

## Peabody Energy (NYSE: BTU) Announces Results of Early Tender Offer

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Peabody Energy announced today that as of midnight, May 24, 2001 (the "Early Tender Date", as defined in the Offer to Purchase), the depository had received approximately \$290.6 million of Peabody's outstanding 8-7/8% Senior Notes due 2008 and approximately \$405.2 million of its outstanding 9-5/8% Senior Subordinated Notes due 2008. These notes were tendered pursuant to Peabody's tender offer announced on May 8, 2001.

As stated in the Offer to Purchase, Peabody will accept up to \$80 million aggregate principal outstanding of each series of notes. Tendered notes will be accepted on a pro-rata basis, rounded down to the nearest \$1,000 principal amount for each note tendered. If no further notes are tendered and all the conditions of the tender offer are satisfied, the percentage of tendered notes accepted by Peabody would be approximately 27.5% for the 8-7/8% notes and approximately 19.7% for the 9-5/8% notes. If additional notes are tendered after the Early Tender Date, the percentage of each series of tendered notes accepted by Peabody will change.

The Total Consideration, as defined in the Offer to Purchase, for the notes tendered on or prior to the Early Tender Date is 107.875% for the 8-7/8% notes and 108.625% for the 9-5/8% notes, plus any accrued and unpaid interest up to but not including the payment date, which is expected to be June 6, 2001. Any bondholders who tender their notes after the Early Tender Date and before the expiration date of the tender offer, which is expected to be midnight, June 5, 2001, will receive, on a pro-rata basis, the total consideration, minus the early tender premium of 3%, or 104.875% for the 8-7/8% notes and 105.625% for the 9-5/8% notes, plus any accrued and unpaid interest up to but not including the payment date.

Lehman Brothers Inc. is serving as dealer manager and D.F. King & Co., Inc. is serving as information agent in connection with the tender offer. Questions regarding the tender offer should be directed to Lehman Brothers Inc. at 212-528-7581 or toll free at 800-438-3242. Requests for documents should be directed to D.F. King & Co., Inc. at 212-269-5550 or toll free at 888-460-7637.

Peabody Energy is the world's largest private-sector coal company. Its coal fuels more than 9 percent of all U.S. electricity generation and 2.5 percent of worldwide electricity generation.

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SOURCE: Peabody Energy

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