

Peabody Energy (NYSE: BTU) Expands Independent Representation of Board Of Directors

PRNewswire-FirstCall
ST. LOUIS

The board of directors of Peabody Energy today announced changes to the board composition to increase independent representation, add accounting and health care expertise, and reflect the company's increasingly diverse ownership.

Two new members have been elected to the board of directors, effective Jan. 16:

Sandra Van Trease is President of UNICARE, one of the fastest-growing segments of Wellpoint Health Networks, Inc. Wellpoint is a large health insurance company, based in California, which last year purchased RightCHOICE Managed Care, Inc. Ms. Van Trease held the positions of President and Chief Operating Officer and previously Executive Vice President and Chief Financial Officer of RightCHOICE. Prior to joining RightCHOICE in 1994, she was a Senior Audit Manager with Price Waterhouse. She is a Certified Public Accountant and Certified Management Accountant. Ms. Van Trease serves on the boards of a number of civic organizations in the St. Louis area and on U.S. Bancorp's St. Louis board of directors.

Robert B. Karn III is a financial consultant and former managing partner in financial and economic consulting with Arthur Andersen in St. Louis. Before retiring from Andersen five years ago, Mr. Karn served in a variety of accounting, audit and financial roles over a 33-year career, including Managing Partner in charge of the global coal mining practice from 1981 through 1998. He is a Certified Public Accountant and Panel Arbitrator with the American Arbitration Association, and has led a number of civic organizations. Mr. Karn also serves on the board of directors of Natural Resource Partners, a coal-oriented master limited partnership that trades on the New York Stock Exchange.

Ms. Van Trease and Mr. Karn will serve on Peabody's audit committee, which is chaired by William Rusnack. Previous Audit Committee members, Dr. James Schlesinger and Bernard Duroc-Danner, will join the Nominating and Corporate Governance and Compensation Committees, respectively. Board members Richard M. Whiting, Peabody's Executive Vice President for Sales, Marketing and Trading, and Felix B. Herlihy, who joined the board in his role with Lehman Merchant Banking Partners II Fund, will step down from the board.

"Ms. Van Trease and Mr. Karn bring additional skills and more independent representation to an outstanding board," said Peabody Energy Chairman and Chief Executive Officer Irl F. Engelhardt. "The board also expresses its gratitude to Rick and Felix for their wise counsel during their tenure on the board."

Peabody Energy is the world's largest private-sector coal company, with 2001 sales of 194 million tons of coal and \$2.6 billion in revenues. Its coal products fuel more than 9 percent of all U.S. electricity generation and more than 2 percent of worldwide electricity generation.

PEABODY ENERGY BOARD OF DIRECTORS

Bernard J. Duroc-Danner is Chairman, President and Chief Executive Officer of Weatherford International, Inc., one of the world's largest oilfield services companies. Mr. Duroc-Danner served as President and Chief Executive Officer of EVI, Inc. prior to its merger with Weatherford Enterra, and held previous positions with Mobil Corporation and Arthur D. Little, Inc. He holds a Ph.D. in economics from the Wharton School of Business at the University of Pennsylvania. He also serves as Chairman of the Board of Grant Prideco, Inc., and is a Director of Cal Dive International, Parker Drilling, Dresser and Universal Compression.

Irl F. Engelhardt is Chairman and Chief Executive Officer of Peabody Energy. He joined the company in 1979 after a decade of management consulting experience and held various officer-level positions prior to being named Chief Executive Officer in December 1990. His business experience includes: Group Executive and Director of Hanson Industries; Co-Chief Executive Officer of The Energy Group; Chairman of Cornerstone Construction and Materials; Chairman of Suburban Propane; Chairman of Citizens Power; and Chairman of Peabody Resources Limited (Australia). He received a bachelor of science degree in accounting from the University of Illinois in 1968 and a master's in business administration from Southern Illinois University in 1971. Among a number of industry leadership positions, he is Vice Chairman of the Coal Based Generation Stakeholders Group; Center for Energy and Economic Development; and the National Mining Association's Sustainable Development Committee and Health Reform Committee. Mr. Engelhardt is also a Director of U.S. Bank N.A. in St. Louis and serves on the board of a number of civic

organizations.

Roger H. Goodspeed is an Advisory Director of Lehman Brothers Inc. He joined Lehman Brothers in 1974 and became a Managing Director in 1984. During his tenure at Lehman Brothers he has had management responsibility for several different investment banking groups and has served as a member of the Operating Committee of the Investment Banking Division. In 1994, he became Chairman of Citizens Lehman Power, an electric power marketing joint venture which was 50 percent owned by Lehman Brothers, and served in that position until 1997 when the joint venture was sold to The Energy Group and re-named Citizens Power. Mr. Goodspeed received an MBA from the University of California, Los Angeles.

William E. (Wilber) James is a Founding Partner of RockPort Capital Partners LLC, a venture fund specializing in energy and environmental technology and advanced materials. He is also Chairman of RockPort Group, an international oil trading and investment banking company. Prior to joining RockPort, Mr. James co-founded and served as Chairman and Chief Executive Officer of Citizens Power LLC, a leading power marketer. Previously, Mr. James was a co-founder of the non-profit Citizens Energy Corporation and served as Chairman and Chief Executive Officer of Citizens Corporation, its for-profit subsidiary, from 1987 to 1996. Mr. James holds a bachelor of arts degree from Colorado College. He serves on the board of directors of the African Wildlife Foundation, the National Peace Corps Association's Advisory Council and the Cape Ann Historical Association.

Robert B. Karn III is a financial consultant and former managing partner in financial and economic consulting with Arthur Andersen in St. Louis. Before retiring from Andersen five years ago, Mr. Karn served in a variety of accounting, audit and financial roles over a 33-year career, including Managing Partner in charge of the global coal mining practice from 1981 through 1998. He is a Certified Public Accountant and Panel Arbitrator with the American Arbitration Association, and has led a number of civic organizations. Mr. Karn serves on the board of directors of Natural Resource Partners, a coal-oriented master limited partnership that trades on the New York Stock Exchange.

Henry E. Lentz is a consultant to Lehman Brothers Inc. He joined Lehman Brothers in 1971 and became a Managing Director in 1976. In 1988, Mr. Lentz left Lehman Brothers to serve as Vice Chairman of Wasserstein Perella Group, Inc. In 1993, he returned to Lehman as a Managing Director and served as head of the firm's worldwide energy practice. In 1996, he joined the Merchant Banking Group as a Principal and in 2003 became a consultant to the Merchant Banking Group. Mr. Lentz is currently a director of Rowan Companies, Inc. and Consort Holdings plc. Mr. Lentz holds an MBA from the Wharton School of Business at the University of Pennsylvania.

William C. Rusnack is the former President and Chief Executive Officer of Premcor Inc. Prior to joining Premcor in April 1998, Mr. Rusnack was President of ARCO Products Company, the refining and marketing division of Atlantic Richfield Company. During his 31-year career at ARCO, he was also President of ARCO Transportation Company and Vice President of Corporate Planning. Mr. Rusnack is a member of the American Petroleum Institute as well as a member of the Dean's Advisory Council of the Graduate School of Business at the University of Chicago and the National Council of the Olin School of Business at Washington University in St. Louis. He serves on a number of civic and corporate boards including Sempra Energy, The Urban League of Metropolitan St. Louis, the St. Louis Science Center and the St. Louis Opera Theatre. He holds a bachelor of science in general chemistry from Indiana University of Pennsylvania and an MBA from the University of Chicago.

Dr. James R. Schlesinger is Chairman of the Board of Trustees of the MITRE Corporation. He also serves as Counselor to the Center for Strategic and International Studies. Dr. Schlesinger served as Secretary of Energy from 1977 to 1979. He held senior executive positions for three U.S. Presidents, serving as Chairman of the U.S. Atomic Energy Commission from 1971 to 1973, Director of the Central Intelligence Agency in 1973 and Secretary of Defense from 1973 to 1975. Prior positions include Assistant Director of the Office of Management and Budget, Director of Strategic Studies at the Rand Corporation, Associate Professor of Economics at the University of Virginia and Board of Governors of the Federal Reserve System. Dr. Schlesinger holds bachelor of arts, master's and doctoral degrees from Harvard University. He is a trustee at the Atlantic Council, Center for Global Energy Studies; a fellow of the National Academy of Public Administration; and a member of the American Academy of Diplomacy.

Dr. Blanche M. Touhill is Chancellor Emeritus and Professor Emeritus at the University of Missouri - St. Louis. Dr. Touhill began her career in education at Queens College, City University of New York, before joining UMSL as an assistant professor. Dr. Touhill was named Vice Chancellor for Academic Affairs in 1987 and assumed the responsibilities of Interim Chancellor in 1990. She was named Chancellor in 1991. Dr. Touhill holds bachelor's and doctoral degrees in history and a master's degree in geography from St. Louis University. Dr. Touhill has served on a number of civic and corporate boards, including Trans World Airlines, Delta Dental, the Urban League of St. Louis, Civic Progress and the Missouri Botanical Gardens. In 1997, she was named the St. Louis Citizen

of the Year.

Sandra Van Trease is President of UNICARE, one of the fastest-growing segments of Wellpoint Health Networks, Inc. Wellpoint is a large health insurance company, based in California, which last year purchased RightCHOICE Managed Care, Inc. Ms. Van Trease held the positions of President and Chief Operating Officer and previously Executive Vice President and Chief Financial Officer of RightCHOICE. Prior to joining RightCHOICE in 1994, she was a Senior Audit Manager with Price Waterhouse. She is a Certified Public Accountant and Certified Management Accountant. Ms. Van Trease serves on the boards of a number of civic organizations in the St. Louis area and on U.S. Bancorp's St. Louis board of directors.

Alan H. Washkowitz is a Managing Director of Lehman Brothers Inc. and the head of the firm's Merchant Banking Group, responsible for the oversight of Lehman Brothers Merchant Banking Partners II L.P. Mr. Washkowitz joined Kohn Loeb & Co. in 1968 and became a general partner of Lehman Brothers in 1978 when Kohn Loeb & Co. was acquired. Prior to joining the Merchant Banking Group, Mr. Washkowitz headed Lehman Brothers' Financial Restructuring Group. He is currently a director of CP Kelco Inc., L-3 Communications Corporation and K&F Industries, Inc. Mr. Washkowitz holds an MBA from Harvard University and a Juris Doctorate from Columbia University.

SOURCE: Peabody Energy

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