

Arch Coal, Inc. Reports Earnings for First Quarter

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St. Louis, MO - April 21, 1998 - Arch Coal, Inc. (NYSE:ACI) today reported net income of \$15.8 million, or \$.40 per share, for its first quarter ended March 31, 1998. This compares to net income of \$10.4 million, or \$.50 per share, for the same period of 1997. Revenues totaled \$312.6 million and coal sales totaled 11.9 million tons for the quarter, compared to \$198.5 million and 7.5 million tons for the same period of 1997. The increases were attributable to the company's merger with Ashland Coal, Inc. on July 1, 1997.

"Arch Coal had a strong first-quarter performance given the previously announced expiration of an above-market contract with Georgia Power at the end of 1997," said Steven F. Leer, Arch Coal's president and chief executive officer. "In particular, we again generated a substantial level of cash flow, with earnings before interest, taxes, depreciation, depletion and amortization (EBITDA) of \$61.2 million. During the quarter, the company reduced its debt by \$77.3 million which included proceeds from the sale/leaseback of equipment for \$45.4 million."

"In addition, a number of our operations posted significantly stronger results compared to a year ago, including the Lone Mountain complex in Central Appalachia where we had previously stated that geologic conditions should improve. Our Mingo Logan longwall operation in southern West Virginia also continued to perform extremely well."

In addition to the expiration of the Georgia Power contract, first quarter results were adversely affected by the January closing of Arch's Mine No. 37 in eastern Kentucky, which had an operating loss of approximately \$5.3 million during the quarter including termination benefits. The mine had ceased to be profitable following the exhaustion of the longwall reserves at the site and was closed during the quarter due to poor geologic conditions. The quarter's results were also negatively affected by reduced shipments on a high-margin contract and severe adverse weather conditions. These negative variances were partially offset by pre-tax gains on the sale of surplus land totaling \$7.9 million in the quarter.

Arch agrees to acquire ARCO's domestic coal operations

The biggest news of the quarter came on March 23, when Arch Coal announced that it had agreed to enter into a joint venture with Atlantic Richfield that will give Arch a 99% interest in ARCO's Wyoming, Colorado and Utah coal operations. The new joint venture will be called Arch Western Resources LLC and will include Arch Coal's existing Wyoming operations and reserves. The acquisition is valued at \$1.14 billion.

"The acquisition of ARCO Coal Company fits well with our strategic objective of becoming the No. 1 or No. 2 producer in every market we serve and should result in the creation of substantial long-term value for our shareholders," Leer said. "Through this acquisition, Arch Coal will supplement its leading, environmentally friendly, low-sulfur coal position in the eastern United States with some of the finest and most highly productive low-sulfur coal mines in the western United States. As a result, we will soon be able to compete aggressively in virtually every major low-sulfur market for U.S. coal."

"We are looking forward to quickly integrating ARCO's employees and operations into Arch," Leer added.

With the completion of this acquisition, Arch Coal will become the nation's second largest coal producer with annual coal sales of nearly 110 million tons, or roughly 10% of the nation's total coal supply.

The transaction is scheduled to close by the end of May 1998. Consummation is conditioned upon obtaining all necessary governmental and regulatory consents and other customary conditions. The boards of directors of Arch Coal and ARCO have approved the transaction.

Positioned for continued value creation

"This past year has been an exciting and eventful one for Arch Coal," Leer said. "In a span of less than 12 months, we will have effectively quadrupled the company's annual production and nearly tripled its revenues. The moves we have made place Arch Coal in an excellent position to serve the changing needs of our primary customers - the nation's electric utilities - as they prepare for more stringent clean air requirements, a deregulated marketplace, and continued steady growth in electricity demand."

Arch Coal, Inc. and its independent subsidiaries are engaged in the mining, processing and sale of bituminous coal, which they market to electric utilities in the eastern and midwestern United States and abroad.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including Arch Coal's expectations with respect to value creation and the company's relative competitive position. Although Arch Coal, Inc. believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, including consummation of the acquisition of ARCO Coal Company, it can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from expectations include changes in local or national economic conditions; changes in mining rates and costs for a variety of operational, geologic, permitting, labor and weather-related reasons, including equipment availability; and other risks detailed from time to time in the company's reports filed with the Securities and Exchange Commission, including quarterly reports of Form 10-Q, reports of Form 8-K, and annual reports on Form 10-K.