

Arch of Illinois Announces Plans to Issue WARN Notices on Friday

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St. Louis, Missouri – September 30, 1999 - Arch Coal, Inc. (NYSE:ACI) announced today that it will issue Worker Adjustment and Retraining Notification (WARN) Act notices on Friday to the employees at its Arch of Illinois complex near Percy, Illinois. The company expects to idle the complex, which is comprised of the Conant deep mine and the Captain preparation plant, before the end of 1999 due to a lack of demand for the mine's high-sulfur coal.

"We deeply regret that we must take this action," said Steven F. Leer, Arch Coal's president and chief executive officer. "We recognize that the mine's closure will result in significant economic hardship for our employees, who have done everything possible to drive down costs and improve productivity. We commend them for their extraordinary efforts in these areas, which have enabled us to keep the mine open longer than would otherwise have been possible. However, demand for high-sulfur Illinois coal has continued to shrink as the deadline for Phase II of the Clean Air Act approaches. The unfortunate reality is that there is no longer a viable market for this coal."

The Conant mine and the Captain preparation plant currently employ 221 people. All of these employees are likely to be laid off when the mine closes. In addition, there are 25 employees who are currently engaged in land reclamation at the former Captain surface mine. Arch expects this reclamation work to be completed next year.

Since the announcement that a substantial amount of Illinois electric generation would switch to low-sulfur western coal at the end of 1999, Arch has worked unsuccessfully to find a market for Conant's available production, Leer said. "When our contract with Illinois Power expires in December, the Conant mine will have commitments for only about half of its budgeted production," Leer said. "At such low volumes, the mine would be certain to incur very substantial losses."

The Conant mine expects to produce approximately 2.4 million tons of coal in 1999.

On January 1, 2000, U.S. utilities will be required to reduce their emissions of sulfur dioxide dramatically in keeping with the provisions of Phase II of the Clean Air Act. Most utilities are seeking to meet these new standards by switching to lower sulfur coal, which has put tremendous pressure on high-sulfur coal operations.

"Arch of Illinois has been instrumental in supplying the nation with reliable, low-cost energy for many years," Leer said. "We wish to again thank the employees at Arch of Illinois for the tremendous contribution they have made to Arch Coal, and we wish them well in their efforts to find new employment."

Arch Coal is one of the nation's largest coal producers, 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. Arch of Illinois is the company's last remaining high-sulfur operation.