

Arch Coal's Third Quarter Results Will Fall Short of Expectations

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St. Louis, MO - September 30, 1998 - Arch Coal, Inc. (NYSE:ACI) announced today that its financial results from mining operations for the third quarter of 1998 would be below analysts' expectations due to several factors, including higher-than-expected maintenance costs during the period; operating problems at two of the company's large surface mines in West Virginia; and poor rail service at its western operations.

"The third quarter is traditionally our weakest earnings period," said Steven F. Leer, president and chief executive officer of Arch Coal, Inc. "This year, the impact of miners' vacations, which traditionally fall during July, was exacerbated by unexpectedly high costs related to maintenance work performed during the July shutdowns at several of our operations. In addition, two of our large West Virginia surface operations, Hobet 21 and Dal-Tex, struggled with unfavorable geologic conditions, resulting in higher costs and lower production. Finally, our western operations had substantially lower shipments than expected due to continuing difficulty in receiving rail service to fulfill our committed tonnage."

Sale of inactive coal properties

On September 29, Arch Coal completed the sale of certain inactive coal properties in eastern Kentucky. Those properties formerly supported Arch Coal's No. 37 Mine, which ceased operation in January 1998. The transaction will result in a positive after-tax impact of \$11.3 million for the quarter.

Stock Repurchase Program

At the company's most recent board meeting, the Arch Coal board of directors authorized the company to repurchase up to 2,000,000 shares of Arch Coal common stock, effective immediately.

"We consider our shares to be an excellent long-term value," Leer said. "We believe an active buyback program can enhance shareholder value, which is the primary objective in every decision we make."

The timing of the purchases and the exact number of shares to be purchased, however, will be dependent on market conditions, according to Leer.

Looking ahead

"Looking ahead, we expect rail service to our western operations and the operating problems at our Hobet 21 mine to improve, although these factors will have some adverse impact on our fourth quarter performance," Leer said. "However, in order to improve the performance at our Dal-Tex mine, we will need to secure the new permit for that operation in a timely fashion. A substantial delay in obtaining that permit or significant new restrictions on the surface mining process at the Dal-Tex mine would result in a curtailment of production." Details of that permitting issue are contained in the "Legal Contingencies" section of the company's Quarterly Report on SEC Form 10-Q for the quarter ended June 30, 1998, which is publicly filed with the U.S. Securities and Exchange Commission.

"As for our growth plans, we will continue to evaluate acquisition opportunities that serve our objective of being the No. 1 or No. 2 producer of low-sulfur coal in our target market regions," Leer said. "At the same time, we will continue to manage our land holdings with the objective of leasing or selling those assets that are not performing or that do not fit our long-term strategy."

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.