

Arch Coal, Inc. Announces Pricing of its 5% Perpetual Cumulative Convertible Preferred Stock

January 28, 2003 2:24 PM ET

St. Louis - January 28, 2003 – Arch Coal, Inc. (NYSE: ACI) announced that it has entered into an underwriting agreement to sell 2,500,000 shares of its 5% Perpetual Cumulative Convertible Preferred Stock (liquidation preference \$50.00 per share) to a group of underwriters represented by Merrill Lynch & Co. The company has also granted the underwriters an over-allotment option to purchase up to an additional 375,000 shares of the preferred stock. The preferred stock will be issued under Arch Coal's universal shelf registration statement. Dividends on the preferred stock will be cumulative and will be payable quarterly at a rate of 5% of the liquidation preference per year. Each share of the preferred stock will be convertible, under certain conditions, into approximately 2.3985 shares of the Company's common stock.

The net proceeds from the offering of the preferred stock, estimated at approximately \$121.3 million, will be used to reduce indebtedness under Arch Coal's \$350 million revolving credit facility, to repay lines of credit, and for working capital and general corporate purposes.

A copy of the prospectus relating to the offering may be obtained from Merrill Lynch & Co., Prospectus Department, 250 Vesey Street, New York, NY 10281.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sales of these securities in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

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.