

Peabody Energy to Acquire More Than 297 Million Tons of Powder River Basin Coal Reserves

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Peabody Energy today announced that one of its units was the winning bidder for more than 297 million tons of high Btu, low sulfur coal reserves in the Powder River Basin. The winning bid for the reserves was 92 cents per mineable ton, made through a sealed bid auction process. The bid is subject to final evaluation by the Bureau of Land Management (BLM) to determine that the offer meets the agency's fair market analysis. Following BLM acceptance, Peabody will finalize the lease acquisition over the next 60 to 90 days.

The reserves are adjacent to Peabody's North Antelope Rochelle Mine, located in Campbell County, Wyo., which shipped more than 80 million tons in 2003. Peabody's Powder River Coal Company mines last year shipped a record 106.5 million tons of coal and ranked number one, four and six among America's most productive mines in 2003. Peabody holds the number one market position in the Powder River Basin, which is America's fastest-growing coal region.

Peabody Energy is the world's largest private-sector coal company, with 2003 sales of 203 million tons and \$2.8 billion in revenues. Its coal products fuel more than 10 percent of all U.S. electricity and more than 2.5 percent of worldwide electricity.

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