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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**

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**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): May 17, 2006 (May 17, 2006)**

**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 7.01 Regulation FD Disclosure.**

On May 17, 2006, Mr. Deck Slone, Vice President, Investor Relations & Public Affairs, and Mr. John Drexler, Vice President, Accounting and Finance, will deliver a presentation at the Bear Stearns & Co. 15<sup>th</sup> Annual Global Credit Conference that will include written communication comprised of slides. The slides from the presentation are attached hereto as Exhibit 99.1 and are hereby incorporated by reference.

A copy of the slides will be available at [www.shareholder.com/archcoal/events.cfm](http://www.shareholder.com/archcoal/events.cfm) for 30 days.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

The following exhibits are attached hereto and furnished herewith.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slides from the presentation at Bear Stearns & Co. 15 <sup>th</sup> Annual Global Credit Conference.

**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: May 17, 2006

Arch Coal, Inc.

By: /s/ Robert G. Jones

Robert G. Jones

Vice President – Law, General Counsel and Secretary

**Exhibit Index**

Exhibit No.	Description
99.1	Slides from the presentation at Bear Stearns & Co. 15th Annual Global Credit Conference.





**Bear Stearns & Co.**  
**15<sup>th</sup> Annual Global Credit Conference**

**Deck Slone**  
**Vice President, Investor**  
**Relations & Public Affairs**

**John Drexler**  
**Vice President,**  
**Finance & Accounting**

**May 17, 2006**  
**New York**

Growing **Responsibly**



Arch Coal, Inc.





## Forward-looking information

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This presentation 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.

This presentation includes certain non-GAAP financial measures, including EBITDA, Adjusted EBITDA, Adjusted EBITDA excluding special items and earnings per fully-diluted share excluding special items. These non-GAAP financial measures are not measures of financial performance in accordance with generally accepted accounting principles and may exclude items that are significant in understanding and assessing our financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income from operations, cash flows from operations, earnings per fully-diluted share or other measures of profitability, liquidity or performance under generally accepted accounting principles. You should be aware that our presentation of these measures may not be comparable to similarly-titled measures used by other companies. A reconciliation of these financial measures to the most comparable measures presented in accordance with generally accepted accounting principles has been included at the end of this presentation.

Slide 2





## Arch Coal Overview

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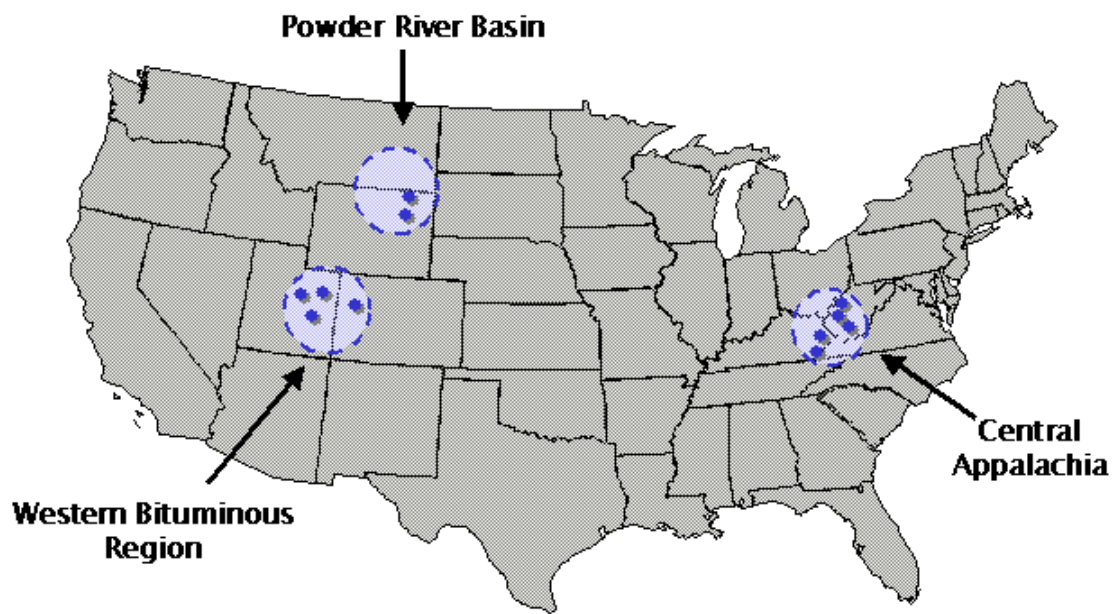
- Second largest U.S. coal producer
- Leading position in all three major low-sulfur basins
- Reserve base totaling 3.1 billion tons
- Produces 100% low-sulfur coal
- Supplies roughly 12% of U.S. coal needs
- Provides source fuel for roughly 6% of U.S. electricity
- Operates large, geographically diverse, modern mines
- Recognized leader in safety and environmental performance

Slide 3

Source: ACI



# Arch is a leader in each of the nation's principal low-sulfur basins

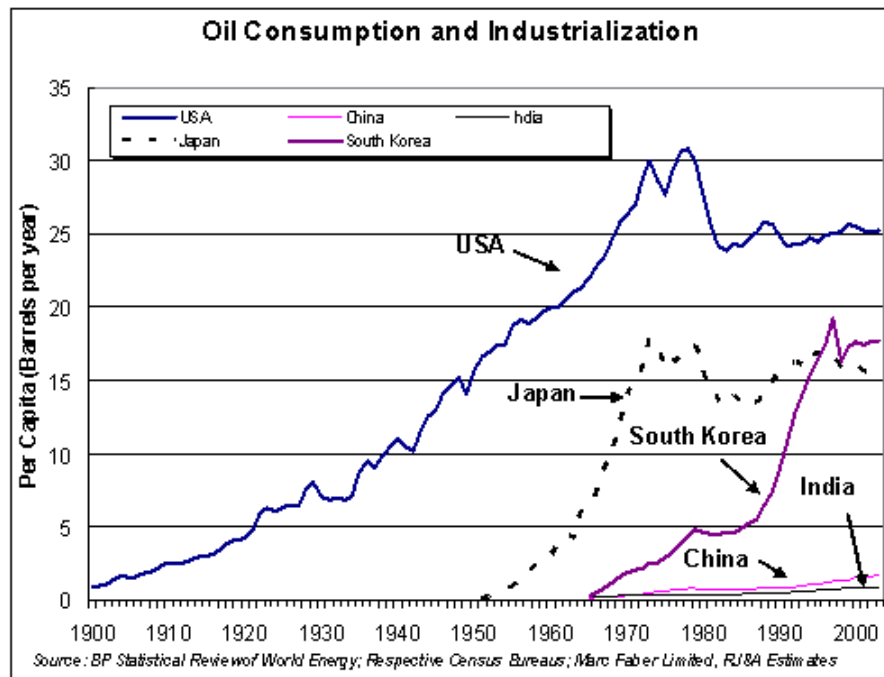


Slide 4

Source: ACI



# Economic growth around the world is putting pressure on energy markets

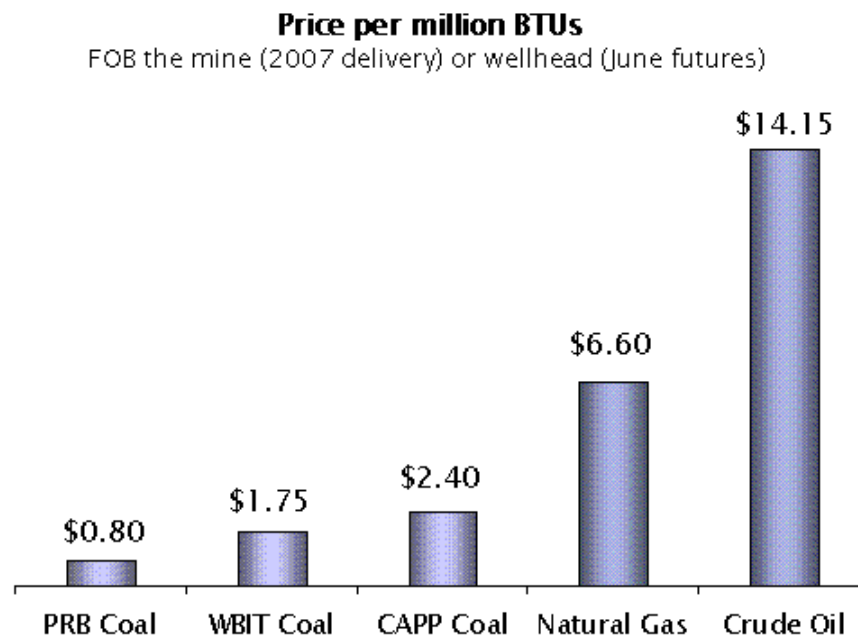


Slide 5

Source: Raymond James



## Even at today's higher spot prices, coal remains a bargain vs. competing fuels



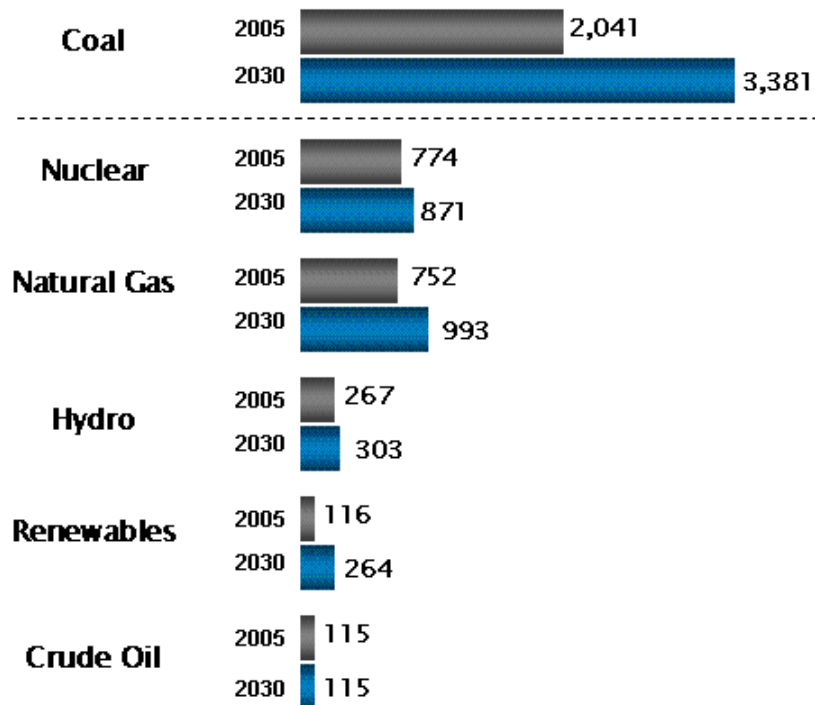
*(Coal prices as quoted in Coal Daily as of 5/5/06;  
NYMEX crude oil and natural gas prices as of 5/9/06)*

Slide 6



# Coal will fuel most new electricity demand over the next 25 years

*(Net generation by fuel type in billion megawatt-hours)*



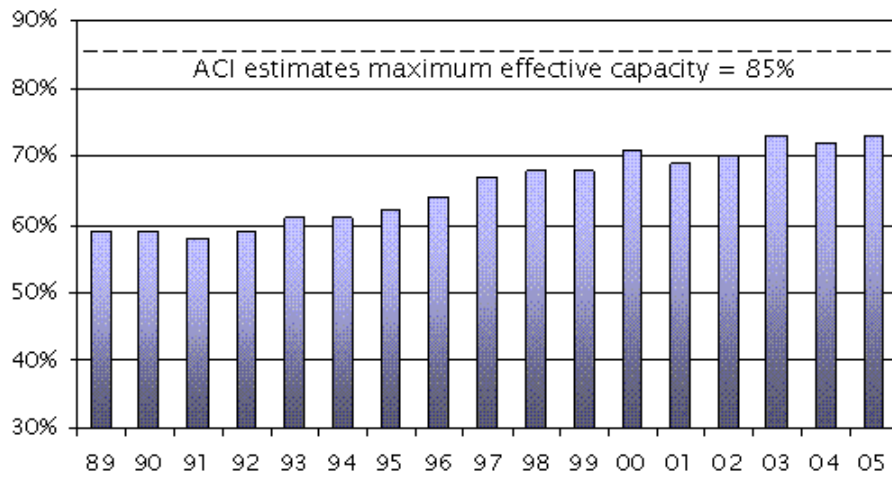
Slide 7

Source: EIA



## First level of demand: Economic growth will drive increased utilization of coal fleet

*Capacity factors at U.S. coal-fired power plants*



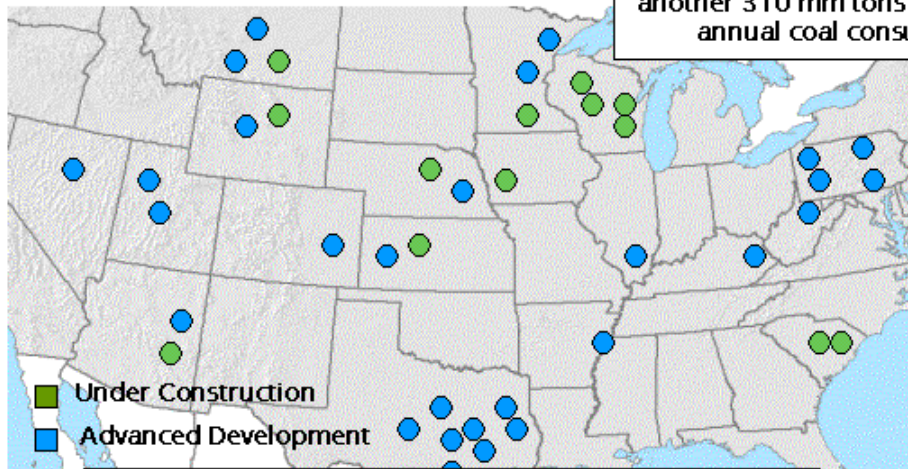
Slide 8

Source: EIA & ACI calculations



## Second level of demand: Plans for 90 GW of new coal-fueled capacity

Announced capacity translates into another 310 mm tons of estimated annual coal consumption



	# Plants	MW (000s)	Tons (in mm)
Proposed	75	50	174
Early Development	33	19	65
Advanced Development	28	16	53
Under Construction	13	5	18
<b>Total</b>	<b>149</b>	<b>90</b>	<b>310</b>

Slide 9

Source: Platts







## Third level of demand: BTU conversion technologies could create new markets

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### **Gasification**

Potential to convert coal into pipeline-quality natural gas

### **Liquefaction**

Technology in use around the world to convert coal into ultra-low-sulfur diesel and other transportation fuels

### **Hydrogen**

Coal is the most likely source of hydrogen in a hydrogen-based economy



# Modest U.S. coal production growth has contributed to stronger market

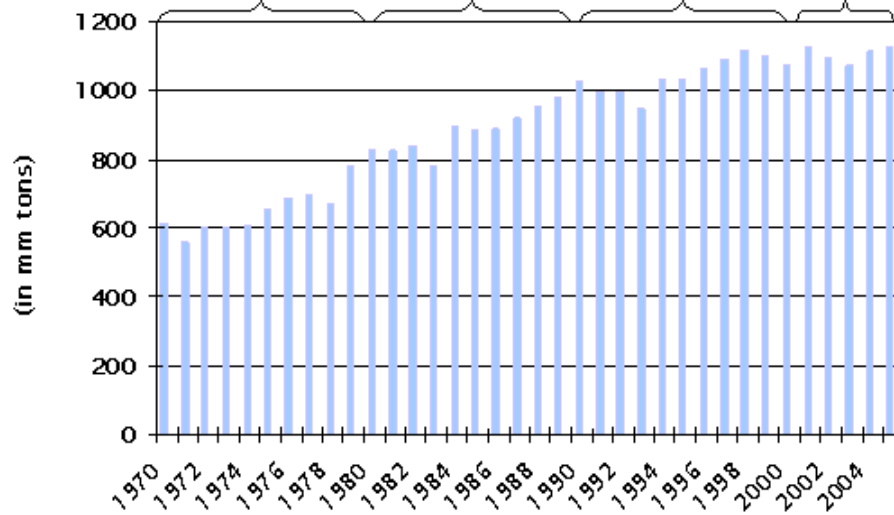
growth in production

69-79  
+37%

79-89  
+26%

89-99  
+12%

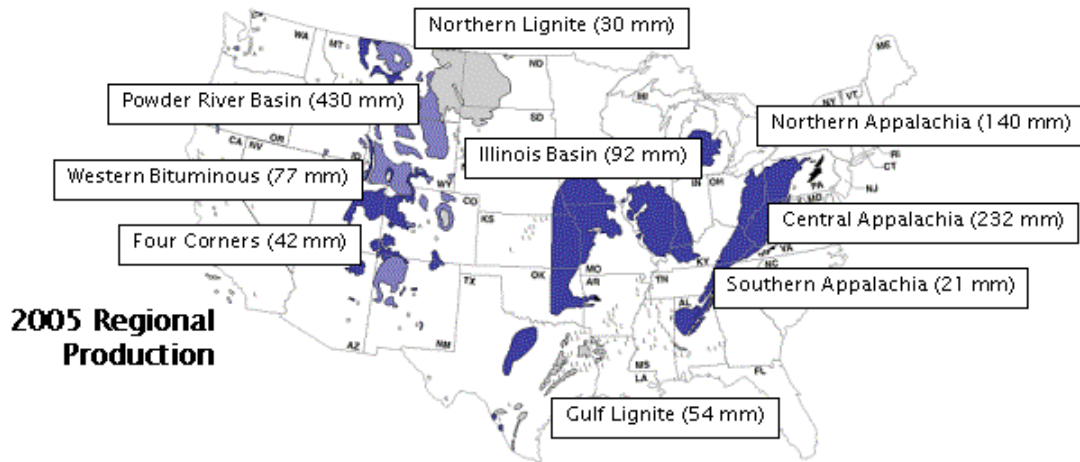
99-05  
+2%



*U.S. coal production was up an estimated 1.3% in 2005 per EIA, vs. an est. 3.6% increase in electric generation per EEI.*



# Major supply shifts are underway in U.S. coal market



## Change in Output by Region since 1997

<i>Producing Basin</i>	<i>Tons (mm)</i>	<i>Percent</i>	<i>Producing Basin</i>	<i>Tons (mm)</i>	<i>Percent</i>
Powder River Basin	+124	+41%	Gulf Lignite	-3	-6%
Central Appalachia	-55	-19%	Four Corners	+3	+9%
Northern Appalachia	-14	-9%	Northern Lignite	+1	+3%
Illinois Basin	-19	-17%	Southern Appalachia	-4	-17%
Western Bituminous	+6	+9%	Other	-1	-1%

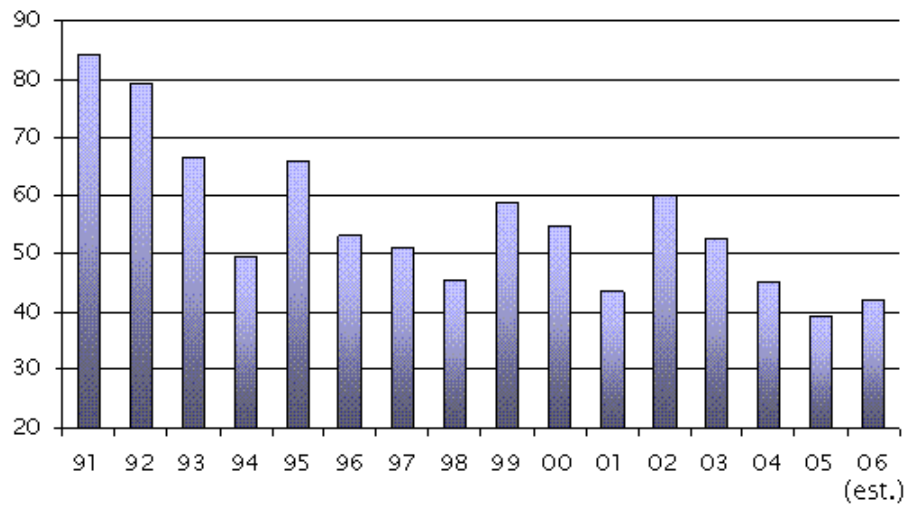
Slide 12

Source: MSHA/Platts



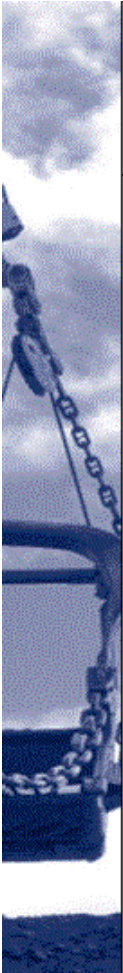
## Power plant stockpiles are at historic lows

Historical and estimated power plant stockpile levels at end of March  
(in days of supply)



*Arch estimates that coal-fired power plants had 42 days of fuel supply at the end of March 2006, vs. a 57-day average for the preceding 15 years.*





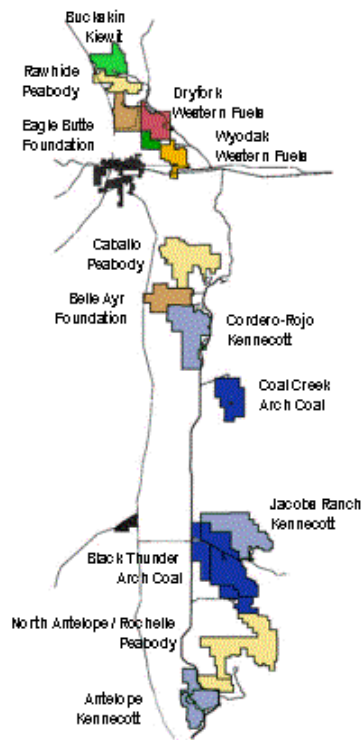
## Low-sulfur coal is capturing a significant premium in marketplace

	Btu/lb.	Avg. lbs. SO <sub>2</sub> (per mm Btu)	SO <sub>2</sub> Cost/Ton (\$600 Allowance Price)*
Powder River Basin	8,800	0.8	\$ 4.22
Western Bituminous	11,700	0.9	6.32
Central Appalachia	12,250	1.5	11.03
Northern Appalachia	12,750	3.8	29.07
Illinois Basin	11,200	4.5	30.24

*\*Average price as of 5/9/06*



## Railroad performance is expected to improve over time



- Western rails have facilitated doubling in joint line capacity since 1992
- Plan to add nearly 75 miles of third and fourth main line tracks to the PRB joint line by 2008
- These expansions are projected to increase joint line capacity by 75 million tons
- Third main track being added on 18-mile section of joint line adjacent to Black Thunder
- CANAC has been retained to recommend how to take joint line to 490 mm tons of capacity

Source: ACI & Public Sources





## Arch recorded a strong first quarter

(in millions, except per share data)

<b>Financial Summary</b>	<b>1Q06</b>	<b>1Q05</b>	<b>2005</b>	<b>2004</b>
Tons sold	31.7	37.0	140.2	123.1*
Revenues	\$634.6	\$600.5	\$2,508.8	\$1,907.2
Net income	60.7	6.6	22.5	106.5
Earnings Per Fully Diluted Share (EPS)	0.84	0.07	0.35	1.78
Adjusted EBITDA	140.0	76.9	290.1	354.8
Adjusted EBITDA Excluding Special Items	140.0	86.8	\$304.8	265.6

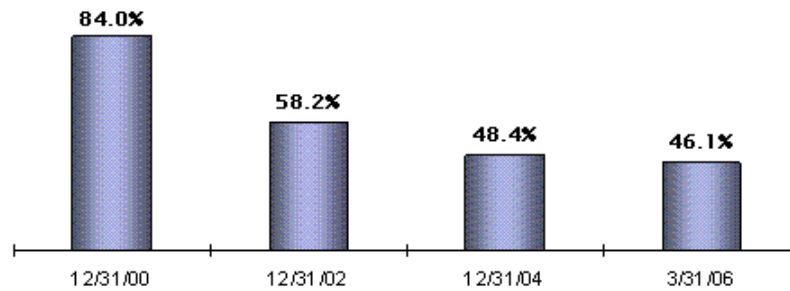
*\* Includes Canyon Fuel Company tonnage after July 31, 2004*

*Note: Reconciliation appears on last page of handout*

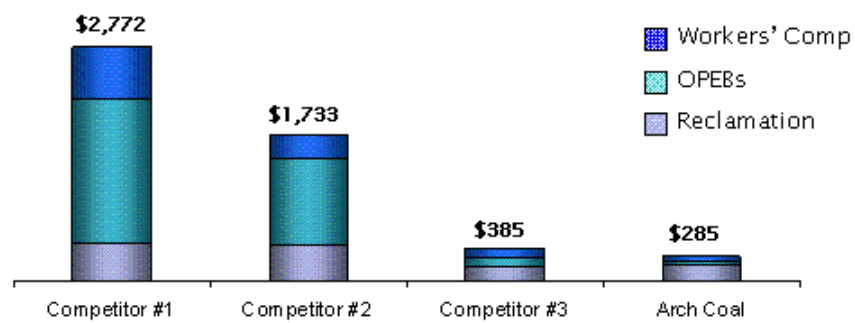


# Arch has one of the industry's strongest balance sheets

Total Debt as Percentage of Capitalization



Legacy Liabilities of Largest U.S. Coal Companies at 12/31/05 (in mm)



Slide 17

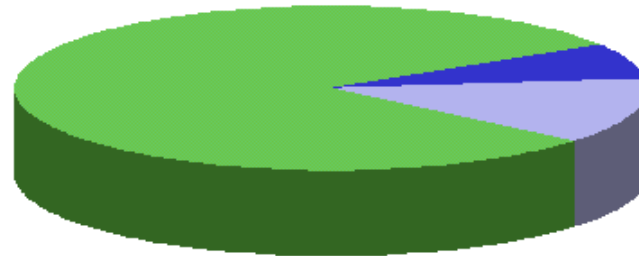
Source: SEC filings compiled by ACI





# Arch has a unique mix of eastern and western low-sulfur reserves

80% of Arch's 3.1 billion-ton reserve base is compliance quality

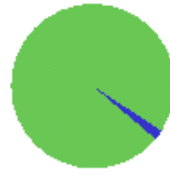


■ Compliance ■ Low Sulfur ■ High Sulfur

## Reserves by region (in mm tons)



**PRB**  
(1,942)



**WBIT**  
(469)



**ILB**  
(257)

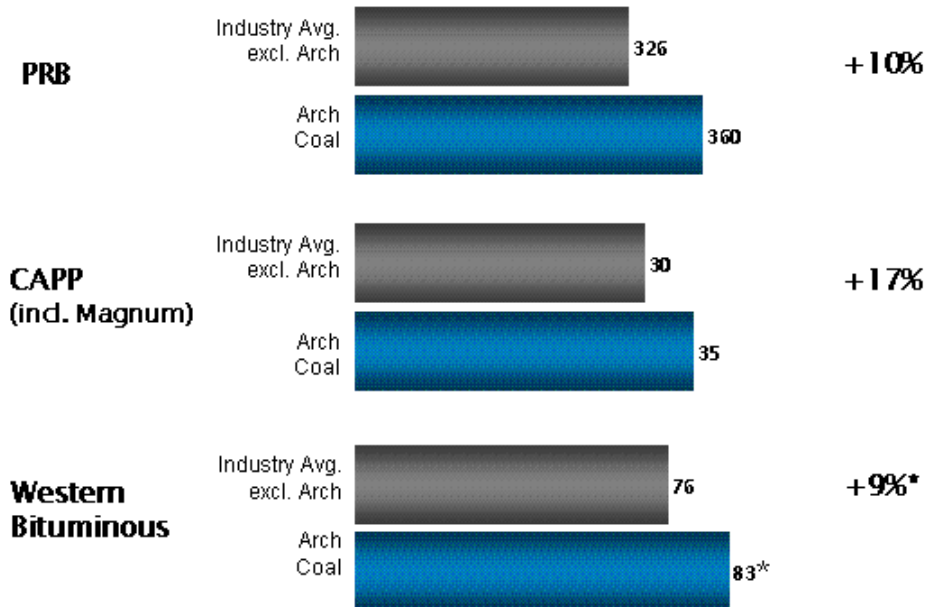


**CAPP**  
(409)



# Arch's large, modern mines are among the industry's most productive

## 2005 Productivity in tons per employee–shift

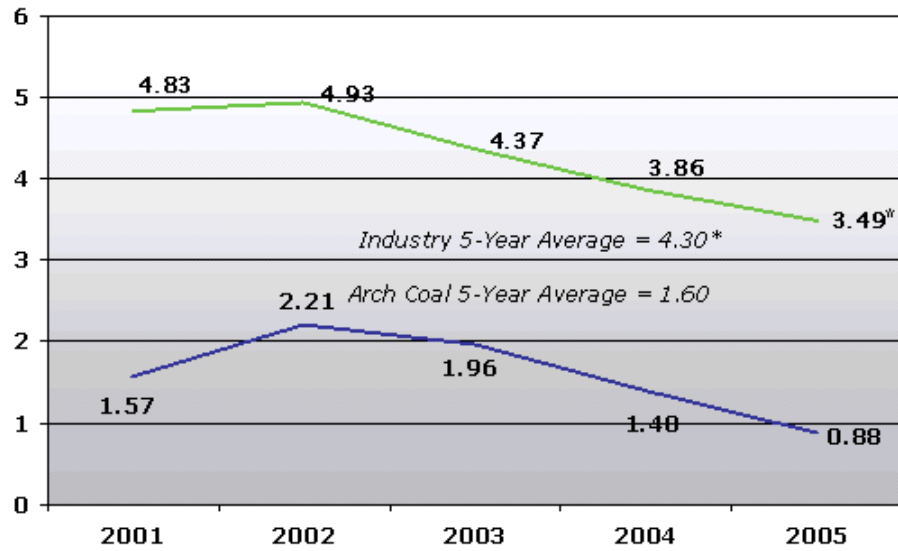


\*Arch impacted by West Elk mine shutdown in 4Q05

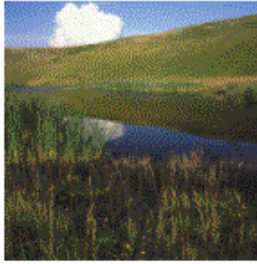


# Arch is focused on operating the industry's safest mines

**Accident Rates  
Ranked by Lost-Time Incidents**  
*Per 200,000 employee-hours worked*



## Arch is a demonstrated leader in environmental performance

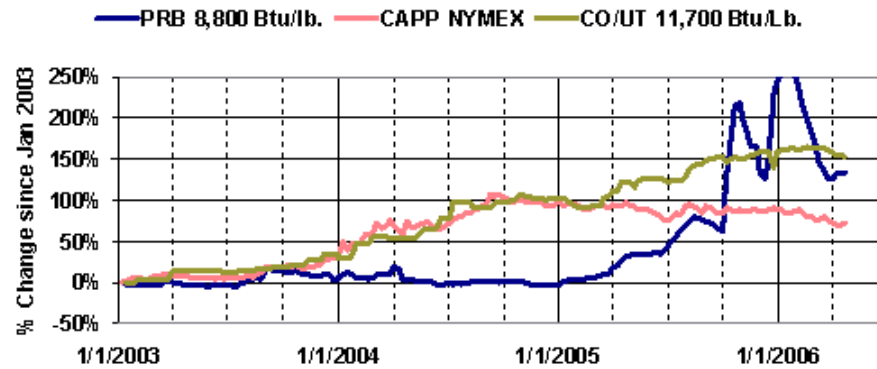


- Arch honored with 2005 and 2004 U.S. Department of Interior “Director’s Award,” the nation’s top reclamation honor
- Arch earned U.S. Department of the Interior “National Good Neighbor Award” in 2004
- Arch Coal subsidiaries has received West Virginia’s top reclamation honor, the “Greenlands Award,” for past four years
- Arch has won 25 state and national awards in past five years



## Percent change in spot prices by basin

Based on prices quoted in *Coal Daily* (5/5/06)



### Arch's average per-ton realization by basin vs. current spot price

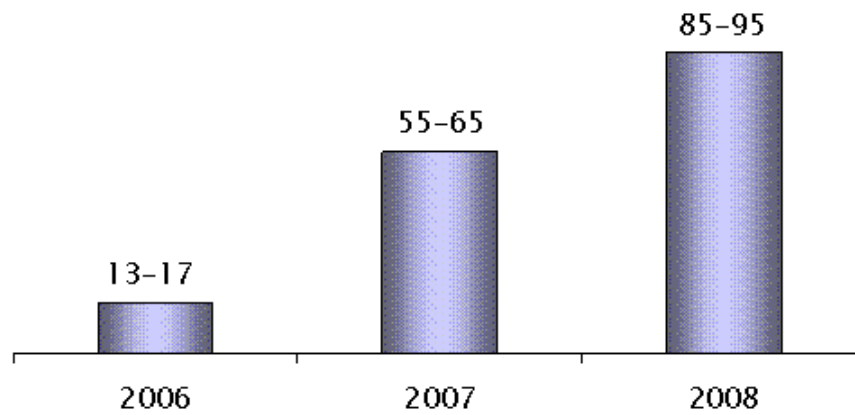
Operating Region	Targeted Sales (in mm tons)	Per-Ton Realization (2005)	Spot Prices per Ton (2007 delivery)
Powder River Basin	100+	\$8.21	\$15.20*
Western Bituminous	20+	\$19.01	\$40.50-\$41.45
Central Appalachia	13-14	\$42.73	\$51.75-\$58.00

\* Includes a premium of approximately \$0.80 per ton vs. benchmark for ultra-low-sulfur Black Thunder coal, based on an SO<sub>2</sub> allowance price of \$600



## Arch is layering in new contracts while maintaining exposure to market dynamics

**Unpriced tons**  
(in millions, at 3/31/06)



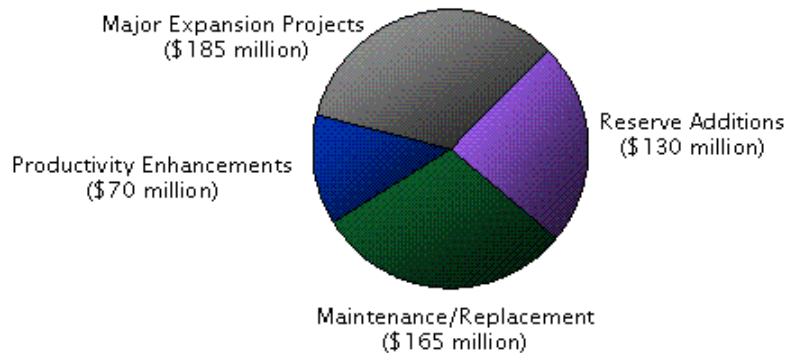
Slide 23

Source: ACI



# Arch has the financial flexibility to support maintenance and organic growth projects

## \$550 Million Projected for 2006 Capital Spending



- Expansion projects: Mountaineer II longwall mine, Spruce surface mine, Skyline's North Lease longwall mine, Coal Creek surface mine
- Reserve additions: Little Thunder federal lease reserve payment
- Identified expansion projects will boost wholly owned production by around 20 million tpy in 2007





## Arch is pursuing unique organic growth opportunities

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- Coal Creek surface mine in Powder River Basin
  - ▶ *Idle since September 2000*
  - ▶ *Located on joint rail line system*
  - ▶ *Targeting 15 mm tons on annualized basis*
- Mountain Laurel longwall mine in Central Appalachia
  - ▶ *One of best remaining low-sulfur reserves in East*
  - ▶ *Ramps up to full production in second half of 2007*
  - ▶ *With Spruce surface mine, targeted production of 8 mm tons*
- Skyline longwall mine in Western Bituminous Region
  - ▶ *Demand for Western Bituminous coal has surged*
  - ▶ *Should ramp up to 3 mm TPY production in mid-2006*







## Key drivers for future value creation

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- Rapid growth and supply constraints in China and India are putting pressure on world energy markets
- Perceived value of a Btu is climbing
- U.S. coal consumption continues to exceed production
- Vast majority of Arch's production resets to market-based pricing over the next three years
- Arch is pursuing attractive organic growth opportunities
- New coal-based technologies hold promise for future





# Arch Western Resources

Growing **Responsibly**



Arch Coal, Inc.



## Arch Western Resources in brief

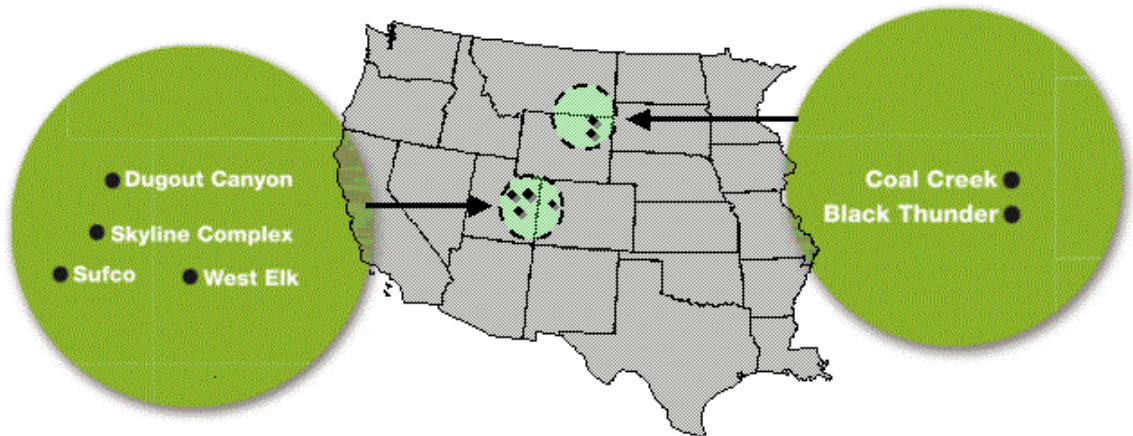
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- Fourth largest coal company in U.S. by tonnage
- Joint venture created in 1998, 99% owned by Arch Coal and 1% owned by BP p.l.c.
- Four operating coal mines and two in process of restarting
- 2.4 billion tons of reserves - 97% compliance quality
- 105.8 mm tons of coal sold in 2005
- Represents 9% of U.S. production
- Fuel source for 5% of domestic electricity
- Revenue of \$1.1 billion and EBITDA of \$284.4 mm in 2005

*Note: Reconciliation appears on last page of handout*



# Arch Western Resources



	2005 Sales <i>(in mm tons)</i>	BTUs <i>(per pound)</i>	SO <sub>2</sub> <i>(lbs/mm BTU)</i>	Reserves <sup>1</sup> <i>(in mm tons)</i>	Compliance <i>(% of reserves)</i>
Black Thunder	87.6	8,800	0.7	1,513	97%
Coal Creek	-	8,400	0.8	236	100%
West Elk	5.9	11,900	1.0	130	99%
Canyon Fuel <sup>2</sup>	12.4	11,700	0.9	145	96%
Other	-	9,500	0.8	384	87%

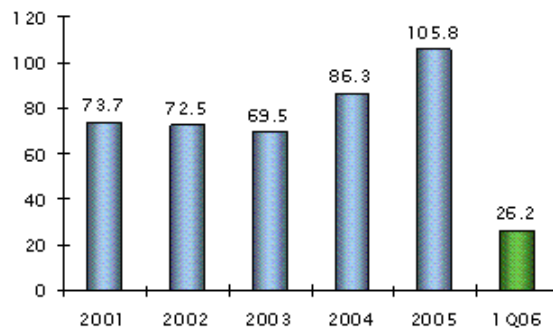
Slide 29 <sup>1</sup> Assigned & unassigned <sup>2</sup> Arch Coal, Inc. holds 35% of Canyon Fuel

Source: ACI

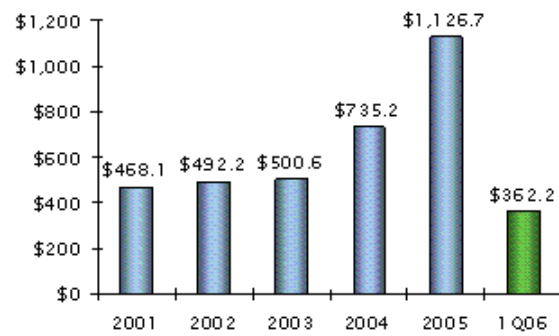


# AWR summary financial results

**Sales Volume**  
(in mm of tons)



**Sales Revenue**  
(in \$mm)



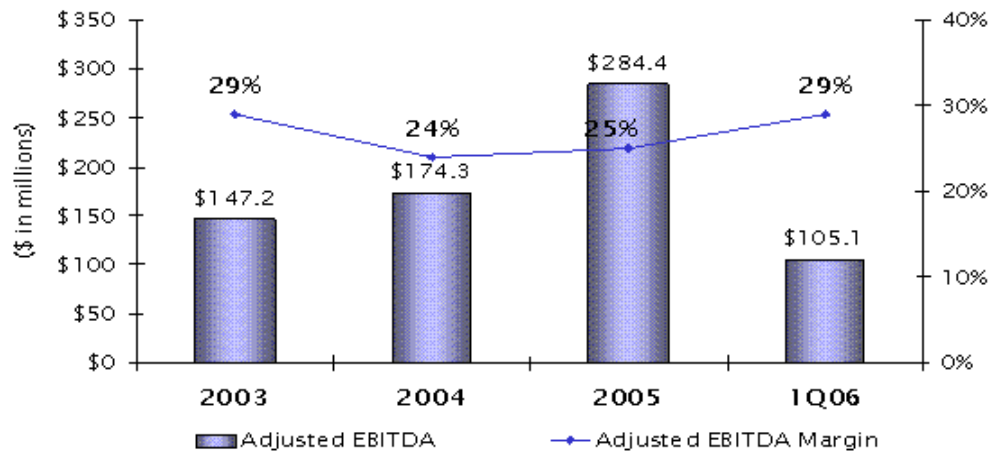
Slide 30

Source: ACI



# Arch Western Resources summary financial results

## Adjusted EBITDA



*Note: Reconciliation appears on last page of handout*



## Arch Western recent financial results

	(\$ millions)	
	Q1 2006	Q1 2005
Tons sold (millions)	26.2	27.9
Coal Sales	362.2	277.4
COS	252.1	209.1
DD&A	23.6	25.5
SG&A	5.5	5.7
	281.2	240.3
Gross Profit	81.0	37.1
Net Income	64.0	26.1
Adjusted EBITDA	105.1	64.9
	3/31/2006	3/31/2005
Inter-company note	1,013.5	679.1
Total debt	959.9	961.3
Debt to total capitalization	52.8%	58.2%

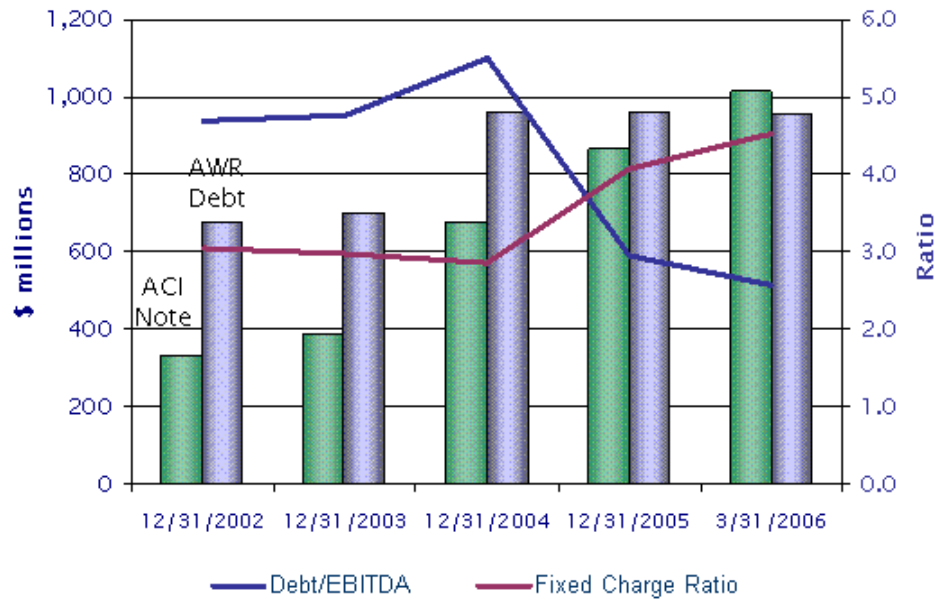
*Note: Reconciliation appears on last page of handout*

Slide 32

Source: ACI



# Arch Western credit statistics



*Note: Reconciliation appears on last page of handout*







## Arch Western is an integral part of Arch Coal

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- Arch Western managed as an integral part of Arch Coal
- Coal reserve acquisitions at ACI subleased to AWR
- Senior Notes rated BB- / Ba3
- Senior Notes not guaranteed by ACI, but inter-company note is pledged as collateral





## Q&A Discussion

**Progressive. Responsible. Vital. Growing.**



Arch Coal, Inc.