

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 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): March 3, 2000

ARCH COAL, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware

1-13105

43-0921172

(State or Other
Jurisdiction of Incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

CityPlace One, Suite 300, St. Louis, Missouri 63141

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: (314) 994-2700

(Former Name or Former Address, if Changed Since Last Report)

Item 5. Other Events.

On March 3, 2000, the Board of Directors of Arch Coal, Inc. (the "Company") declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of Common Stock, par value \$0.01 per share, of the Company (the "Common Stock"). The dividend distribution is payable on March 20, 2000 (the "Record Date") to the stockholders of record on that date. Each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Series One Junior Participating Preferred Stock, par value \$0.01 per share (the "Preferred Stock") of the Company at a price of \$42.00 per one one-hundredth of a share of Preferred Stock (the "Purchase Price"), subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement dated as of March 3, 2000, as the same may be amended from time to time (the "Rights Agreement"), between the Company and First Chicago Trust Company of New York, as Rights Agent (the "Rights Agent").

Until the earlier (the "Stock Acquisition Date") to occur of (i) the close of business on the tenth business day following the date of public announcement or the date on which the Company first has notice or determines that a person or group of affiliated or associated persons (other than the Company, any subsidiary of the Company or any employee benefit plan of the Company, or Ashland Inc., except in certain circumstances) (an "Acquiring Person") has acquired, or obtained the right to acquire, 20% or more of the outstanding shares of voting stock of the Company without the prior express written consent of the Company executed on behalf of the Company by a duly authorized officer of the Company following express approval by action of not less than two-thirds of the members of the entire Board of Directors ("Action of the Board of Directors") or (ii) the close of business on the tenth business day (or such later date as may be determined by Action of the Board of Directors but not later than the Stock Acquisition Date) following the commencement of a tender offer or exchange offer, without the prior written consent of the Company executed on behalf of the Company by a duly authorized officer of the Company following Action of the Board of Directors, by a person (other than the Company, any subsidiary of the Company or an employee benefit plan of the Company, or Ashland Inc., except in certain circumstances) which, upon consummation, would result in such party's control of 20% or more of the outstanding shares of voting stock of the Company (the earlier of the dates in clause (i) or (ii) above being called the "Distribution Date"), the Rights will be evidenced, with respect to any of the Common Stock certificates outstanding as of the Record Date, by such Common Stock certificates.

The Rights Agreement provides that, until the Distribution Date (or earlier redemption or expiration of the Rights), the Rights will be transferred with and only with the Company's Common Stock. Until the Distribution Date (or earlier redemption, exchange or expiration of the Rights), new Common Stock certificates issued after the Record Date upon transfer or new issuances of Common Stock will contain a notation incorporating the Rights Agreement by reference. Until the Distribution Date (or earlier redemption, exchange or expiration of the Rights), the surrender for transfer of any certificates for shares of Common Stock outstanding as of the Record Date, even without such notation or a copy of this Summary of Rights, will also constitute the transfer of the Rights associated with the Common Stock represented by such certificate. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights ("Right Certificates") will be mailed to holders of record of the

Common Stock as of the close of business on the Distribution Date and such separate certificates alone will then evidence the Rights.

The Rights are not exercisable until the Distribution Date. The Rights will expire, if not previously exercised, on March 20, 2010 (the "Final Expiration Date"), unless the Final Expiration Date is extended or unless the Rights are earlier redeemed or exchanged by the Company.

The Purchase Price payable, and the number of shares of Preferred Stock or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of the Preferred Stock, (ii) upon the grant to holders of the Preferred Stock of certain rights or warrants to subscribe for or purchase Preferred Stock at a price, or securities convertible into Preferred Stock with a conversion price, less than the then-current market price of the Preferred Stock or (iii) upon the distribution to holders of the Preferred Stock of evidences of indebtedness or assets (excluding regular periodic cash dividends or dividends payable in Preferred Stock) or of subscription rights or warrants (other than those referred to above).

The number of outstanding Rights and the number of one one-hundredths of a share of Preferred Stock issuable upon exercise of each Right are also subject to adjustment in the event of a stock split of the Common Stock or a stock dividend on the Common Stock payable in shares of Common Stock or subdivisions, consolidations or combinations of the Common Stock occurring, in any such case, prior to the Distribution Date.

Shares of Preferred Stock purchasable upon exercise of the Rights will not be redeemable and will be junior to any other series of preferred stock the Company may issue (unless otherwise provided in the terms of such stock). Each share of Preferred Stock will have a preferential dividend in an amount equal to 100 times any dividend declared on each share of Common Stock. In the event of liquidation, the holders of the Preferred Stock will receive a preferred liquidation payment of equal to the greater of \$100 and 100 times the payment made per share of Common Stock. Each share of Preferred Stock will have one vote, voting together with the Common Stock. In the event of any merger, consolidation or other transaction in which shares of Common Stock are converted or exchanged, each share of Preferred Stock will be entitled to receive 100 times the amount and type of consideration received per share of Common Stock. The rights of the Preferred Stock as to dividends, liquidation and voting, and in the event of mergers and consolidations, are protected by customary antidilution provisions.

Because of the nature of the Preferred Stock's dividend and liquidation rights, the value of the one one-hundredth interest in a share of Preferred Stock purchasable upon exercise of each Right should approximate the value of one share of Common Stock.

If any person or group (other than the Company, any subsidiary of the Company or any employee benefit plan of the Company, or Ashland Inc., except in certain circumstances, subject to the conditions set forth above) acquires 20% or more of the Company's outstanding voting stock without the prior Action of the Board of Directors, each Right, except those held by such persons, would entitle each holder of a Right to acquire such number of shares of the Common Stock as shall equal the result obtained by multiplying the then current Purchase Price

by the number of one one-hundredths of a share of Preferred Stock for which a Right is then exercisable and dividing that product by 50% of the then current per-share market price of Common Stock.

If any person or group (other than the Company, any subsidiary of the Company or any employee benefit plan of the Company, or Ashland Inc., except in certain circumstances, subject to the conditions set forth above) acquires more than 20% but less than 50% of the outstanding shares of Common Stock without prior written consent of the Board of Directors, each Right, except those held by such persons, may be exchanged by the Board of Directors for one share of Common Stock.

If the Company were acquired in a merger or other business combination transaction where the Company is not the surviving corporation or where Company Common Stock is exchanged or changed or 50% or more of the Company's assets or earnings power is sold in one or several transactions without the prior written consent of the Board of Directors, each Right would entitle the holders thereof (except for the Acquiring Person) to receive such number of shares of the acquiring company's common stock as shall be equal to the result obtained by multiplying the then current Purchase Price by the number one one-hundredths of a share of Preferred Stock for which a Right is then exercisable and dividing that product by 50% of the then current market price per share of the common stock of the acquiring company on the date of such merger or other business combination transaction.

With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments require an adjustment of at least 1% in such Purchase Price. No fractional shares of Preferred Stock will be issued (other than fractions which are integral multiples of one one-hundredth of a share of Preferred Stock, which may, at the election of the Company, be evidenced by depositary receipts), and in lieu thereof an adjustment in cash will be made based on the market price of the Preferred Stock on the last trading day prior to the date of exercise.

At any time prior to the time an Acquiring Person becomes such, the Board of Directors of the Company, by Action of the Board of Directors, may redeem the Rights in whole, but not in part, at a price of \$.01 per Right (the "Redemption Price"). The redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Board of Directors in its sole discretion may establish. Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

The terms of the Rights may be amended by Action of the Board of Directors without the consent of the holders of the Rights, including, but not limited to, an amendment to lower certain thresholds described above to not less than the greater of (i) any percentage greater than the largest percentage of the voting power of all securities of the Company then known to the Company to be beneficially owned by any person or group of affiliated or associated persons (other than an excepted person) and (ii) 10%, except that from and after such time as any person or group of affiliated or associated persons becomes an Acquiring Person no such amendment may adversely affect the interests of the holders of the Rights.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

The form of Rights Agreement between the Company and the Rights Agent specifying the terms of the Rights, which includes as Exhibit B thereto the form of Right Certificate, is attached as Exhibit 1 to the Company's Registration Statement on Form 8-A filed on March 9, 2000 and is incorporated herein by reference. The foregoing description of the Rights does not purport to be complete and is qualified in its entirety by reference to the form of Rights Agreement (and the exhibits thereto) attached hereto.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

Exhibit No.	Description of Exhibit
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| 4.1 | Form of Rights Agreement, dated as of March 3, 2000, between Arch Coal, Inc. and First Chicago Trust Company of New York, as Rights Agent, which includes the form of Certificate of Designations, setting forth the terms of the Series One Junior Participating Preferred Stock, par value \$0.01 per share, as Exhibit A, the form of Right Certificate as Exhibit B and the Summary of Preferred Stock Purchase Rights as Exhibit C. Pursuant to the Rights Agreement, printed Right Certificates will not be mailed until as soon as practicable after the earlier of the tenth day after public announcement that a person or group (except for certain exempted persons or groups, including Ashland Inc., except in certain circumstances) has acquired beneficial ownership of 20% or more of the outstanding shares of Common Stock or the tenth business day (or such later date as may be determined by Action of the Board of Directors) after a person commences, or announces its intention to commence, a tender offer or exchange offer the consummation of which would result in the beneficial ownership by a person or group of 20% or more of the outstanding shares of Common Stock (incorporated by reference to Exhibit 1 to the Registration Statement on Form 8-A filed by Arch Coal, Inc., on March 9, 2000). |
| 99.1 | Press release dated March 7, 2000. |

SIGNATURE

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.

ARCH COAL, INC.

Date: March 9, 2000

By: /s/ Rosemary L. Klein

Rosemary L. Klein
Secretary and Assistant General Counsel

EXHIBIT INDEX

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99.1	Press release dated March 7, 2000.

FOR IMMEDIATE RELEASE
March 7, 2000

Arch Coal, Inc. declares dividend distribution
of preferred stock purchase rights

St. Louis, Missouri - On March 3, 2000, the board of directors of Arch Coal, Inc. (NYSE: ACI) approved the adoption of a shareholder rights plan designed to discourage takeovers that involve abusive tactics or do not provide fair value to shareholders. Similar plans have been adopted by many other publicly traded companies.

"The Board determined that adopting the shareholder rights plan is an effective and reasonable method to safeguard the interests of our shareholders," said Steven F. Leer, Arch's president and chief executive officer. "The Arch board believes the adoption of the plan is prudent, especially in light of the recent announcement by Ashland Inc. that its management intends to recommend to the Ashland board at its next meeting that approximately 17.4 million shares of Arch Coal common stock be distributed to Ashland's shareholders." Ashland Inc. currently owns approximately 22.1 million shares, or 58%, of Arch Coal's outstanding common stock.

"We are particularly concerned that the future benefits of current programs and initiatives could be denied to shareholders by an opportunistic, undervalued acquisition of the company," Leer said. "The plan is designed to assure that shareholders are not deprived of their rights to share in the full measure of the company's long-term potential, while not preventing a fully valued bid for the company." Leer further indicated that the plan was not adopted in response to any offer to management or the board involving a change in control of the company.

The shareholder rights plan provides for a dividend distribution of one preferred stock purchase right for each outstanding share of Arch Coal, Inc. common stock. The dividend distribution will be made to shareholders of record on March 20, 2000. Each shareholder is automatically entitled to the rights and no physical distribution of new certificates will be made at this time. The rights distribution is not taxable to shareholders.

The rights will generally be exercisable only if a person or group acquires 20% or more of Arch Coal's common stock or announces a tender offer which would result in ownership of 20% or more of the common stock. The rights entitle the holder to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock at an exercise price of \$42.00 and will expire on March 20, 2010.

Following the acquisition of 20% or more of Arch Coal's common stock by a person or group (other than certain persons affiliated with the company), the holders of the rights (other than the acquiring person) will be entitled to purchase shares of common stock at one-half the then current market price, and, in the event of a subsequent merger or other acquisition of the company, to buy shares of common stock of the acquiring entity at one-half of the market price of those shares.

Arch Coal, Inc. will be able to redeem the rights at \$0.01 per right at any time until such a person or group acquires 20% or more of the company's shares.

A letter outlining the shareholder rights plan in more detail will be sent to the company's shareholders following the record date.

Arch Coal is the nation's second largest coal producer, with subsidiary operations in West Virginia, Kentucky, Virginia, Wyoming, Colorado and Utah. Through these operations, Arch provides the fuel for approximately 6% of the electricity generated in the United States.