

Arch Coal Announces Plans to Substantially Reduce Production at its Coal Creek Mine

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St. Louis, Missouri – May 17, 2000 - Arch Coal, Inc. (NYSE:ACI) announced today that it plans to substantially reduce production at its Coal Creek surface mine in Campbell County, Wyoming. The mine is expected to reduce production by as much as 10 million tons on an annualized basis when compared to the 11.4 million tons it produced last year, and it may eventually be idled. Arch plans to satisfy its existing Coal Creek commitments from the Black Thunder mine.

"Over the last six to eight months, the market for Coal Creek's 8400-Btu production has softened considerably," said Steven F. Leer, Arch Coal's president and chief executive officer. "We have repeatedly said that Arch will focus on increasing returns to our shareholders, and this action should support that objective within current market conditions."

"As we move into the principal utility fuel-buying season later this year, we expect demand for higher-Btu Wyoming coal – such as the 8800-Btu coal produced at our Black Thunder mine – to be strong," Leer said. "The indefinite reduction at Coal Creek should further increase demand for our higher-quality 8800-Btu production. We are committed to earning an adequate return for our shareholders, and we will not resume higher levels of production at Coal Creek until such a return is possible."

Coal Creek has a reserve base of approximately 239 million tons. It is operated for Arch Coal by a contractor, who currently employs around 100 people at the mine.

Employment at Arch's Black Thunder mine will not be affected by the decision to reduce production at Coal Creek. Black Thunder is currently producing at an annualized rate of approximately 60 million tons, and the company has no plans to increase production at that operation in the foreseeable future.

"Until recently, we had planned to produce around 80 million tons of coal from our two Powder River Basin mines in 2001," Leer said. "Our new budget anticipates production of around 60 million tons from our PRB operations next year. We will not invest additional expansion capital in the PRB until the market has strengthened sufficiently to assure increasing returns for our shareholders."

Leer noted that, despite the current weakness in the overall coal market, the long-term prospects for the southern Powder River Basin are bright. "We remain enthusiastic about the outlook for southern PRB coal," Leer said. "In the past 10 years, demand for such coal has doubled, and it is projected to continue to grow at a far higher rate than that of the overall U.S. coal market. However, extremely mild weather over the past 18 months has swelled utility stockpiles and reduced short-term production requirements."

Leer noted that there were positive signs that could spur improvements in U.S. coal markets in the not-too-distant future. Electric output is up 4% compared to last year and U.S. coal production is down slightly. "Added to moves such as the one we are taking today, supply/demand fundamentals should have a positive impact on prices," Leer said.

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 coal prices, other factors affecting future net income, and its operating plans. Although Arch Coal believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from expectations include, but are not limited to, 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 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, Wyoming, Colorado and Utah. Through these operations, Arch Coal provides the fuel for approximately 6% of the electricity generated in the United States.