

Arch Coal Acquires Equity Interest in West Coast Terminal

ST. LOUIS, Jan. 12, 2011 /[PRNewswire](#)/ -- Arch Coal, Inc. (NYSE: ACI) today announced that it has acquired a 38 percent interest in Millennium Bulk Terminals-Longview, LLC ("MBT"), the owner of a bulk commodity terminal on the Columbia River near Longview, Wash., in exchange for \$25 million plus additional consideration upon the completion of certain project milestones.

"This transaction gives us a direct stake in participating in the growth of U.S. coal exports off the West Coast," said Steven F. Leer, Arch's chairman and chief executive officer. "With our superior operating position in the Powder River Basin and Western Bituminous Region, we have the capability to service growing coal demand in Asia, the world's largest and fastest-growing coal market. We believe this first project – along with others in the pipeline – will provide Arch with more exposure to the seaborne thermal market and will further unlock the value inherent in our western coal assets."

Under terms of the agreement, Arch will control 38 percent of the terminal's throughput and storage capacity to facilitate export shipments of coal off the west coast of the United States. The facility will be capable of handling panamax-sized vessels, which account for the vast majority of the seaborne thermal coal trade for the Asia-Pacific market. The terminal also is dual served by the Union Pacific and Burlington Northern Santa Fe railroads, which will provide Arch with the flexibility to export its southern Powder River Basin and Western Bituminous coals, and eventually coal from its recently-acquired Montana reserves.

The MBT terminal, a former aluminum smelter site, is currently operated as a bulk commodity facility. MBT continues to work on obtaining the required approvals and necessary permits to complete dredging and other upgrades to enable coal, alumina and cementitious material shipments through the brownfield terminal. Once completed, coal shipments could begin in 2012. As currently planned, the MBT facility will utilize existing infrastructure with some minor modifications to handle loading 5 million tons of coal per year in addition to other types of bulk commodities.

Encompassing more than 400 acres, the industrial site offers the potential for terminal expansion should market demand warrant. Should MBT elect to expand the facility, necessary regulatory approvals would be sought and additional infrastructure investment would be required.

MBT recently completed the purchase of the marine terminal from Chinook Ventures, Inc. Australia-based Ambre Energy owns the remaining 62 percent of the terminal. Ambre Energy is a progressive mining and technology company, acquiring coal and oil shale resources in Australia and the United States. "We are pleased to be partners with Ambre and value their experienced management team," said John W. Eaves, Arch's president and chief operating officer.

According to MBT estimates, the terminal development project should create 120 temporary jobs during the build-out of the facility, and ultimately would result in 70 permanent jobs from ongoing operations at the terminal. The construction of the export facility will generate \$2.7 million in sales tax revenue for state and county governments, while expected income tax revenue – once the facility is fully operational – will provide \$1.2 million annually for state and county governments.

St. Louis-based Arch Coal, Inc. is the second largest U.S. coal producer. Through its national network of mines, Arch supplies cleaner-burning, low-sulfur coal to fuel roughly 8 percent of the nation's electricity. The company also ships coal to domestic and international steel manufacturers as well as international power producers.

Forward-Looking Statements: This press release contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties arise from changes in the demand for our coal by the domestic electric generation industry; from legislation and regulations relating to the Clean Air Act and other environmental initiatives; from operational, geological, permit, labor and weather-related factors; from fluctuations in the amount of cash we generate from operations; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. For a description of some of the risks and uncertainties that may affect our future results, you should see the risk factors described from time to time in the reports we file with the Securities and Exchange Commission.

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