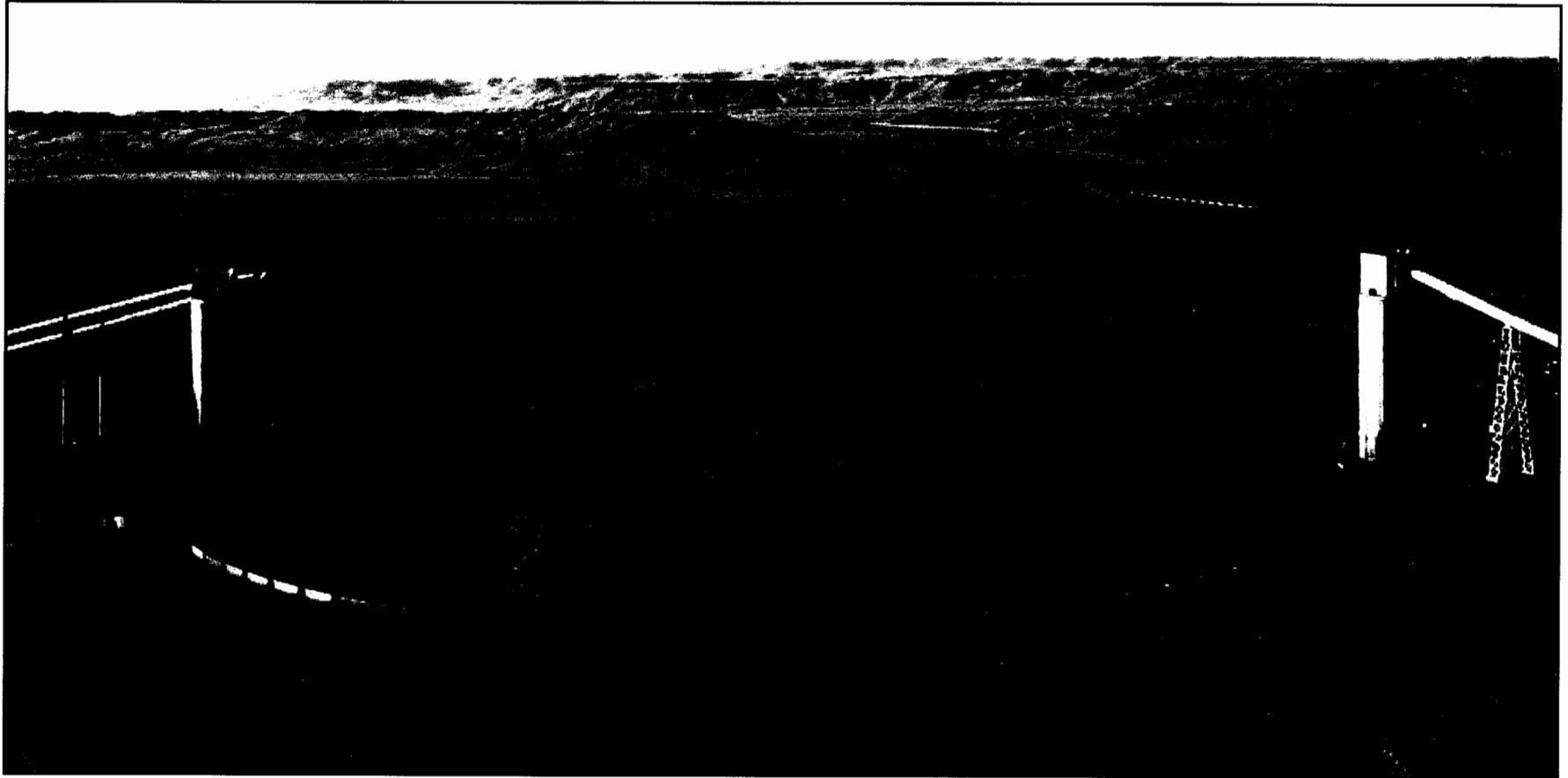




**Surface Transportation
Board Visit
August 2, 2004**



***James C. Campbell
Senior Vice President Sales & Marketing
Powder River Basin***

Why Wyoming Coal is America's Number One Choice

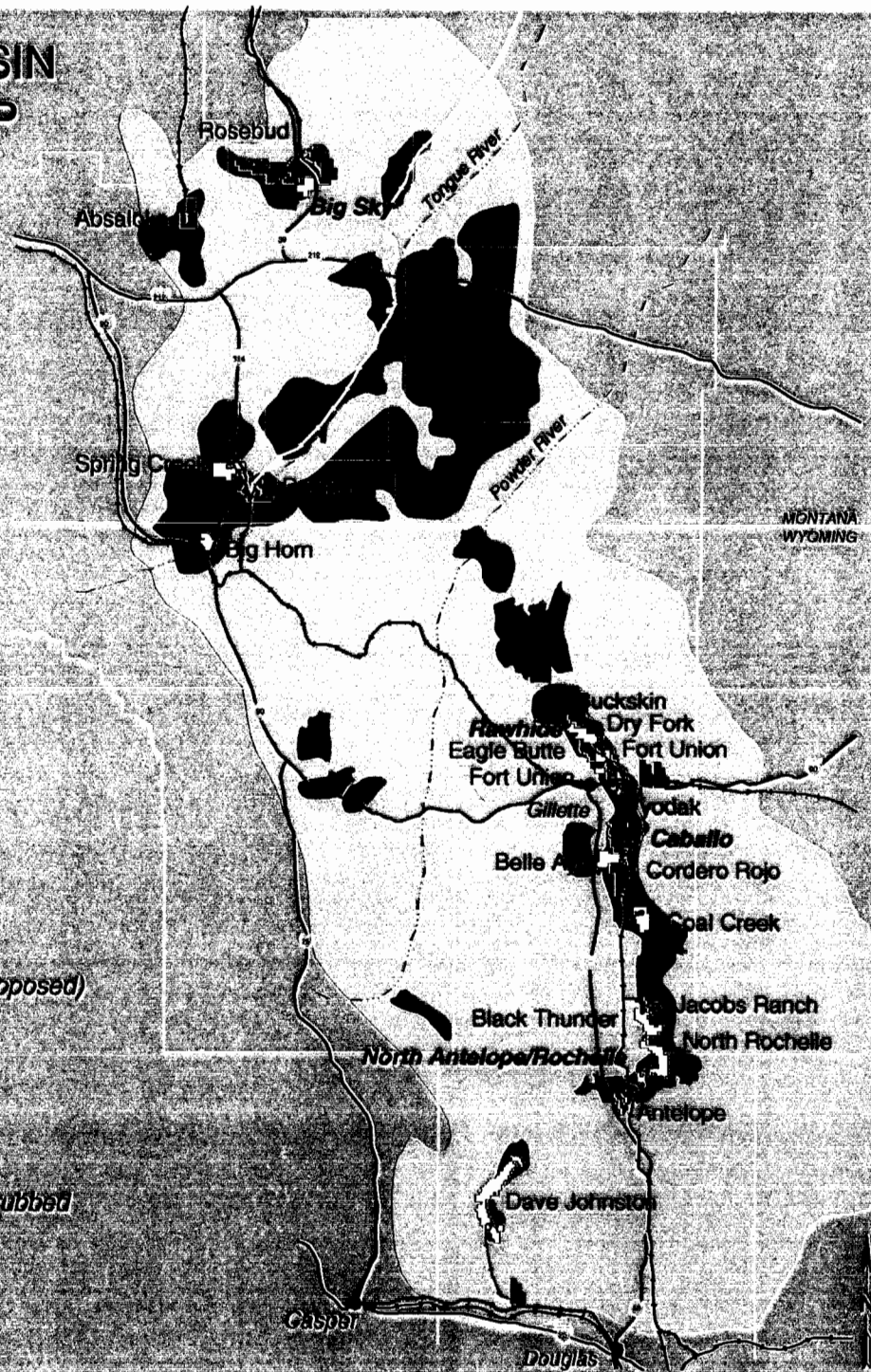
- Approximately one-third of the coal used for U.S. electricity generation in 2003 came from Campbell County, Wyoming
- If Wyoming were a country, it would rank fifth in the world in demonstrated coal reserves
 - The basin contains:
 - 65.3 billion tons of demonstrated coal reserves
 - 1.46 trillion tons of estimated in-place coal resources

POWDER RIVER BASIN COAL ACTIVITY MAP

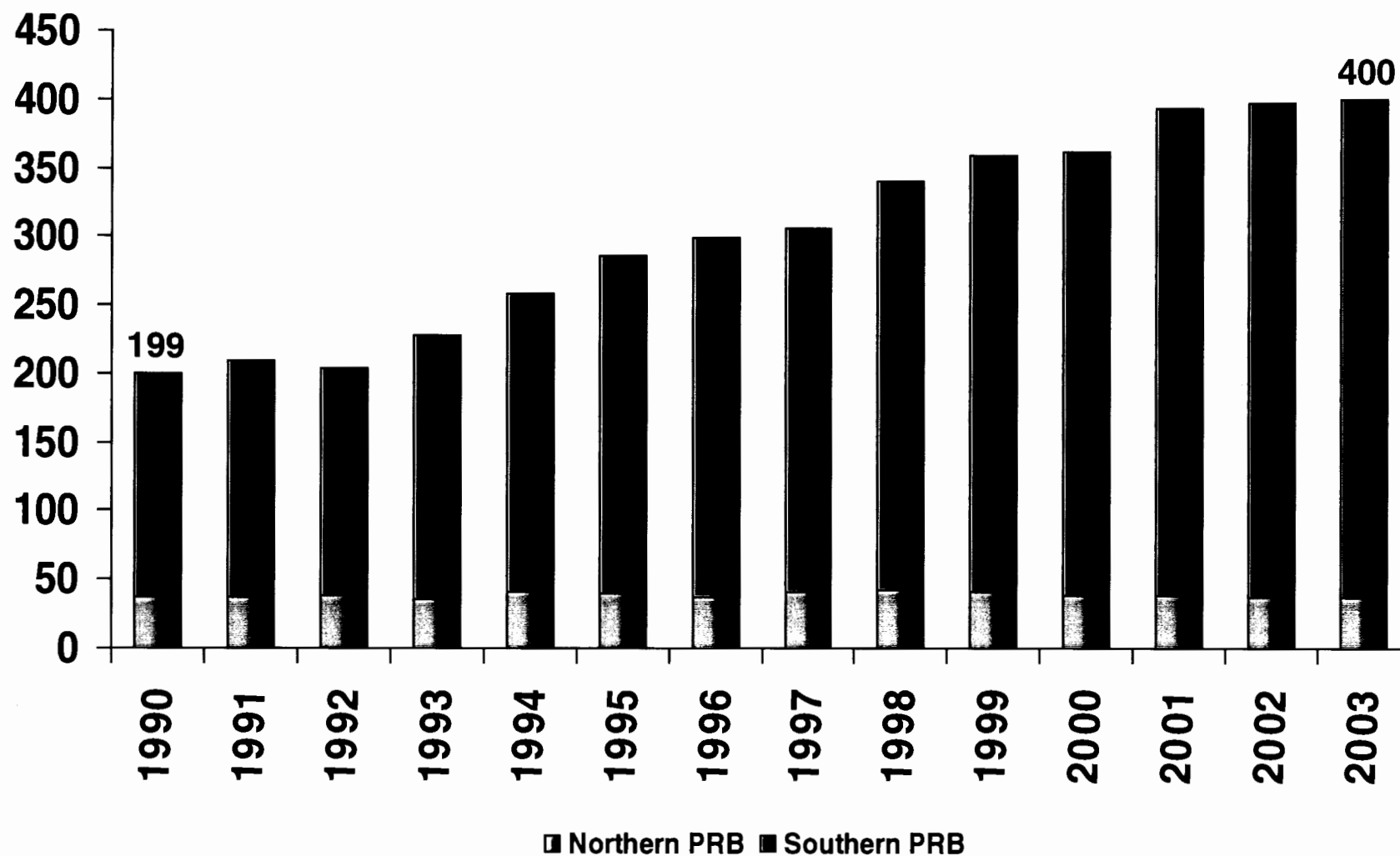
Area
Enlarged
Below



- BN
- Joint BN-UP
- Tongue River RR (Proposed)
- UP
- Private
- Roads
- Rivers
- Cities
- Utility Power Plants
- At Least One Unit Scrubbed
- No Units Scrubbed
- Coal Bearing Region
- Mineable Reserves



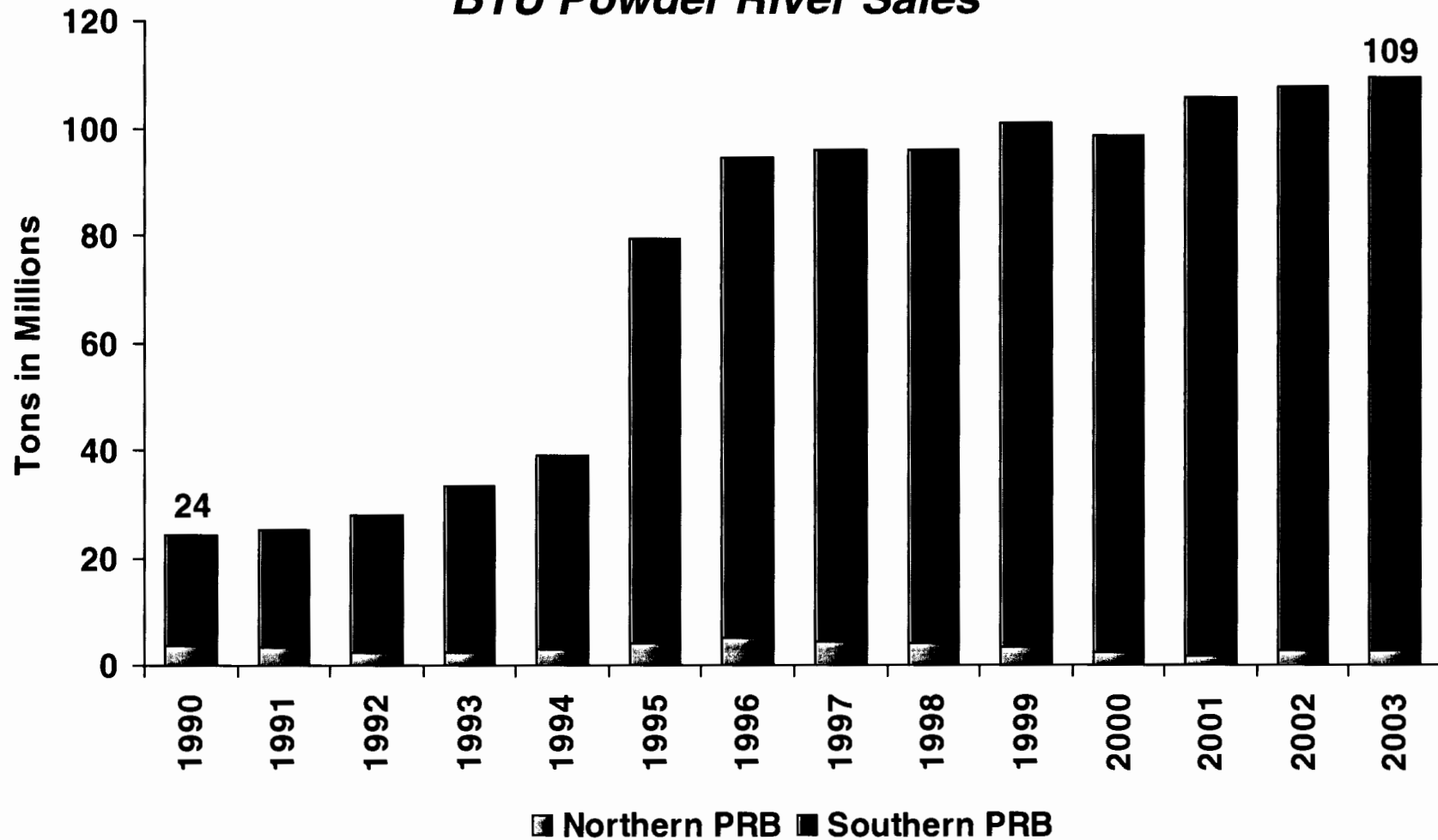
Strong Demand Doubles PRB Production Since 1990



**POWDER
RIVER
BASIN**

Peabody PRB Sales Have More Than Quadrupled Since 1990

BTU Powder River Sales

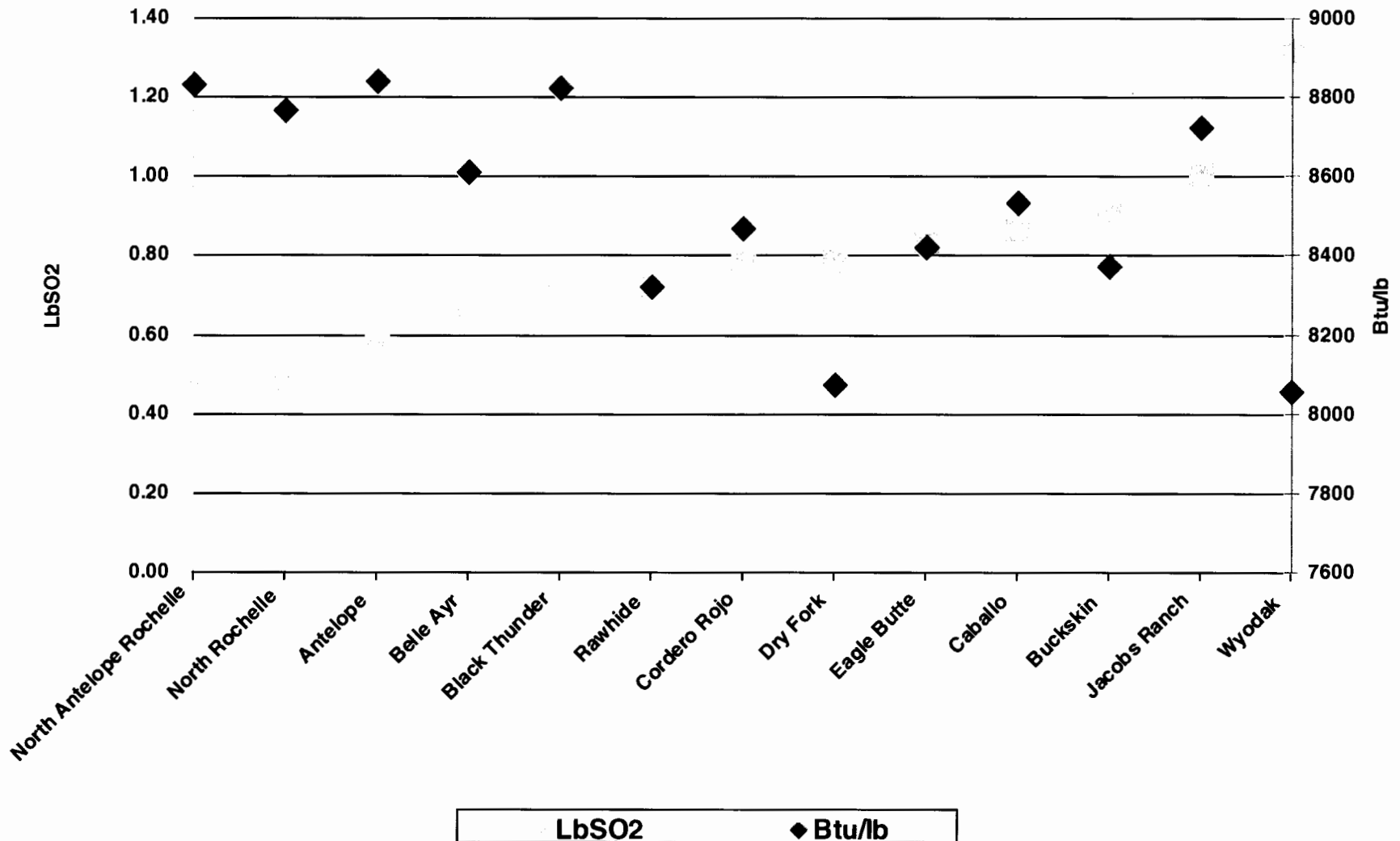


Peabody

SOUTHERN POWDER RIVER BASIN PRODUCERS COAL PRODUCED

	2000 (MT)	2001 (MT)	2002 (MT)	2003 (MT)
Peabody - Powder River Coal				
North Antelope Rochelle	71	75	75	80
Caballo	26	27	26	23
Rawhide	-	-	3	4
Subtotal	97	102	104	107
Kennecott Energy				
Antelope	23	25	27	30
Cordero-Rojo	39	43	38	36
Jacobs Ranch	28	29	32	35
Subtotal	90	97	97	101
Arch - Thunder Basin Coal				
Black Thunder	60	68	65	63
Coal Creek	4	-	-	-
Subtotal	64	68	65	63
RAG				
Belle Ayr	15	12	18	18
Eagle Butte	19	25	25	25
Subtotal	34	37	43	43
Triton				
Buckskin	16	19	18	17
North Rochelle	17	24	24	24
Subtotal	33	43	42	41
Wyodak Resources				
Wyodak (non-rr delivery)	3	3	4	5
Western Fuels Coal				
Dry Fork	2	4	5	4
TOTAL	323	354	360	364

SOUTHERN POWDER RIVER BASIN PRODUCERS **Ranked by Coal Quality**



Powder River Basin Operational Information

Peabody Energy (NYSE: BTU) is the world's largest coal company. Its coal fuels more than 10 percent of U.S. electricity and more than 2.5 percent of the world's electricity.

Peabody ships coal to more than 300 electric generating and industrial customers. The company offers a portfolio of products and services that includes coal produced from more than 30 operations in the United States, along with coal and emissions allowance trading, transportation services, third-party contract restructuring and coalbed methane operations. Guided by a singular mission, Peabody seeks to be a worldwide supplier of low-cost energy that contributes to economic prosperity and a better quality of life.

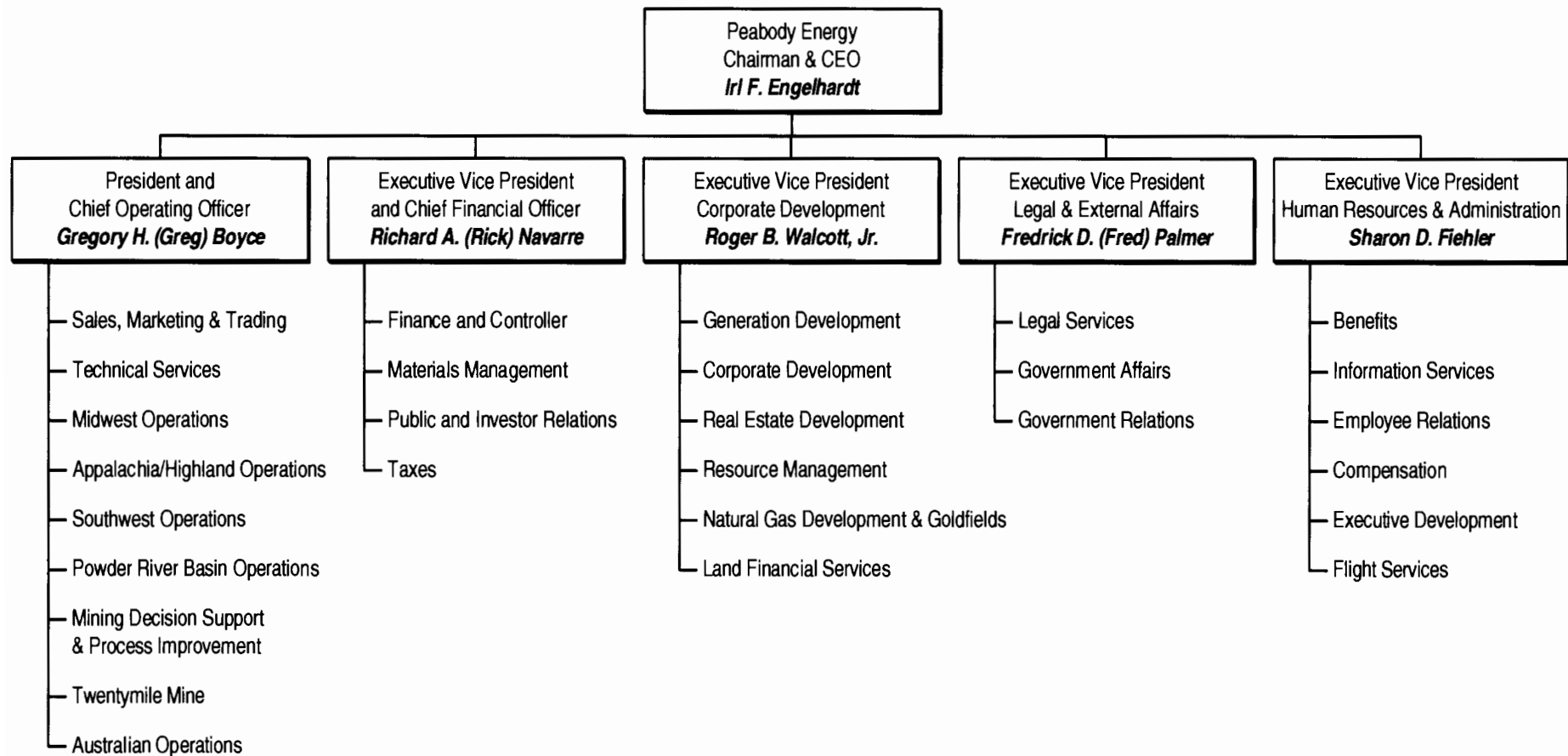
With coal seams up to 100 feet thick, ultra-low sulfur products and superior train-loading capabilities, Peabody's Powder River Basin mines in Wyoming ship more than 100 million tons of coal annually to customers. Peabody is the nation's largest producer of coal, the largest producer of low sulfur coal and the largest producer in the coal-rich Powder River Basin. In 2003, Peabody operations sold 203.2 million tons of coal or 18 percent of the nation's total coal production.

Peabody's **Southern Powder River Basin Operations** -- which include the Caballo, Rawhide and North Antelope Rochelle mines -- sold a record 106.5 million tons of coal in 2003. These operations serve over 80 power plants in 18 states and produce enough fuel to keep the lights on in more than 16 million American households.

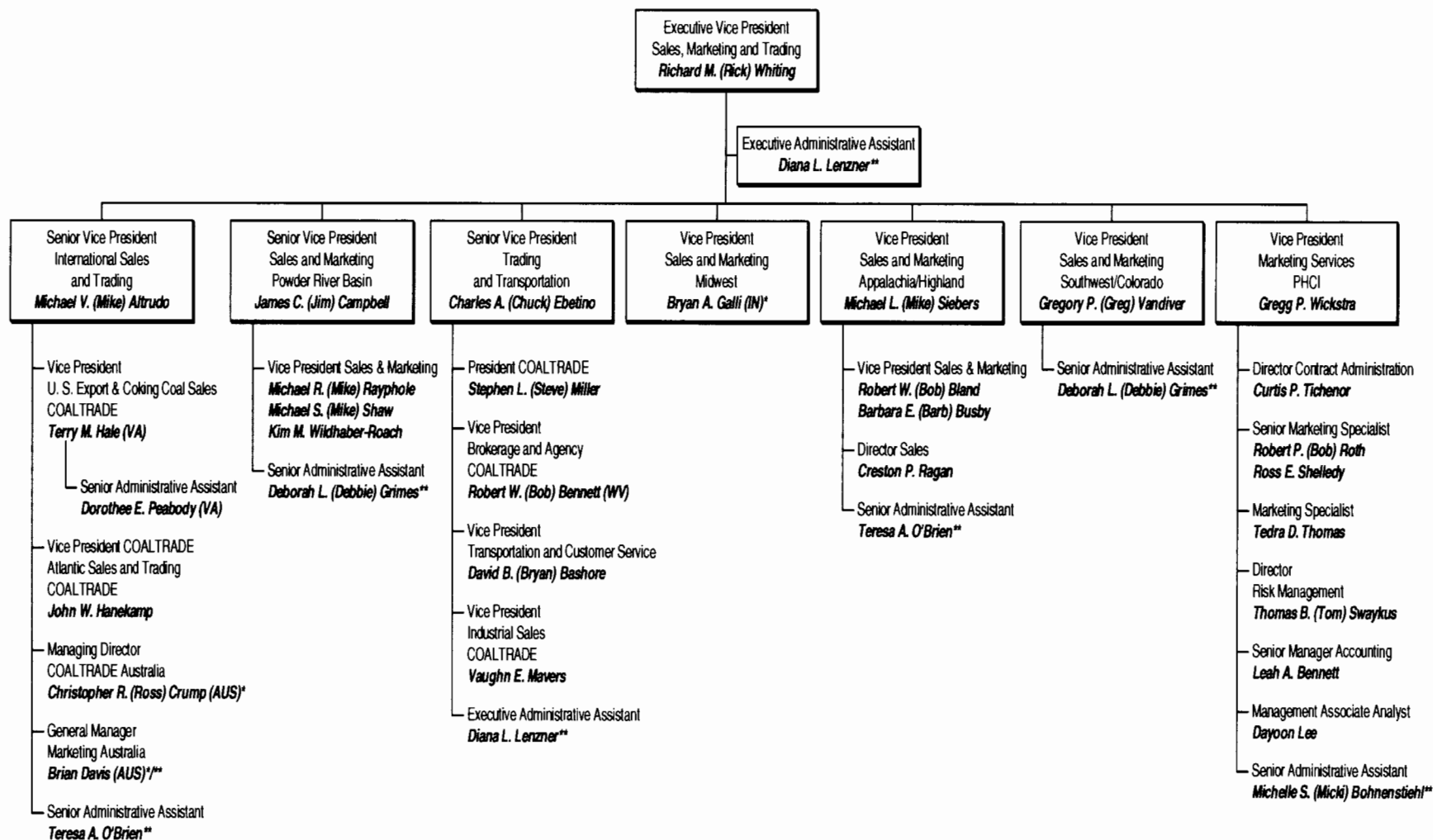
Peabody's mines have operated at record levels to meet the surge of customer demand with reliable and efficient service. Peabody uses world-class marketing and trading skills and a portfolio of coal products and services to create additional value and reach innovative agreements to serve its customers.

Peabody COALSALES is America's largest coal marketer, delivering more than 200 million tons of fuel each year. COALSALES combines market expertise, product diversity and transportation options to deliver a custom-designed product for each utility. Peabody controls approximately 9 billion tons of reserves in the nation's major coal producing regions.

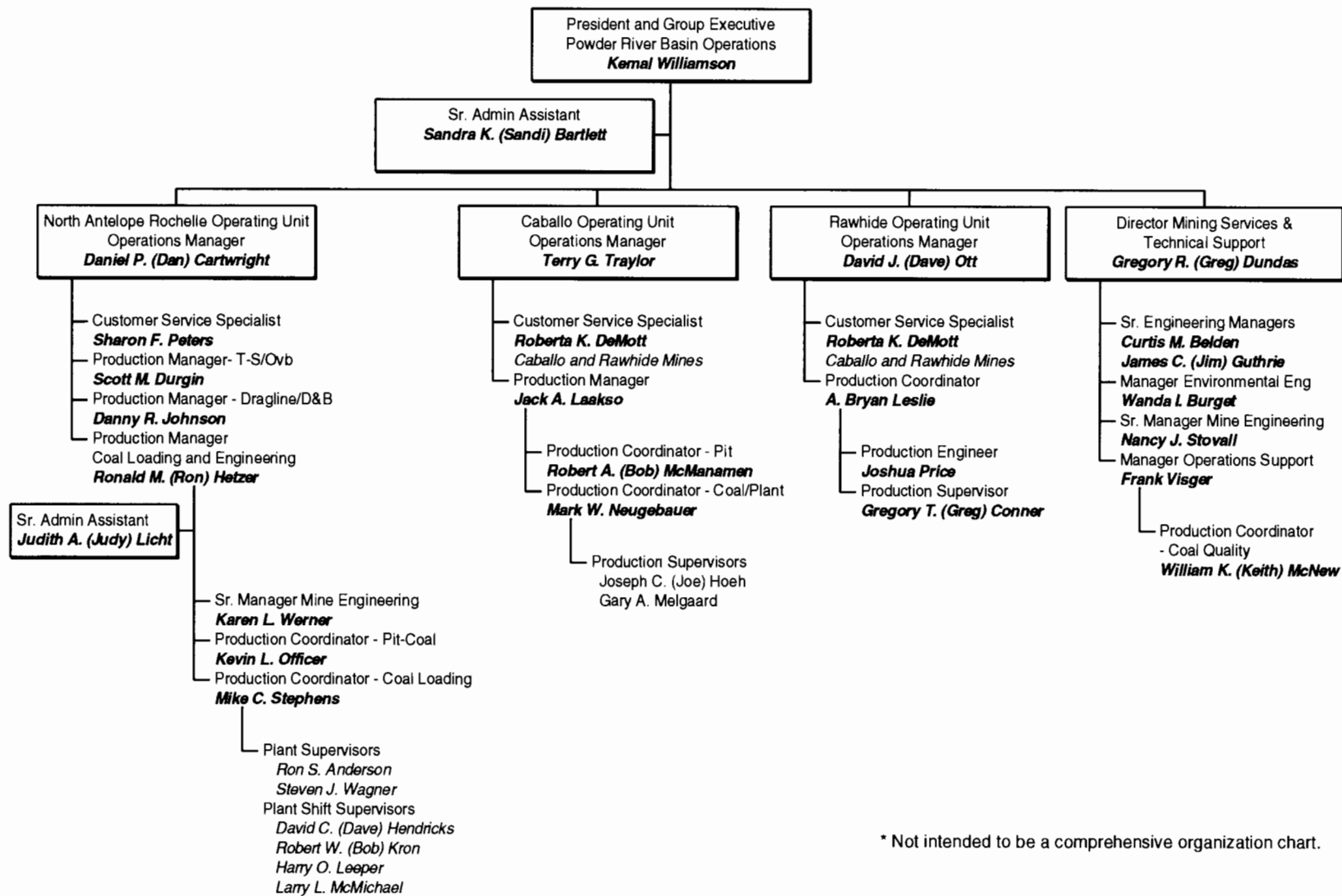
PEABODY ENERGY



PEABODY COALSALES



POWDER RIVER BASIN OPERATIONS



* Not intended to be a comprehensive organization chart.

NORTH ANTELOPE ROCHELLE MINE



The North Antelope Rochelle Mine is the nation's largest coal mine, producing some of the lowest sulfur coal in America. In 2003, the mine sold 80.1 million tons of coal from the Wyodak-Anderson Seam, which ranges from 60 to 80 feet thick. The facility is located about 65 miles southeast of Gillette.

Coal is mined in four areas using shovel and dragline methods. Coal is hauled by truck to one of three hoppers, where it is crushed and conveyed to silos for loadout on unit trains. Two concentric loop tracks connect with the Burlington Northern Santa Fe and Union Pacific railroads joint track.

The loading facilities include five silos that are located over the loop tracks, which are capable of handling 150 cars per unit train. The North Antelope Rochelle Mine uses a microprocessor-based batch weighing and control system that continuously loads moving railcars. Coal sampling is performed by an independent contractor and analyzed by a state-of-the-art laboratory located near the mine. The mine loaded over 5,400 trains in 2003.

North Antelope Mine began operating in 1983, and the Rochelle facility began producing coal two years later. The two mines were combined in 1999. The mine provides nearly 850 jobs and annually injects approximately \$82 million into the regional economy in wages and benefits.

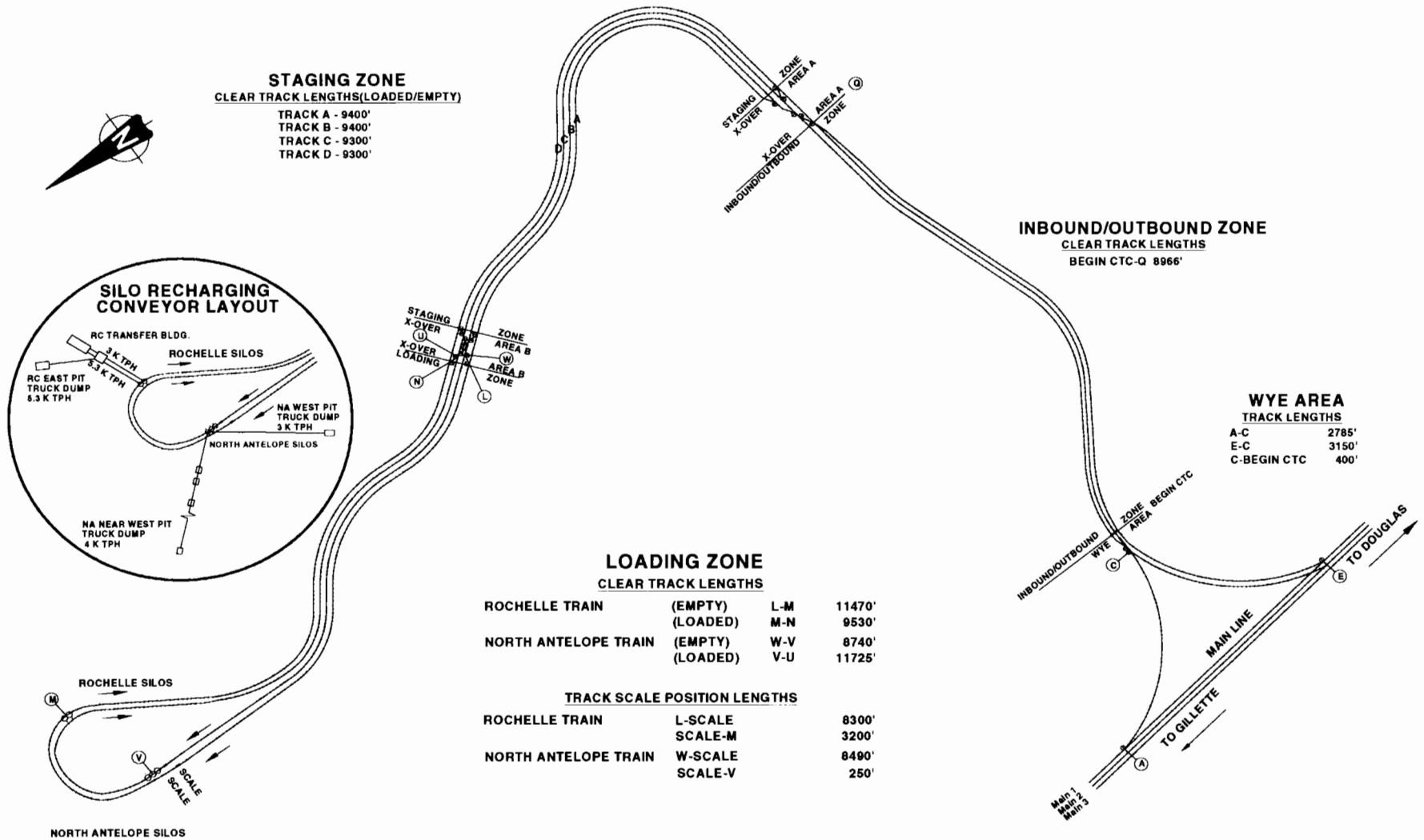
**NORTH ANTELOPE ROCHELLE MINE
PRODUCTION INFORMATION**

Year	Annual Production	Tons (in Millions)	Quality (As Received)	Typical Range
1998		65	BTU/lb.	8600 – 8900
1999		69	Sulfur Content	0.18% - 0.22%
2000		71	Ash Content	4.20% - 4.60%
2001		75	Moisture Content	26.50% - 28.50%
2002		75	Sodium Content (As a % of Ash)	1.40% - 2.40%
2003		80	Range is by individual quality parameter.	

Mine General Information		Mine Plant and Loadout Information	
Recoverable Reserves *	1,070 M Tons	West Loadout	3 – 15,000 ton
Permitted Recoverable Reserves *	749 M Tons		Loading Silos
Mining Method	Truck/Shovel and Dragline	East Loadout	2 – 15,000 ton
Coal Seam Name	Wyodak/Anderson		Loading Silos
Average Thickness of Seam	70 feet		1 – 55,000 ton
Average Overburden Thickness	250 feet		Slot Storage
Product Size	2 ½ x 0"	Weighing	Batch Weigh System
		Mine to Plant Shipment	BNSF or UP

* Refers to remaining reserves

NORTH ANTELOPE ROCHELLE MINE RAIL LOOP AND SPUR

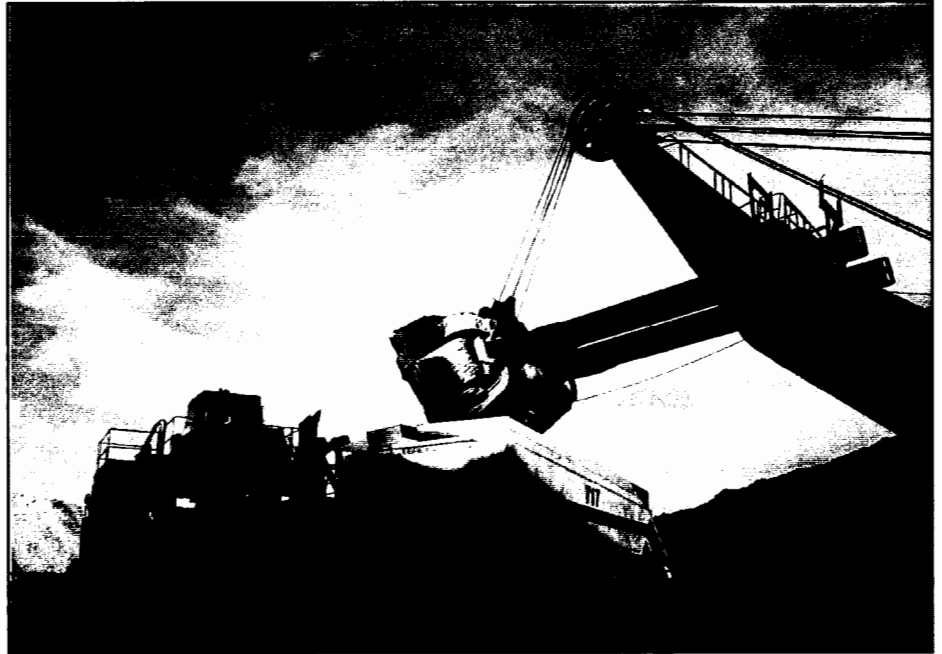


CABALLO MINE

Peabody's Caballo Mine sold 22.7 million tons of coal in 2003. Coal is mined from the Smith seam and averages about 68 feet in thickness. The mine is located about 20 miles southeast of Gillette.

Caballo uses a truck and shovel operation. The coal is crushed and handled at a capacity of 4,500 tons per hour. Crushed coal is transported via conveyor to four loading silos. Three inbound and two outbound loop tracks are in place connecting with the Burlington Northern Santa Fe and Union Pacific railroads. The train loading facilities are capable of handling unit trains carrying up to 135 cars. Trains are loaded using a flood loading stage in conjunction with a batch weigh topping system. Caballo loaded over 1,500 trains last year.

Caballo began production in 1978. The mine provides nearly 325 jobs and annually injects about \$29 million into the regional economy in wages and benefits. Caballo ships to a dozen utilities throughout the central United States.



CABALLO MINE PRODUCTION INFORMATION

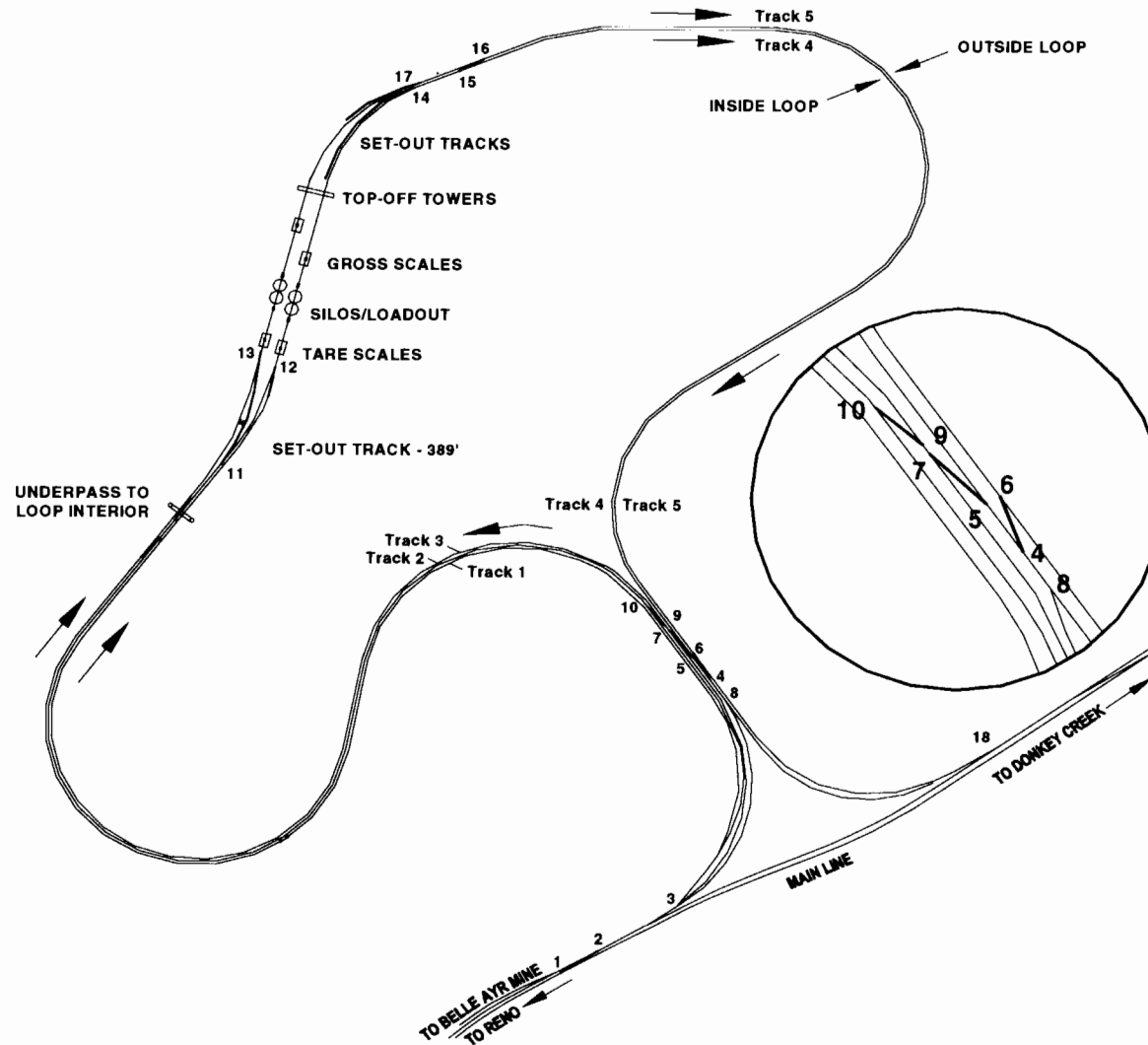
Year	Annual Production	Tons (in Millions)
1998		26
1999		26
2000		26
2001		27
2002		26
2003		23

Quality (As Received)	Typical
BTU/lb.	8500
Sulfur Content	0.36%
Ash Content	4.90%
Moisture Content	29.90%
Sodium Content (As a % of Ash)	1.70%
Quality estimates are based on 2004 Typical Analysis Specification sheet.	

Mine General Information	
Recoverable Reserves *	741 M Tons
Permitted Recoverable Reserves *	306 M Tons
Mining Method	Truck/Shovel
Coal Seam Name	Smith
Average Thickness of Seam	68 feet
Average Overburden Thickness	180 feet
Product Size	2" x 0"
* Refers to remaining reserves	

Mine Plant and Loadout Information	
Flood Loadout	2 – 11,000 ton
	2 – 12,000 ton
	Loading Silos
Top-Off System	
Mine to Plant Shipment	BNSF or UP

CABALLO MINE RAIL LOOP AND SPUR



INBOUND ZONE

TRACK LENGTHS

3 - 13	8893'
3 - 11	7907'
11 - 13	655'
11 - 12	610'
2 - 12 Track 3	8528'
Track 1	Outside
Track 2	Middle
Track 3	Inside

OUTBOUND ZONE

TRACK LENGTHS

Top-Off - 5 Track 4	7427'
Top-Off - 6 track 5	7405'
5 - 1 Outbound	1550'
6 - 18 Outbound	1715'
Track 4	Inside
Track 5	Outside



5/10/02

RAWHIDE MINE

Peabody's Rawhide Mine resumed operations in January 2002 after being idled in 1999 due to market conditions. In 2003, the mine shipped 3.6 million tons of coal.



Rawhide is a truck/shovel and dozer push operation. Its coal is transported by conveyor to six loadout silos. A loop track connects with the Burlington Northern Santa Fe Railroad. The loading facilities are capable of handling more than 120 cars per unit train. Trains are loaded using a flood loading stage in conjunction with a batch weigh topping system.

Rawhide began production in 1977 and has approximately 430 million tons of recoverable reserves. The mine provides over 50 jobs and annually injects about \$6 million into the regional economy in wages and benefits.

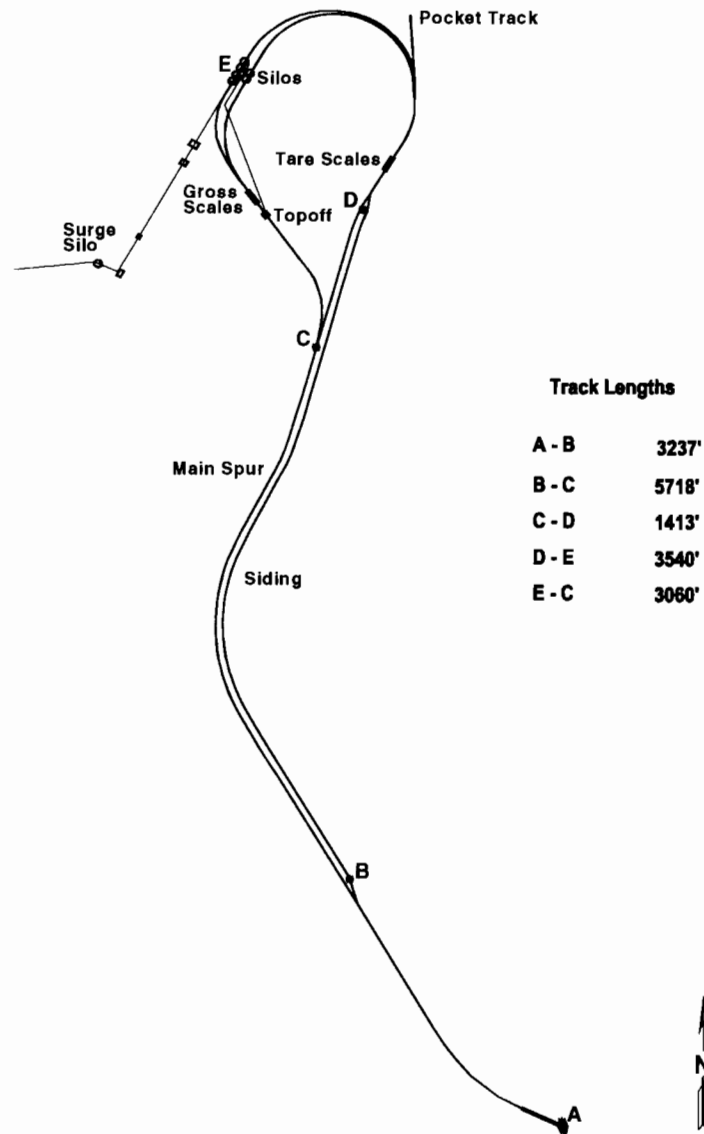
RAWHIDE MINE PRODUCTION INFORMATION

Year	Annual Production	Tons (in Millions)
1998		5
1999		1
2000		0
2001		0
2002		3
2003		4

Quality (As Received)	Typical
BTU/lb.	8300
Sulfur Content	0.33%
Ash Content	4.90%
Moisture Content	31.00%
Sodium Content (As a % of Ash)	1.60%
Quality estimates are based on 2004 Typical Analysis specification sheet.	

Mine General Information	
Recoverable Reserves *	433 M Tons
Permitted Recoverable Reserves *	433 M Tons
Mining Method	Truck/Shovel and Dozer Push
Coal Seam Name	Smith and Roland
Average Thickness of Seam	Smith-80 ft.; Roland-24 ft.
Average Overburden Thickness	120 feet
Product Size	2" x 0"
* Refers to remaining reserves	

Mine Plant and Loadout Information	
Flood Loadout	4 – 11,000 ton 2 – 12,000 ton Loading Silos
Top-Off System	
Mine to Plant Shipment	BNSF



NORTH ANTELOPE ROCHELLE MINE Rail Loop and Train Loading

- Peabody's North Antelope Rochelle Mine (NARM) has an extensive rail infrastructure that is optimized by a unique train staging and loading operation.
 - Can accommodate up to twelve trains on the mine site, minimizing the impacts of railroad maintenance and construction outages.
 - Allows both railroads to run trains directly through to the mine reducing train staging time in railroad yards and sidings.
 - Was built in compliance with the 1999 CANAC study that recommended increased on-site train staging capacity for all SPRB Joint Line mines.
- NARM uses a third-party contractor to operate and load trains on the mine site.
 - Ensures customer specific shipment quality blending through continuous railroad communication and daily involvement with mine operations staff.
 - Minimizes the time between train loadings and maximizes loadout, a major contributor to NARM's record of 291,982 tons shipped in one day – set June 1, 2004.
 - Offers spot railcar inspection services to NARM customers along with immediate notification of car condition problems and concerns.
- The NARM rail infrastructure is the most extensive on the SPRB Joint Line.
 - Offers redundancy to customers with two separate loops with individual batch weigh bin loadout systems and three entry/exit points, two to the south and one to the north, to the mine from the SPRB Joint Line track.
 - Allows empties and loads to enter and leave the mine site simultaneously.
- NARM has demonstrated historical reliability in train loading performance.
 - Proven historical track record of meeting shipment demand, with no major production disruptions interrupting shipments from the mine.
 - Ability to accept shipment diversions, per railroad request, while maintaining regular shipment schedule.