

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 5, 1999

Arch Coal, Inc.

(Exact name of registrant as specified in its 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

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Item 5. Other Events.

On October 5, 1999, Arch Coal, Inc. ("Arch") confirmed that it had received a proposal from Ashland Inc. ("Ashland") that contemplates a tax-free spin-off of Ashland's interest in Arch. Arch also confirmed that a special committee of its board of directors is in discussions with Ashland concerning such proposal. Ashland owns approximately 58% of the outstanding shares of Arch.

The proposed spin-off would require negotiation and execution of an acceptable agreement between Ashland and Arch, receipt by Ashland of a favorable ruling from the Internal Revenue Service and the approval by Arch's special committee, its board of directors and its shareholders of certain matters to facilitate the spin-off on a tax-free basis. There can be no assurance that an acceptable agreement between Ashland and Arch will be reached, that a favorable ruling from the Internal Revenue Service will be obtained or that the necessary approvals by Arch's special committee, its board of directors or its shareholders will be obtained. Even if an agreement is reached and such conditions are satisfied, the proposed spin-off could take several months to complete.

A copy of Arch's press release dated October 5, 1999, confirming receipt of Ashland's proposal and confirming the special committee's discussions with Ashland concerning such proposal is attached hereto and incorporated herein by reference in its entirety. The foregoing summary of the attached press release is qualified in its entirety by the complete text of such document.

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

(c) The following Exhibit is filed with this Current Report on Form 8-K:

| Exhibit No. | Description |
|-------------|---|
| 99 | Press Release dated as of October 5, 1999 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 5, 1999

ARCH COAL, INC.

By: /s/ Jeffrey N. Quinn

Jeffrey N. Quinn
Senior Vice President -
Law & Human Resources,
Secretary and General Counsel

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EXHIBIT INDEX

Exhibit No.

Description

99

Press Release dated as of October 5, 1999

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FOR FURTHER INFORMATION

Deck S. Slone
Director
Communications and
Public Affairs
(314) 994-2717

FOR IMMEDIATE RELEASE

October 5, 1999

Arch Coal confirms receipt of proposal from Ashland Inc. concerning a tax-free spin-off of its interest in the company

St. Louis, Missouri - Arch Coal, Inc. (NYSE:ACI) confirmed today that it has received a proposal from Ashland Inc. that contemplates a tax-free spin-off of Ashland Inc.'s interest in the company. Arch also confirmed today that a special committee of its board of directors is in discussions with Ashland concerning the proposal.

On June 22, 1999, Ashland Inc., which owns approximately 58% of Arch's outstanding shares, announced that it was exploring strategic alternatives for its investment in Arch. Ashland announced today that a tax-free distribution to its shareholders would seem to be its preferred alternative. Arch's board of directors has formed a special committee of its non-Ashland and non-management members to consider whether the proposal is in the best interest of the company and its other shareholders and to negotiate the terms and conditions upon which a spin-off might occur.

The proposed spin-off would require negotiation and execution of an acceptable agreement between Ashland and Arch, receipt by Ashland of a favorable ruling from the Internal Revenue Service and the approval by Arch's special committee, its board of directors and its shareholders of certain matters to facilitate the spin-off on a tax-free basis. The proposed spin-off could take several months to complete.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding a possible transaction with Ashland in the form of a tax-free spin-off. Actual future results may differ materially from such statements. Factors that could cause actual future results to differ materially from such statements include, but are not limited to, financial performance; local or national economic conditions; and other risks detailed from time to time in the company's reports filed with the Securities and Exchange Commission, including quarterly reports on Form 10-Q, reports on Form 8-K, and annual reports on Form 10-K.

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