

Peabody Energy (NYSE: BTU) Reduces Debt by \$160 Million Through Bond Tender Completion

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Peabody Energy announced today that it has reduced total debt by an additional \$160 million through a recently completed bond tender offer.

As a result of the tender offer, the company has reduced approximately \$160 million in outstanding bonds, including \$80 million of 8-7/8% Senior Notes due 2008 and \$80 million in 9-5/8% Senior Subordinated Notes due 2008. The company accepted notes on a pro rata basis, including 26.2036 percent of the 8-7/8% Notes and 19.3953 percent of the 9-5/8% Notes.

Total consideration for notes tendered by the early tender date of May 24, 2001, is 107.875% for the 8-7/8% Notes and 108.625% for the 9-5/8% Notes, plus interest. Noteholders who tendered their notes after the early tender date and before midnight on June 5, 2001 will receive 104.875% for the 8-7/8% Notes and 105.625% for the 9-5/8% Notes, plus interest. Interest is calculated up to but excluding the payment date.

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 can 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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