

## **Arch Coal, Inc. Expresses Disappointment Over Moody's Decision to Downgrade the Company's Credit Rating**

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St. Louis, Missouri – January 26, 2000 - Steven F. Leer, president and chief executive officer of Arch Coal, Inc. (NYSE:ACI), today expressed his disappointment over Moody's decision to downgrade the company's credit ratings.

"We're disappointed in Moody's decision," Leer said. "Despite a very challenging coal market, Arch Coal made excellent progress in reducing its overall leverage during 1999. In total, we paid down \$189.1 million in debt while reducing our lease obligations by \$35.1 million. The company's ability to generate cash is a fundamental strength that should enable us to continue our aggressive debt reduction program in the future." As previously announced, Arch's management has recommended that the board of directors reduce the quarterly dividend by 50% from its current level of 11.5 cents per share in order to free up still more cash for debt reduction purposes. In 1999, Arch Coal recorded EBITDA of \$325.9 million, or \$8.49 per share.

Leer emphasized that Arch would continue to work with Moody's in an effort to achieve a ratings upgrade in the near future. "We believe that Arch Coal remains a fundamentally strong company despite continuing pressure on U.S. coal prices," Leer said. "It is our intention to demonstrate that fact through continued progress in our debt reduction efforts."

EBITDA is defined as earnings before one-time charges, interest, taxes, depreciation, depletion and amortization. EBITDA is presented because it is a widely accepted financial indicator of a company's ability to incur and service debt. EBITDA should not be considered in isolation or as an alternative to net income, operating income, cash flows from operations, or as a measure of a company's profitability, liquidity or performance under generally accepted accounting principles.

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 earnings and cash flow and factors affecting the use of that cash. 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, 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.