

PEABODY HOLDING COMPANY, INC.

GENERAL AMERICAN LIFE INSURANCE COMPANY

St. Louis, Missouri 63101

CERTIFICATE OF GROUP INSURANCE

This Certificate contains a description of the Benefits Your Employer provides for Covered Persons under the Group Policy identified below. The Benefits described are subject to all of the terms and conditions of the Plan.

The Group Policy under which this Certificate is issued may at any time be amended or ended in accordance with its terms without the consent of the employee or any other person who claims rights or Benefits under the Group Policy.

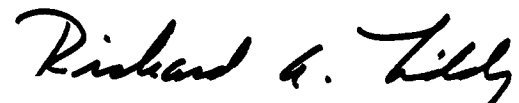
This certifies that General American Life Insurance Company has issued a Group Insurance Policy numbered MCP-6278 to:

PEABODY HOLDING COMPANY, INC.
Policyholder

This Certificate describes the Benefits in effect under the Plan as of January 1, 1996. It supersedes any other material You might have received that describes those Benefits.

The coverage afforded by the Group Policy is not in place of nor does it affect any requirements for coverage by Worker's Compensation Insurance nor does it pay in addition to Worker's Compensation.

GENERAL AMERICAN LIFE INSURANCE COMPANY



President

NOTICE TO ARIZONA RESIDENTS

THIS CERTIFICATE OF INSURANCE MAY NOT PROVIDE ALL BENEFITS AND PROTECTIONS PROVIDED BY LAW IN ARIZONA. PLEASE READ THIS CERTIFICATE CAREFULLY.

**NOTICE TO TEXAS
RESIDENTS**

**NOTICE OF TOLL-FREE NUMBERS,
INFORMATION AND COMPLAINT
PROCEDURES**

IMPORTANT NOTICE

To obtain information or make a complaint you may call General American Life Insurance Company's toll-free number at:

With respect to Life Insurance claims:

1-888-565-5910

You may contact the Texas Department of Insurance to obtain information on companies, coverage, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance at:

P.O. Box 149104
Austin, Texas 78714-9104
FAX #(512)475-1771

PREMIUM OR CLAIM DISPUTES

Should you have a dispute concerning your premium or about a claim you should contact the agent or company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

**ATTACH THIS NOTICE TO YOUR
POLICY**

This notice is for information only and does not become a part or condition of the attached document.

**AVISO PARA RESIDENTES
DE TEXAS**

**AVISO SOBRE TELEFONOS GRATIS,
INFORMACION Y PROCEDIMIENTOS
PARA QUEJAS**

AVISO IMPORTANTE

Para obtener información o para someter una queja usted puede llamar al número de teléfono gratis de General American Life Insurance Company para información o para someter una queja al:

Para reclamos sobre el Seguro de Vida:

1-888-565-5910

Puede comunicarse con el Departamento de Seguros de Texas para obtener información acerca de compañías, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas:

P.O. Box 149104
Austin, Texas 78714-9104
FAX #(512)-475-1771

**DISPUTAS SOBRE PRIMAS O
RECLAMOS**

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente o la compañía primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA

Este aviso es sólo para propósito de información y no se convierte en parte o condición del documento adjunto.

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INTRODUCTION

Your Employer has chosen the Benefits described in this Booklet/Certificate for many reasons. The most important of these are to provide You with significant financial protection against the emotional and economic strain Injury or death can bring.

Please read this document carefully to familiarize Yourself with the Benefits it describes and the procedures for filing claims. If You have any questions about Your coverage, please contact the plan representative.

When used in the Plan, unless otherwise stated, the terms are as defined in:

1. the General Definitions section, or
2. the specific benefits sections.

ELIGIBILITY

Eligible Employees

You are in an Eligible Class for coverage under the Plan if You are a salaried or hourly full-time employee or a salaried part-time employee doing Active Work on a Full-Time Basis (not temporary) for Your Employer. Eligible employees do not include any employees, with respect to Dependent Life Insurance, except employees of Powder River Coal Company.

A salaried employee receiving Long Term Disability Benefits on or before January, 1996, excluding EACC employees disabled prior to July 1, 1987, is included in an eligible class for Life coverage.

A Retired Employee is included in an Eligible Class for Basic Life coverage.

"Retired Employee" means a person retired from full-time active service of the Employer, who has at least 10 years of service and who is at least 55 years of age or retired under the Employer's Pension Plan.

You will be eligible for coverage under the Plan on the date You enter an Eligible Class, or the Effective Date of the Plan, if later.

Eligible Dependents - (For Powder River Coal Company only)

To be eligible for Dependent Coverage under the Plan, Your dependent(s) must be eligible.

Your Eligible Dependents are:

1. Your lawful spouse;
2. Your unmarried dependent Child:
 - a. at least 15 days but less than age 19; and
 - b. age 19 to 25 if a full-time student in an accredited school and dependent on You for main support and care;
3. Your Child with a mental or physical handicap who is over the age limit, if a) the Child becomes and remains Disabled while covered under the Plan, or b) was covered under the Prior Plan that this Plan replaces and, in either case, all of the following conditions are met:
 - a. the Child has not been married;
 - b. cannot hold a self-supporting job due to the handicap; and
 - c. depends on You for main support and care.

First proof of incapacity must be given to Us (at Your expense) within 31 days of the Child's limiting birthday.

"Child" means: Your natural Child; Your stepchild; an adopted Child; a Child who has been placed with You for adoption; a Child for whom You have been appointed legal guardian; or a Foster Child. In all cases the Child must depend upon You for his main support and care. However, when a court or administrative order determines paternity and establishes upon You a duty to support Your natural Child, the Child will be considered Your Eligible Dependent regardless of whether the Child is living with You or receiving his main support and care from You.

No person may be covered as a dependent of more than one employee. An employee may not be covered as a dependent.

If You elect Dependent Coverage, You must Enroll all Eligible Dependents. If We require proof of good health in order for Your Eligible Dependents to be covered, You must Enroll all Eligible Dependents for whom We approve such proof.

WHEN COVERAGE BEGINS

For Eligible Employees:

Basic Noncontributory Insurance Benefits

Subject to the Effective Date Limitation(s), Your coverage will be made effective on the date You are eligible.

Supplemental Contributory Insurance Benefits

Subject to the Effective Date Limitation(s), Your coverage will be made effective on:

1. Your eligibility date if You Enroll on or before that date;
2. the date You Enroll, if You do so within thirty-one days after Your eligibility date;
3. January 1st of the year following the date You Enroll, if You do so during an annual enrollment period; or
4. the first of the month following the date You Enroll if You do so due to a normal family status change event.

With respect to Classes 2 and 3, if You do not Enroll within 31 days after You are eligible, You must provide, at Your own expense, proof of good health. Your coverage will be made effective on the first day of the calendar month that falls on or next follows the date We approve such evidence.

With respect to all other Classes, if You do not Enroll within thirty-one days after You are eligible, You will be able to add such coverage only during the annual enrollment period or in the event of a normal family status change. Please refer to Your local human resources representative for a current definition of normal family status change.

If You Enroll in or increase supplemental life insurance in an amount which is the greater of 2 times basic annual earnings or \$250,000, We will require proof of good health at Your own expense. Coverage will be made effective on the dates as shown under items 2., 3. and 4. above, or the date We approve such proof, whichever is later, subject to the Effective Date Limitation(s).

For Eligible Dependents

Dependent Coverage cannot become effective prior to the date Your coverage is effective. Subject to the Effective Date Limitation(s), Dependent Coverage will be effective with respect to each Eligible Dependent You then have on:

1. the date You are eligible for coverage if You Enroll Your dependents on or before that date; or
2. the date You Enroll Your dependents, if You do so within 31 days after You are eligible for Dependent Coverage.

You must provide, at Your own expense, proof of good health with respect to Your dependent if:

1. You do not Enroll Your dependents within 31 days after You are eligible for coverage; or
2. You wish to restore Dependent Coverage which ended because You did not make required Contributions.

Dependent Coverage may be extended to any of Your new dependent(s) provided You have at least one dependent covered under the Plan and subject to the Effective Date Limitation(s). Such coverage will become effective on the date each new dependent becomes eligible.

WHEN COVERAGE BEGINS - Continued

Effective Date Limitation(s) (Waived with respect to the amount of coverage in effect on December 31, 1995 under the prior plan which this Plan replaced.)

The Effective Date of Your and Your dependent's Life coverage is subject to the following:

For Eligible Active Employees:

If You were not at work, (whether or not You were scheduled to work), due to an Injury or Illness, on the date before Your coverage would first be made effective or increased:

1. none of Your coverage will be made effective or increased until You return to Active Work on a Full-Time Basis; and
2. amounts of life insurance in excess of \$10,000, and increases which raise in-force amounts already in excess of \$10,000, will not be made effective until You return to Active Work on a Full-Time Basis for at least 30 consecutive days.

For Eligible Retired Employees and Eligible Dependents:

If a Retired Employee or dependent is confined in a Hospital, at home, a Skilled Nursing Facility, a place mainly operated to treat drug addiction or abuse, or elsewhere, coverage or an increase in coverage on that Retired Employee or dependent will not be made effective until the Retired Employee or dependent, as the case may be, is discharged from the place of confinement and has performed activities normal to persons of like age and sex in good health for at least 31 consecutive days after the date of discharge or non-confinement.

However, Your Eligible Dependent(s) may be covered if the sole reason You are not covered is due to Your not being at Active Work due to Illness or Injury on the Effective Date of this Plan. Such dependent(s) must become covered under this Plan on its Effective Date and must have been covered under Your Employer's Prior Plan on the day before the Effective Date of this Plan.

Such coverage may be continued as long as You are not at Active Work due to Illness or Injury, but for not more than 12 months, subject to the When Coverage Ends provision.

WHEN COVERAGE ENDS

○ For Employees:

Your coverage will end on the date of the first of these events:

1. The end of the month in which You stop Active Work on a Full-Time Basis in an Eligible Class;
2. The end of the month in which You stop making Contributions, if required;
3. As to any one coverage or class, the date the Plan is amended or changed to exclude that coverage or class;
4. Your Employer ceases to be an Associated Company of the Policyholder;
5. The Plan ends.

(If You cease Active Work due to Illness or Injury, lay-off, or leave of absence, ask Your Employer if coverage may continue.)

For Dependents:

A dependent's coverage will end on the earlier of:

1. the date Your coverage ends;
2. the date the dependent ceases to be eligible as defined by the Plan; or
3. the end of the month in which You stop making contributions, if required.

Please read the Special Missouri Continuation of Life Insurance provision to determine if Your coverage may extend beyond the time allowed above.



LIFE INSURANCE BENEFITS

SCHEDULE

Employee Only Coverage

Benefit Classes	Classification of Employees
1	Active Full-Time Salaried Employees excluding employees of Powder River Coal Company, Powderhorn Coal Company, and employees disabled on or before January 1, 1996.
2	Active Full-Time Salaried Employees of Powder River Coal Company.
3	Active Full-Time Salaried Employees of Powderhorn Coal Company.
4	1990 Retired Salaried Employees who elected to retire prior to March 1, 1990 who are under the age of 65 excluding employees of Powder River Coal Company, Powderhorn Coal Company and EACC.
5	1990 Retired Salaried Employees who elected to retire prior to March 1, 1990 who are age 65 or over excluding employees of Powder River Coal Company, Powderhorn Coal Company and EACC.
6	Retired Salaried Employees who elected to retire on or after March 1, 1990 but before January 2, 1996 who are under the age of 65 excluding employees of Powder River Coal Company and Powderhorn Coal Company.
7	Retired Salaried Employees who elected to retire on or after March 1, 1990 but before January 2, 1996 who are age 65 or over excluding employees of Powder River Coal Company and Powderhorn Coal Company.
8	Retired Salaried Employees who elected to retire after January 1, 1996 who are under the age of 70 excluding employees of Powder River Coal Company and Powderhorn Coal Company.
9	Retired Salaried Employees who elected to retire after January 1, 1996 who are age 70 or over excluding employees of Powder River Coal Company and Powderhorn Coal Company.
10	Retired Salaried Powder River Coal Company Employees who are under the age of 65.
11	Retired Salaried Powder River Coal Company Employees who are age 65 or over.
12	Retired Salaried Powderhorn Coal Company Employees who are under the age of 65.
13	Retired Salaried Powderhorn Coal Company Employees who are age 65 or over.
14	EACC Closed Active Salaried Employee Plan for employees disabled prior to July 1, 1987.
15	EACC Closed Retired Group Plan (EACC Salaried Employees who retired on or after August 1, 1975 and prior to March 1, 1990).

LIFE INSURANCE BENEFITS - Continued

Employee Only Coverage

Benefit Classes	Classification of Employees
16	Active Hourly Employees covered by the National Bituminous Coal Wage Agreement of 1993.
17	Active Hourly Employees covered by the Western Surface Agreement of 1992.
18	Retired Hourly Employees covered by the Western Surface Agreement of 1992.
19	Active Salaried Part-Time Employees excluding employees of Powder River Coal Company and Powderhorn Coal Company.
20	Salaried Employees receiving Long Term Disability Benefits on or before January 1, 1996 excluding EACC employees disabled before July 1, 1987.

LIFE INSURANCE BENEFITS - Continued

CLASS 1 Benefit Amount

Basic Non-Contributory Life Insurance Benefit

One times Basic Annual Earnings rounded to the next higher \$100 with a maximum of \$1,750,000.

Reduction Schedule

The amount of Basic Life Insurance of a Covered Person who is receiving benefits on Long Term Disability will be reduced to 25% of basic annual earnings at age 65 and to the lesser of 25% or \$10,000 of basic annual earnings at age 70.

Supplemental Contributory Life Insurance Benefit

One, Two, Three or Four times Basic Annual Earnings rounded to the next higher \$100 with a maximum of \$1,000,000.

Increases in Benefit amounts due to a change in position or earnings will be made effective on the first of the month following the month in which such change occurs, but not prior to the date of the decision that makes such change.

Increases are subject to the Effective Date Limitation(s).

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay.

You will not be covered for an amount greater than two times Basic Annual Earnings or \$250,000, whichever is greater, of Supplemental Life Insurance unless:

1. You provide, at Your own expense, proof of good health; and
2. such proof is approved by Us.

Your coverage will become effective on the date We approve such proof.

LIFE INSURANCE BENEFITS - Continued

CLASS 2 Benefit Amount

Supplemental Contributory Life Insurance Benefit

Two times Basic Annual Earnings rounded to the next higher \$100 with a maximum of \$1,750,000.

Reduction Schedule

The amount of Supplemental Life Insurance of a Covered Person who is receiving benefits on Long Term Disability will be reduced to 60% of basic annual earnings at age 65 and if hired on or after January 1, 1983 to 30% of basic annual earnings with a minimum of \$7,500 and a maximum of \$30,000 at age 70.

Increases in Benefit amounts due to a change in position or earnings will be made effective on the first of the month following the month in which such change occurs, but not prior to the date of the decision that makes such change.

Increases are subject to the Effective Date Limitation(s).

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay.

CLASS 3 Benefit Amount

Supplemental Contributory Life Insurance Benefit

Two times Basic Annual Earnings rounded to the next higher \$100 with a maximum of \$1,750,000.

Reduction Schedule

The amount of Supplemental Life Insurance of a Covered Person who is receiving benefits on Long Term Disability will be reduced to 60% of basic annual earnings at age 65 and if hired after January 1, 1983 to 30% of basic annual earnings with a minimum of \$7,500 and a maximum of \$30,000 at age 70.

Increases in Benefit amounts due to a change in position or earnings will be made effective on the first of the month following the month in which such change occurs, but not prior to the date of the decision that makes such change.

Increases are subject to the Effective Date Limitation(s).

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay.

LIFE INSURANCE BENEFITS - Continued

CLASS 4 Benefit Amount

The amount of Life Insurance of a Covered Person who was enrolled in the life plan prior to retirement may choose one of the following options:

1. 60% of basic annual earnings at no cost, or
2. Two times basic annual earnings. The Covered Person will pay the entire cost.
At age 65, coverage will reduce to 60% of basic annual earnings at no cost. (See Class 5)

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay (based on the latest, highest annual pay prior to retirement).

CLASS 5 Benefit Amount

The amount of Life Insurance of a Covered Person who was enrolled in the life plan prior to retirement will be 60% of basic annual earnings and if hired on or after January 1, 1983 further reduced to 30% of basic annual earnings with a minimum of \$7,500 and a maximum of \$30,000 at age 70 at no cost.

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay (based on the latest, highest annual pay prior to retirement).

CLASS 6 Benefit Amount

The amount of Life Insurance of a Covered Person who was enrolled in the life plan prior to retirement may choose one of the following options:

1. 60% of basic annual earnings at no cost, or
2. Two times basic annual earnings. The Covered Person will pay the entire cost.
At age 65, coverage will reduce to 60% of basic annual earnings at no cost. (See Class 7)

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay (based on the latest, highest annual pay prior to retirement).

LIFE INSURANCE BENEFITS - Continued

CLASS 7 Benefit Amount

The amount of Life Insurance of a Covered Person who was enrolled in the life plan prior to retirement will be 60% of basic annual earnings and if hired on or after January 1, 1983 further reduced to 30% of basic annual earnings with a minimum of \$7,500 and a maximum of \$30,000 at age 70 at no cost.

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay (based on the latest, highest annual pay prior to retirement).

CLASS 8 Benefit Amount

The amount of Life Insurance of a Covered Person who was enrolled in the life plan prior to retirement will be 25% of final basic annual earnings.

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay.

CLASS 9 Benefit Amount

The amount of Life Insurance of a Covered Person who was enrolled in the life plan prior to retirement will be the lesser of 25% of final basic annual earnings or \$10,000.

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay.

CLASS 10 Benefit Amount

The amount of Life Insurance of a Covered Person who was enrolled in the life plan prior to retirement may choose one of the following options:

1. 60% of basic annual earnings at no cost, or
2. Two times basic annual earnings. The Covered Person will pay the entire cost.
At age 65, coverage will reduce to 60% of basic annual earnings at no cost. (See Class 11)

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay (based on the latest, highest annual pay prior to retirement).

LIFE INSURANCE BENEFITS - Continued

CLASS 11 Benefit Amount

The amount of Life Insurance of a Covered Person who was enrolled in the life plan prior to retirement will be 60% of basic annual earnings and if hired on or after January 1, 1983 further reduced to 30% of basic annual earnings with a minimum of \$7,500 and a maximum of \$30,000 at age 70 at no cost.

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay (based on the latest, highest annual pay prior to retirement).

CLASS 12 Benefit Amount

The amount of Life Insurance of a Covered Person who was enrolled in the life plan prior to retirement may choose one of the following options:

1. 60% of basic annual earnings at no cost, or
2. Two times basic annual earnings. The Covered Person will pay the entire cost.
At age 65, coverage will reduce to 60% of basic annual earnings at no cost. (See Class 13)

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay (based on the latest, highest annual pay prior to retirement).

CLASS 13 Benefit Amount

The amount of Life Insurance of a Covered Person who was enrolled in the life plan prior to retirement will be 60% of basic annual earnings and if hired on or after January 1, 1983 further reduced to 30% of basic annual earnings with a minimum of \$7,500 and a maximum of \$30,000 at age 70 at no cost.

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay (based on the latest, highest annual pay prior to retirement).

CLASS 14 Benefit Amount

The amount of Life Insurance of a Covered Person who is receiving benefits on Long Term Disability will be two times basic annual earnings.

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay in effect on the February 1 of the year prior to the year disability occurred.

LIFE INSURANCE BENEFITS - Continued

CLASS 15 Benefit Amount

The amount of Life Insurance of a Covered Person who was enrolled in the life plan prior to retirement and is under age 65 at retirement will be one times basic annual earnings.

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay in effect on the February 1 of the year prior to the year retirement occurred.

The amount of Life Insurance for a retiree who attains age 65 will be an amount equal to 30% of the 5 year average salary used in the pension calculation with a maximum benefit amount of \$15,000.

CLASS 16 Benefit Amount

\$50,000

CLASS 17 Benefit Amount

\$40,000

CLASS 18 Benefit Amount

A - Less than age 65	\$8,000
B - Age 65 and Over	\$4,000

CLASS 19 Benefit Amount

Basic Non-Contributory Life Insurance Benefit

One times Basic Annual Earnings rounded to the next higher \$100 with a maximum of \$1,750,000.

Supplemental Contributory Life Insurance Benefit

One, Two, Three or Four times Basic Annual Earnings rounded to the next higher \$100 with a maximum of \$1,000,000.

Increases in Benefit amounts due to a change in position or earnings will be made effective on the first of the month following the month in which such change occurs, but not prior to the date of the decision that makes such change.

Increases are subject to the Effective Date Limitation(s).

LIFE INSURANCE BENEFITS - Continued

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay.

You will not be covered for an amount greater than two times Basic Annual Earnings or \$250,000, whichever is greater, of Supplemental Life Insurance unless:

1. You provide, at Your own expense, proof of good health; and
2. such proof is approved by Us.

Your coverage will become effective on the date We approve such proof.

CLASS 20 Benefit Amount

The amount of Life Insurance of a Covered Person, at no cost to such Covered Person, who was enrolled in the life plan prior to receiving benefits on Long Term Disability will be calculated as follows:

If a Covered Person begins receiving benefits on Long Term Disability less than age 65:

The amount of Life Insurance of such Covered Person will be two times basic annual earnings.

The amount of Life Insurance of such Covered Person who becomes eligible for disability retirement or attains age 65 will be 25% of basic annual earnings.

The amount of Life Insurance of such Covered Person who attains age 70 will be the lesser of 25% of basic annual earnings or \$10,000.

If a Covered Person is age 65 or over on January 1, 1996 and is receiving benefits on Long Term Disability:

The amount of Life Insurance of such Covered Person less than age 70 will be 60% of basic annual earnings and if hired on or after January 1, 1983 will be further reduced to 30% of basic annual earnings with a minimum of \$7,500 and a maximum of \$30,000 at age 70.

Overtime pay, bonuses, commissions or any other compensation shall not be included in determining the employee's Rate of Basic Annual Earnings.

The Rate of Basic Annual Earnings will be an amount equal to 52 times the weekly rate of pay, or 12 times the monthly rate of pay (based on annual pay immediately prior to disability).

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LIFE INSURANCE BENEFITS - Continued

BENEFIT PROVISIONS

If You die while You are covered for this Benefit, The Plan Will Pay Your Beneficiary the Benefit Amount in force on the date of Your death only after We receive written proof at Our home office of Your death.

Manner of Payment

Option A (Applicable to all employees except those grandfathered under Option B)

The Plan Will Pay this Benefit in a lump sum unless Your Beneficiary requests, on a form approved by Us, one of Our optional payment methods. Your Beneficiary must make this request within six months of Your death.

The Plan Will Pay interest, at Our current rate, from the date of death on amounts that We have not paid within 30 days of receipt of due proof of loss.

Option B - Survivor Income (Applicable only to certain grandfathered persons. Check with Your Employer if You are covered under Class 2, 3, 4, 6, 10 or 12.)

Under this option You must name Your spouse as Your beneficiary. The Plan Will Pay 50% of Your basic annual earnings in a lump sum, plus monthly installments that each equal 25% of Your basic monthly earnings.

The monthly installments will be paid until Your spouse dies or remarries. In any event, a minimum of 72 payments will be made. Payments due after Your spouse's death will be made to his estate.

You may change Your payment option at any time by sending written notice to Your benefits office on a form We approve.

If You do not have a surviving spouse at Your death, Your payment option will change to Option A.

Beneficiary

"Beneficiary" means the person(s) You designate to receive Your Life Insurance Benefit. You can name or change Your Beneficiary at any time by sending written notice to Your benefits office on a form We approve. If You name more than one Beneficiary, The Plan Will Pay the Benefit in equal shares unless You indicate otherwise.

If The Plan Pays the Benefit before receiving the notice of a change in Your Beneficiary, The Plan does not have to Pay the Benefit again. If Your Beneficiary dies before You do, The Plan Will Pay the Benefit to any remaining Beneficiaries.

Unless You indicate otherwise, The Plan Will Pay the Benefit in the same proportion as was to be paid among Your other Beneficiaries. If You do not name a Beneficiary, or if no Beneficiary survives You, The Plan Will Pay the Benefit in this order to:

1. Your spouse, if living;
2. Your surviving Children, in equal shares;
3. Your parents, in equal shares, or to the survivor;
4. Your estate.

The naming of a Beneficiary under a policy issued or applied for under the Conversion Privilege shall be considered a change of Beneficiary.

LIFE INSURANCE BENEFITS - Continued

CONVERSION PRIVILEGE

You may apply for an individual life insurance policy if Your life insurance or any part of it ends because: (a) You cease to be an Eligible Employee; (b) You cease to be eligible for this Benefit; or (c) You attain a certain age. The individual policy will be one We are issuing when You apply and will not include disability or other supplemental Benefits.

You must apply and pay the first premium within 31 days after Your life insurance is reduced or ends. The amount of the individual policy may not be more than the amount reduced or ended.

If this Plan ends or Benefits for an eligible class ends, You may apply for an individual policy as described above if You have been covered under this Plan for at least five years. (This includes any time that You were covered under a prior plan We issued that this Plan replaced.) The amount of the individual policy may not be more than the lesser of: (a) \$10,000; or (b) the amount of life insurance You were entitled to under this Plan less the amount of group life insurance issued to or reinstated for You within 31 days after Your life insurance under this Plan ends.

If Your life insurance ends and You die during the 31 days You had to apply for an individual policy, The Plan Will Pay Your Beneficiary a death Benefit equal to the maximum amount You were eligible to convert. The Plan Will Pay this Benefit even if You had not applied for an individual policy.

LIFE INSURANCE BENEFITS - Continued

CONTINUATION OF LIFE INSURANCE COVERAGE

If You are an active employee and You become Totally Disabled (as defined below) while covered under this Plan You may elect to continue Your life insurance during Your disability. You must pay the required premium, if any, that You would have had to pay, for Your life insurance, if You had not become Totally Disabled.

You may continue this life insurance until the earliest of:

1. the date We approve Your continuation of life insurance under the Waiver of Premium provision; or
2. six months from the date You become Totally Disabled; or
3. the date Your life insurance under this Policy ends.

For the purpose of this provision, "Totally Disabled" means during the first 12 month period, You are unable, due to Illness or Injury, to perform the material and substantial duties of Your regular occupation and thereafter, unable to perform the material and substantial duties of any occupation for which You are qualified by education, training or experience.

Waiver of Premium (Applicable to Supplemental Life Insurance under Classes 1 and 19 Only)

If You become Totally Disabled (as defined below) before age 60 and while covered for life insurance, the Plan will continue Your life insurance Benefit with no premium payment. Subject to the requirements of the next paragraph, if You remain Totally Disabled until You die, The Plan Will Pay to Your Beneficiary the amount of life insurance that was in force on the day You became Totally Disabled subject to any provision of the Plan providing reduction or termination due to age or retirement.

You must give Us written proof of Your Total Disability as soon as reasonably possible and no later than one year after You stop working. If You die during this one year period, proof must be given within one year of Your death. If proof is not given as soon as reasonably possible, premiums will not be waived for any month(s) during which Your disabling condition may have existed, prior to 12 months before You notified Us of Your disability. If it is not reasonably possible for You to give proof within the time required, Your claim will not be invalid nor reduced, provided such proof is furnished as soon as reasonably possible and in no event, except in the absence of legal capacity, later than one year from the time such proof is otherwise required.

Thereafter, You must give Us written proof of continuing disability each year, within three months before the anniversary of giving Us the first proof. We may have You examined by a Doctor of Our choice when reasonable.

If You purchased a (converted) individual life insurance policy when You became Totally Disabled, these additional requirements must be met for The Plan to Pay a death Benefit under this provision:

1. a claim for death Benefits must not be made under the converted policy;
2. the converted policy must be returned to Us.

We will refund premiums paid less dividends and debt owed on the policy.

"Totally Disabled" and "Total Disability", for the purpose of Waiver of Premium, mean You are unable, due to Illness or Injury, to perform the material and substantial duties of Your regular occupation for a period of at least 12 months and thereafter, to perform the material and substantial duties of any occupation for which You are qualified by education, training or experience.

ACCELERATED BENEFITS PROVISION

(Applicable to Supplemental Life Insurance for Classes 1 and 19 only.)

If You are covered for "Employee Only Life Coverage," You may elect to receive Accelerated Benefits on a specified portion of the Life Insurance Benefits otherwise payable at Your death.

1. You may elect this Benefit option only once in Your lifetime while remaining covered under the Plan.
2. Accelerated Benefits will not be available if You have any portion of Your Life Insurance Benefits or ownership rights thereof absolutely or irrevocably assigned or transferred, or have made an irrevocable Beneficiary designation.
3. You may elect to receive as the Accelerated Benefit 50% of the amount of the Supplemental group term Life Insurance in effect on the date you make the election, but not to exceed \$100,000. The amount payable is equal to the Accelerated Benefit less any amounts charged for an investment loss (interest) and administrative fees. A minimum payment of \$2,500 is required under this election. The payment will be made in one lump sum to You or to the payee You appropriately assign.
4. No payment will be made under this election unless and until We receive and approve of all of the following:
 - a. Your signed and notarized election of this option on a form furnished by Us;
 - b. signed and witnessed written statements of all revocable Beneficiaries and assignees consenting to Your election of this option;
 - c. proof satisfactory to Us from a licensed attending Physician other than Yourself or a member of Your or Your spouse's immediate family that:
 - i. You have been diagnosed as having a Terminal Illness or Catastrophic Medical Condition as defined below; and
 - ii. You are of sound mind and under no constraint or undue influence.

We may require a second opinion and examination of Your condition at Our own expense by a Physician of Our choice.

5. Payment of the Accelerated Benefit will reduce correspondingly the face amount of Your Supplemental Life Insurance Benefits. This will result in reduced life insurance proceeds payable to Your Beneficiary(ies) at Your death.
6. Our approval or payment of the Accelerated Benefit does not operate to waive the required monthly premium payment for Your remaining Life Insurance.
7. Your election together with Our payment of the Accelerated Benefit constitute a valid and effective Beneficiary designation change, but only with respect to the Life Insurance Benefits, and only to the extent affected by the Accelerated Benefit payment, the interest and fees charged thereon.
8. Payment of the Accelerated Benefit will be exempt from the claims of creditors and from legal process to the extent permitted by law.
9. All other provisions of the Plan, including the Effective Date provisions of any Benefit increases and the provisions on Benefit reductions because of amendments to the Plan or Benefit Classification changes or Your attained age, remain valid and in effect. Any such Life Insurance Benefit reduction will be calculated based on Your Life Insurance Amount in effect immediately before the Accelerated Benefit payment.

Definitions

As used in this provision:

"Terminal Illness" means a medical condition for which there is no known medical treatment that would extend a patient's life and which could be expected in at least 80% of cases to result in death within 12 to 24 months or less.

"Catastrophic Medical Condition" means a) a medical condition which has required or requires extraordinary medical intervention, such as major organ transplant or continuous artificial life support, without which a patient would die or b) any condition which usually requires continuous confinement in a long term nursing home.

DEPENDENT LIFE INSURANCE BENEFITS

(For Employees of Powder River Coal Company Only)

SCHEDULE

Dependent Only Coverage

Life Insurance For:

Spouse	\$5,000
Child(ren) (age)	
15 days to 6 months	\$200
6 months to 2 years	\$500
2 years to 3 years	\$1,000
3 years and over	\$2,500

* * * * *

The Plan Will Pay Benefits to the Beneficiary as described below if Your dependent dies while covered for this Benefit only after We receive at Our home office written proof of death.

Beneficiary

The Plan Will Pay the Benefit in a lump sum to You. If You are not living at the time Your dependent dies, The Plan Will Pay in the following order to:

1. Your spouse, if living;
2. Your surviving Child(ren), in equal shares;
3. Your parents, in equal shares, or to the survivor;
4. Your estate.

Conversion Privilege

Your dependent may apply for an individual policy if his life insurance ends because:

1. You die or Your employment ends for any reason;
2. You cease to be a member in an Eligible Class; or
3. Your dependent no longer meets the definition of Eligible Dependent.

Your dependent (or a parent or guardian of a minor or legally incapacitated dependent) must apply and pay the first premium within 31 days after his life insurance ends. The amount of the individual policy may not be more than the amount so terminated.

If Dependent Life Insurance ends because the Plan ends or is changed to terminate Benefits for an eligible class, Your dependent may apply for an individual policy as described above. But Your dependent must have been covered for Dependent Life Insurance under the Plan for at least five years. The amount of the individual policy may not be more than the lesser of:

1. \$10,000; or
2. the amount of coverage Your dependent was entitled to under the Plan less the amount of any group life insurance issued or reinstated for Your dependent within 31 days after Your Dependent Life Insurance under this Plan ends.

If Your dependent dies during the 31 day conversion period, The Plan Will Pay the maximum amount of Benefit that Your dependent was eligible to convert. The Plan Will Pay this Benefit even if Your dependent had not applied for an individual policy.

GENERAL PROVISIONS

Assignment of Benefits

You may make an absolute assignment and transfer of the ownership of Your life insurance, but only as a gift. We will not be responsible for the validity of any assignment. Nor will We be liable for any action, payment or other settlement made before We receive such assignment.

To the extent permitted by law, neither the Benefits nor payments under this Plan will be subject to the claim of creditors or to any legal process.

Physical Examinations

We may have a Doctor of Our choice examine You, at Our expense, as often as is reasonably necessary while Your claim is pending. We may also have an autopsy performed, at Our expense, except if prohibited by law.

Agency

Neither We nor Your Employer is the agent of the other for any purpose.

Incontestability and Misstatement of Age

We cannot contest the Group Policy after it has been in force for two years unless premiums are not paid. We cannot contest Your or Your dependent's insurability after the Policy has been in force for two years during Your or Your dependent's lifetime unless required Contributions are not paid. However, no provision of this Policy shall make the coverage of an ineligible person valid.

Any statement about Your health or age made in writing and signed by You may be used to contest Your coverage.

If You misstate Your age, The Plan Will only Pay Benefits based on Your correct age. The Plan will a) adjust premium, b) validate, or c) void coverage as necessary. If Your smoking status is misstated, the Plan Will Pay a Benefit equal to the amount of coverage the premium paid would have purchased had Your smoking status been correctly stated.

GENERAL DEFINITIONS

When these terms are used in this Plan they will have the following meanings unless otherwise noted:

1. **Active Work / Actively at Work:** means You work for Your Employer at his place of business (or such other places as required by Your Employer) in accordance with his established employment practices.
2. **Full-Time Basis:** means You work Your full number of hours for Your full rate of pay as required by Your Employer. The amount of required work time per week may never be less than 30 hours for full-time employees or 20 hours for part-time employees.
3. **Associated Company:** means those under common control through stock ownership, contract or otherwise with Your Employer as named in this Plan.
4. **Benefit(s):** means the amount The Plan Will Pay for covered losses.
5. **Doctor:** means a medical practitioner licensed to perform surgery and administer drugs acting in the scope of that license. It will also include any other licensed practitioner of the healing arts required to be recognized by law, when that person is acting within the scope of his/her license and is performing a service for which Benefits are provided under the Plan.
6. **Contributions:** mean the amount You are required to pay for the coverage provided under the Plan.
7. **Covered Person:** means an Enrolled person meeting the eligibility requirements of the Plan.
8. **Custodial Care:** means services, provided by a licensed, skilled nurse or a non-skilled person, for:
 - a. a person with a chronic medical condition; or
 - b. a convalescent person.

This care basically provides assistance to a person in daily living; it does **not** require technical skills or qualifications. This care is not reasonably expected to improve the underlying medical condition of a person even though it may relieve symptoms or pain.

Custodial Care includes, but is not limited to:

- a. help in grooming, bathing, dressing, walking;
- b. help in getting in and out of bed;
- c. help in housekeeping, preparing meals, and eating;
- d. giving or helping to use or apply medications, creams and ointments;
- e. administering medical gasses after a therapy program has been set up;
- f. changing dressings, diapers and protective sheets;
- g. periodic turning and positioning in bed;
- h. routine care of casts, braces and other like devices;
- i. routine care of colostomy and ileostomy bags;
- j. routine tracheostomy care;
- k. routine care of catheters and other like equipment; and
- l. supervising exercise programs that do not need the skills of a therapist.

Care that does require the technical skills of a licensed medical professional, who is acting within the scope of his /her license, is not considered to be Custodial Care.

9. **Employer:** means the entity to which the Plan is issued and includes any affiliated entities or subsidiaries or Associated Companies shown in the Eligible Class or Classes section of the Group Policy.

GENERAL DEFINITIONS - Continued

10. **Enroll:** means completion of all forms required for coverage under the Plan and agreement to make any required Contribution.
11. **Foster Child:** means a Child for whom You have assumed a legal obligation when all the following are met:
- a. You are raising the Child as Your own and have assumed full parental responsibility for the Child;
 - b. the Child lives in Your home and depends on You for primary support;
 - c. You may legally claim the Child as a federal income tax deduction.

A Foster Child is **not** a Child:

- a. temporarily living in Your home;
 - b. placed with You in Your home by a social service agency which retains control of the Child; or
 - c. whose natural parent may exercise or share parental responsibility and control.
12. **Group Policy:** means the Policy contract as shown and numbered on the cover Page of this Certificate.
13. **Hospital:** means a place which meets all of the standards below:

- a. has permanent and full-time care for bed patients;
- b. is under the supervision of a Physician;
- c. has an R.N. on duty or call 24 hours a day;
- d. is mainly engaged in giving medical care and services for Injuries or Illness but not including:
 - i. rest homes;
 - ii. nursing homes;
 - iii. convalescent homes;
 - iv. homes for the aged;
- e. has surgical facilities except that this standard does not apply to such place operated mainly for treatment of the chronically ill;
- f. is operated lawfully in its area.

"Hospital" also means such place which is mainly engaged in treating alcoholism and drug addiction or abuse if it meets the standards below:

- a. has permanent and full-time care for at least 15 bed patients;
- b. has a Doctor in regular attendance;
- c. provides 24 hour per day care by R.N.s;
- d. has a full-time psychiatrist or psychologist on the staff.

Hospital also means and will include an "Ambulatory Surgical Center" which meets all of the standards below:

- a. is a licensed public or private place;
- b. has an organized medical staff of Doctors;
- c. has permanent facilities that are equipped and operated mainly for doing surgery and giving skilled nursing care;
- d. has R.N. services when a patient is in the facility; and
- e. does not provide services or beds for patients to stay overnight.

14. **Illness:** means sickness, a covered bodily or mental infirmity or pregnancy.

15. **Injury:** means a covered accidental bodily Injury.

GENERAL DEFINITIONS - Continued

16. **L.P.N.:** means a licensed practical nurse acting in the scope of his license.
17. **L.V.N.:** means a licensed vocational nurse acting in the scope of his license.
18. **Nonsmoker:** means any person who does not meet the definition of Smoker.
19. **Physician:** means a person licensed to practice medicine.
20. **Plan:** means the Benefits described in this Certificate as provided by the Group Policy including all endorsements and amendments.
21. **R.N.:** means a licensed registered nurse acting in the scope of his /her license.
22. **Skilled Nursing Facility:** means a place other than a Hospital that:
- a. can provide permanent full-time care for 10 or more resident patients;
 - b. has a Physician who prescribes medications and treatment;
 - c. has an R.N. on full-time duty in charge of patient care;
 - d. has L.P.N.s or L.V.N.s on duty at all times under the supervision of an R.N.;
 - e. keeps a daily medical record for each patient;
 - f. is not mainly a rest home or a home for Custodial Care of the aged;
 - g. is not mainly engaged in treatment of drug addicts or alcoholics;
 - h. is operating lawfully as a nursing home.
23. **Smoker:** means a person who has used any form of tobacco (including but not limited to cigarettes, cigars, pipes and smokeless tobacco) at any time within the past 12 months.
24. **The Plan Will Pay:** means that when You send Us proof of claim, We will determine the Benefits payable and make payment, if any.
25. **We, Us and Our:** means General American Life Insurance Company.
26. **You and Your:** means an employee covered under the Plan.

Coverage for Residents of Certain Other States

If You are a resident of a State other than Missouri and the laws of the State in which You reside require the Plan to provide coverage in excess of what is described in this Certificate, the Plan will be administered to comply with such law(s).



YOUR RIGHTS UNDER ERISA

As a participant in the Plan, You are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

Examine, without charge, at the Plan Administrator's office and upon written request at other specified locations, such as work establishments, all plan documents, including insurance contracts and copies of all documents filed by the plan with the U.S. Department of Labor, such as detailed annual reports and plan descriptions.

Obtain copies of all plan documents and other Plan information upon written request to the Plan Administrator. The administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate Your Plan, called "Fiduciaries" of the plan, have a duty to do so prudently and in the interest of You and other plan participants and beneficiaries. No one, including Your Employer, or any other person, may fire You or otherwise discriminate against You in any way to prevent You from obtaining a welfare benefit or exercising Your rights under ERISA.

If Your claim is denied in whole or in part, You must receive a written explanation of the reason for the denial. You have the right to have the Plan review and reconsider Your claim. Under ERISA, there are steps You can take to enforce the above rights. For instance, if You request materials from the Plan and do not receive them within 30 days, You may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay You up to \$110 a day until You receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If You have a claim for Benefits which is denied or ignored, in whole or in part, You may file suit in a state or federal court. If it should happen that plan Fiduciaries misuse the Plan's money, or if You are discriminated against for asserting Your rights, You may seek assistance from the U.S. Department of Labor, or You may file suit in a federal court. The court will decide who should pay court costs and legal fees. If You are successful, the court may order the person You have sued to pay these costs and fees. If You lose, the court may order You to pay these costs and fees for example, if it finds Your claim is frivolous.

If You have any questions about Your Plan, You should contact the Plan Administrator. If You have any questions about this statement or about Your rights under ERISA, You should contact the nearest office of the Pension and Welfare Benefits Administration, U. S. Department of Labor, listed in Your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U. S. Department of Labor, 200 Constitution Avenue N. W., Washington, D. C. 20210.

Supplemental ERISA Information

Plan Name:	The Peabody Group Life Plan
Plan Sponsor:	Peabody Holding Company, Inc., and its subsidiaries and affiliates 701 Market Street, Suite 700 St. Louis, Missouri 63101-1826
Employer Identification:	13-2871045
Plan Number:	501
Type of Plan:	Welfare

YOUR RIGHTS UNDER ERISA - Continued

Type of Administration:

The Benefits for Life Insurance coverage for employees and dependents is guaranteed and paid under a group insurance policy issued by General American Life Insurance Company, 13045 Tesson Ferry Road, St. Louis, MO 63128.

Plan Administrator:

Peabody Holding Company, Inc.
701 Market Street, Suite 700
St. Louis, Missouri 63101-1826

Agent for Legal Services:

Peabody Holding Company, Inc.
701 Market Street, Suite 700
St. Louis, Missouri 63101-1826
(314) 342-3400

Plan Year Ends:

December 31

Contributions:

You contribute towards the costs of Your Benefits and pay all the cost of the Benefits for Your Eligible Dependents.

Termination or Amendment of Plan

The Plan Sponsor intends that this Plan will continue indefinitely, but reserves the right to amend, modify, revoke or terminate the Plan, in whole or in part, at any time.

Claim Denial

In the event a claim is denied You will be notified in writing within 90 days after We receive the claim (unless special circumstances require a longer time). You will be advised of the following:

1. the reason for denial;
2. specific reference to the Plan provisions on which the denial was based;
3. any additional material or information needed for further review of the claim;
4. an explanation of the Plan's review procedure.

If Your claim is denied, You may appeal the denial by making a written request for review to Us within 60 days of the time You received the notice of denial. In connection with review, You have the right to 1) see the Plan and other papers affecting the claim, 2) argue against the denial in writing, 3) have a representative act on Your behalf in the appeal.

The decision on the review shall be in writing, and shall be made within 60 days of the day We receive the request for review. It shall include specific reasons for the denial, written in a manner understandable to You and contain specific reference to the pertinent Plan provisions on which the decision was based.

Insurer's Discretionary Authority

General American Life Insurance Company, being the claims administrator for the Life and Dependent Life Insurance shall have the discretionary authority to determine eligibility for insurance Benefits, construe the terms of the insurance plan and resolve any disputes which may arise with regard to the rights of any persons under the terms of the insurance plan, including, but not limited to, eligibility for participation and claims for Benefits.

