

Peabody Energy Prevails in Contract Litigation

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Peabody Energy announced today that its subsidiary was successful in a summary judgment effort in litigation brought by Southern California Edison Company (SCE) and the other Mohave Station participants in the Superior Court of Arizona at Maricopa County. The court's opinion was issued on June 29, 2001, and filed on July 2, 2001.

The superior court litigation, initiated by the Mohave participants, sought interpretation of the coal supply agreement for coal delivery from Peabody's Black Mesa Mine in Arizona to the Mohave Generating Station, operated by SCE. The Black Mesa Mine delivers approximately 4.8 million tons of coal per year under a contract that expires in 2005, unless extended by the Mohave participants.

In the ruling, Peabody's right to recover long-term retiree health costs was affirmed. The company believes that Peabody will be successful in establishing its entitlement to recover final reclamation costs as well. This issue will be finally resolved in subsequent proceedings before the court.

Peabody Energy is the world's largest coal company. 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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SOURCE: Peabody Energy

Contact: Vic Svec of Peabody Energy, +1-314-342-7768

Website: <http://www.peabodyenergy.com/>
