Canyon Fuel Company Plans to Idle Skyline Mine in Carbon County, Utah

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St. Louis (May 27, 2003) – Arch Coal, Inc. (NYSE:ACI) today announced that Canyon Fuel Company, in which Arch has a 65% equity interest, will idle its Skyline Mine in Carbon County, Utah, by the second quarter of 2004 due to continuing weakness in the Utah coal market. The mine will be idled in an orderly process that is already under way. The Skyline Mine employs approximately 215 people and produced approximately 3.5 million tons of coal in 2002.

“While we regret the need for this action, we support Canyon Fuel’s decision to idle the Skyline Mine,” said Steven F. Leer, Arch’s president and chief executive officer. “With production in the southern portion of the mine nearing an end, Canyon Fuel is faced with initiating expensive development work in a new reserve area to the north in order to keep the mine operational. Without a solid portfolio of baseload contracts and evidence of an improving Utah coal market, we simply cannot justify such an investment at this time. As other coal reserves in the region are depleted, we expect the Skyline reserves to become increasingly strategic. However, the mine could remain idle for a period of several years before resuming operation. The timing of its reopening will depend entirely on the market.”

One of Skyline’s two continuous miners ceased operation earlier this month, with the second expected to be idled sometime during the third quarter of 2003. (Continuous miners are mining machines used to develop coal reserves into “panels,” which are then recovered by the mine’s longwall mining system.) The longwall is expected to finish mining the remaining panels within the current mining area in the second quarter of 2004 and will be shut down at that time. Layoffs will occur in phases throughout the period leading up to the expected idling date. The specific timing of these layoffs has yet to be determined.

“We join Canyon Fuel in commending the Skyline workforce for operating in a safe, productive and environmentally responsible manner for many years,” Leer said. “We have a solid base of reserves at Skyline, and we expect the mine to resume production as a viable and competitive operation at some point in the future.”

The Skyline Mine has a reserve base totaling approximately 50 million tons of very low-sulfur, bituminous coal.

In addition to Skyline, Canyon Fuel operates two other underground longwall mines in Utah: Sufco in Sevier County, which employs approximately 295 people and produces more than seven million tons of coal annually; and Dugout Canyon in Carbon County, which employs approximately 155 people and produces more than three million tons annually.

Canyon Fuel markets the output of its three Utah mines to regional utilities that use the coal as a fuel source for electric generation, as well as to a number of large industrial facilities in Utah, Nevada and California.

Canyon Fuel will seek to find positions at its remaining mines for as many of the Skyline employees as possible, but the number of open positions is limited. Affected workers will receive a competitive severance package.

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.

Forward-Looking Statements: Statements in this press release which are not statements of historical fact are forward-looking statements within the “safe harbor” provision of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on information currently available to, and expectations and assumptions deemed reasonable by, the company. Because these forward-looking statements are subject to various risks and uncertainties, actual results may differ materially from those projected in the statements. These expectations, assumptions and uncertainties include: the company's expectation of continued growth in the demand for electricity; belief that legislation and regulations relating to the Clean Air Act and the relatively higher costs of competing fuels will increase demand for its compliance and low-sulfur coal; expectation of improved market conditions for the price of coal; expectation that the company will continue to have adequate liquidity from its cash flow from operations, together with available borrowings under its credit facilities, to finance the company's working capital needs; a variety of operational, geologic, permitting, labor and weather related factors; and the other risks and uncertainties which are described from time to time in the company's reports filed with the Securities and Exchange Commission.