

Arch Coal, Inc. is Successful Bidder for Thundercloud Tract

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St. Louis, MO - October 1, 1998 - Arch Coal, Inc. (NYSE:ACI) announced today that it was the successful bidder for a federal coal lease known as the Thundercloud tract in Wyoming's Powder River Basin. Arch Coal bid \$158 million for the 3,546-acre tract, which contains an estimated 412 million tons of minable coal. The tract is located in Campbell County approximately 40 miles south-southeast of Gillette, Wyoming.

Arch's winning bid is subject to a review by the U.S. Bureau of Land Management (BLM) to ensure that it meets the agency's fair market standards. Arch expects a favorable determination from the BLM within the next few days. The \$158 million bid price will be paid in five annual installments of \$31.6 million, with the first installment being paid concurrently with the receipt of the BLM's favorable fair market determination.

"Not only is the Thundercloud tract contiguous to our Black Thunder mine and its more than 700 million tons of estimated coal reserves, but it also contains some of the highest quality coal and most attractive geologic conditions in the Powder River Basin," said Steven F. Leer, Arch Coal's president and chief executive officer. "The addition of the Thundercloud tract fits well with our plans to expand our position in the PRB, which is the nation's fastest growing coal basin." Plans to add a fourth dragline at Arch's Black Thunder mine are already under way.

Upon obtaining the necessary permits, Arch plans to begin mining the Thundercloud tract in late 2000.

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, 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 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 Coal provides the fuel for approximately 6% of U.S. electric power generation.