by-applications, or strategic combinations, capital expenditures, additions to working capital, repurchases, repayment or refinancing of debt or stock repurchases. See Use of Proceeds.
Risk factors	You should carefully consider the information set forth in the Risk Factors section of this prospectus supplement as well as all other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether to invest in our common stock.
New York Stock Exchange symbol	ACI

(1) If the underwriters exercise their option to purchase such additional shares in full, the total number of shares of common stock offered will be 19,550,000.

(2) The number of shares of common stock that will be outstanding after this offering is based on the number of shares outstanding on July 24, 2009 and assumes no exercise of the underwriters over-allotment option. 142,920,977 shares of our common stock were outstanding at July 24, 2009. The number of issued shares of our common stock as of July 24, 2009 excludes an aggregate of approximately 4.0 million shares of our common stock issuable upon the exercise of stock options outstanding as of July 24, 2009 at a weighted average exercise

price of $25.22 per share and an aggregate of approximately 0.1 million shares of our common stock issuable upon vesting of certain restricted stock units that we have issued to our executive officers.

Table of Contents

Summary Consolidated Financial Data

We derived the historical statement of operations data and the other data for the years ended December 31, 2008, 2007 and 2006, and the historical balance sheet data as of December 31, 2008 and 2007, presented below from our audited consolidated financial statements incorporated by reference into this prospectus supplement. The historical statement of operations data and the other data for the three months ended March 31, 2009 and 2008, and the historical balance sheet data as of March 31, 2009, have been derived from our unaudited condensed consolidated financial statements incorporated by reference into this prospectus supplement. In the opinion of management, the interim financial information provided herein reflects all adjustments (consisting of normal and recurring adjustments) necessary for a fair statement of the data for the periods presented. Interim results are not necessarily indicative of the results to be expected for the entire fiscal year.

You should read the summary historical financial data together with Management s Discussion and Analysis of Financial Condition and Results of Operations in