

Peabody Energy (NYSE: BTU) Completes Purchase of 25.5% Interest in Venezuela Mine

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Peabody Energy today completed the acquisition of a 25.5 percent interest in the Paso Diablo Mine in Venezuela from RAG Coal International AG for a net purchase price of US\$32.5 million. The transaction is expected to be accretive to earnings in the first 12 months.

Paso Diablo is a 6.5 to 7.0 million tonne-per-year operation that exports coal for electricity generators and steelmakers in North America and Europe. On a pro forma basis, the 2003 earnings contribution for the 25.5 percent ownership would have been US\$8 million.

"This transaction provides a good strategic fit and investment in a high-quality operation," said Peabody Energy Chairman and Chief Executive Officer Irl F. Engelhardt. "Peabody's global coal presence continues to grow, and we look forward to working with our partners and Paso Diablo's excellent team to help the operation grow and prosper."

Peabody Energy is the world's largest private-sector coal company, with 2003 sales of 203 million tons of coal 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.

Certain statements in this press release are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. These statements involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this release. For detailed risk factors, please refer to the company's filings with the U.S. Securities and Exchange Commission. These factors are difficult to accurately predict and may be beyond the control of the company.

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