

## Peabody Energy (NYSE: BTU) Announces Results of Early Tender Offer and Extends Payment of Early Tender Premium

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Peabody Energy announced today that it has accepted for purchase all of the 8-7/8% Senior Notes due 2008 (CUSIP No. 693682AB2) and 9-5/8% Senior Subordinated Notes due 2008 (CUSIP No. 693682AD8) that were tendered as of 5 p.m., March 14, 2003 (the "Early Tender Date," as defined in Peabody's offer to purchase). These notes were tendered pursuant to Peabody's offer to purchase dated Feb. 27, 2003, and related letter of transmittal, which more fully set forth the terms of the tender offer.

Peabody also announced today that the total consideration will be paid for all notes tendered on or prior to 5 p.m. on March 20, 2003. The total consideration is 104.75% for the senior notes and 105.125% for the senior subordinated notes, plus any accrued and unpaid interest up to but not including the payment date. The payment date for bonds tendered up until 5 p.m. on March 20, 2003, is expected to be concurrent with the settlement of Peabody's new financings.

Any bondholders who tender their notes after 5 p.m., March 20, 2003, and before the expiration date of the tender offer, which is expected to be 5 p.m., March 27, 2003, will receive the total consideration, minus the early tender premium of 3%, or 101.75% for the senior notes and 102.125% for the senior subordinated notes, plus any accrued and unpaid interest up to but not including the payment date.

The tender offer is scheduled to expire at 5 p.m., New York City time, on Thursday, March 27, 2003, unless extended. Tenders of notes made after 5 p.m., New York City time, on March 14, 2003, may be properly withdrawn at any time until the scheduled expiration. Tenders of notes made prior to 5 p.m., New York City time, on March 14, 2003, may not be properly withdrawn unless the company reduces the tender offer consideration or the early tender premium, or is otherwise required by law to permit withdrawal.

Lehman Brothers Inc. is the dealer manager for the tender offer. Questions about the offer should be directed to Lehman Brothers Inc. by calling collect at (212) 528-7581 or toll-free at (800) 438-3242, attention: Emily Shanks. The information agent for the tender offer is D.F. King & Co. Inc. Requests for additional sets of the offer materials may be directed to D.F. King & Co. Inc. by calling collect at (212) 269-5550 or toll-free at (800) 967-7574.

This press release shall not constitute an offer to purchase or a solicitation of acceptance of the tender offer, which may be made only pursuant to the terms of the offer to purchase and related letter of transmittal. In any jurisdiction where the laws require the offer to be made by a licensed broker or dealer, the offer shall be deemed made on behalf of the company by Lehman Brothers Inc. or one or more registered brokers or dealers under the laws of such jurisdiction.

Statements concerning the company's business expectations, intentions, plans and beliefs, together with other statements made in this press release that are not historical facts are "forward-looking statements" as that term is defined under the federal securities laws. All forward-looking statements are subject to the risks and uncertainties that could cause actual outcomes and results to differ materially from those expressed or suggested, including those described in the company's filings with the Securities and Exchange Commission.

Peabody Energy is the world's largest private-sector coal company, with 2002 sales of 198 million tons of coal and \$2.7 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.

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