

Arch Coal Sells Idle Coal Dock and Takes Reclamation Charge

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St. Louis, Mo. – January 4, 1999 - Arch Coal, Inc. (NYSE:ACI) announced today that it had entered into a definitive agreement to sell an idle coal dock in Wayne County, W.Va., formerly known as the Big Sandy Terminal. The sale will result in an after-tax gain of \$4.6 million for Arch in the fourth quarter of 1998. This gain will be partially offset by a reclamation charge of \$2.4 million after tax associated with Arch's normal, periodic review of its environmental liabilities.

Arch Coal has not used the idle terminal facility for coal-loading purposes since July 1997, when the company consolidated its coal-loading operations on the Big Sandy River at the Arch Coal Terminal in Catlettsburg, Ky. Terms of the terminal sale were not disclosed.

Impact on earnings

"With these developments, we expect to be at roughly break-even for the fourth quarter," said Steven F. Leer, Arch Coal's president and chief executive officer. "Delays in obtaining a new surface-mining permit at our Dal-Tex operation in southern West Virginia, along with inadequate rail service and higher-than-expected operating costs at our West Elk mine in Colorado, have been major factors affecting our performance. In addition, the recent bitterly cold weather in the West has hindered equipment and rail performance."

Leer indicated that continuing difficulties would have an adverse impact on the company's 1999 results as well. "Even if we are able to obtain a new surface-mining permit at Dal-Tex in the very near future, it will be difficult for that operation to return to profitability before the end of 1999," Leer said. "Furthermore, rail service at our West Elk operation may limit coal shipments in the coming year. In addition, our 1999 financial performance will likely be hurt by deteriorating market conditions in the Illinois Basin and the Hanna Basin in Wyoming; lower-than-expected escalations in our sales contracts; and the reopening and renegotiation of several contracts with a large customer. As a result, we expect 1999 profits to remain weak."

"During 1999, we will continue to be focused on reducing our debt, maintaining our strong cash flow, improving from our recent earnings levels, and continuing to divest non-strategic and underperforming assets," Leer added.

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 the electricity generated in the United States.