

Peabody's Black Mesa and Kayenta Mines Inject More Than \$110 Million Into Tribal Communities in 2001

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Coal mining on Arizona's Black Mesa injected more than \$110 million in direct economic benefits into Navajo and Hopi communities last year, bringing the more than 30-year economic impact of the operations to more than \$2 billion, Peabody Energy reported today. The results include the direct impact of coal and water royalties, taxes, wages, benefits and tribal scholarships generated by the Black Mesa and Kayenta mines, Arizona's only coal mines.

Operated through lease agreements with the Navajo and the Hopi, the mines produce more than 13 million tons of low sulfur coal annually for the Mohave Generating Station near Laughlin, Nev., and the Navajo Generating Station near Page, Ariz. Together, the electric generating stations provide a secure, reliable source of low-cost electricity for more than 3.5 million Southwest families in Arizona, Nevada and California.

Mining operations provide about 650 jobs on reservation lands, making Peabody one of the largest private employers of Native Americans. More than 90 percent of the Black Mesa work force is American Indian. Last year, wages and benefits for the two mines exceeded \$58 million, with the average coal miner's wage topping \$45,000. These wages are approximately seven times higher than the 1999 per capita income for the Navajo Nation and nearly two times higher than Arizona's 2001 per capita income.

The mining operations generated more than \$51 million in coal and water royalties, taxes and other payments last year, providing nearly 30 percent of the Navajo Nation's general budget and about 80 percent of the Hopi Tribe's annual budget. And, adjustments to the tribal coal lease agreements renegotiated in 1998 also will increase tribal revenue by \$45 million through 2008.

"The Black Mesa and Kayenta mines provide enormous economic benefits to tribal economies by injecting nearly \$2 million in tribal economies each week," said Scott Williams, operating manager for the Arizona mines. "Mining on Black Mesa provides a prime source of tribal revenue, while contributing to a better quality of life."

The company also is continuing to help area communities cope with the drought conditions and is assisting with recent flood recovery efforts near Tuba City, Chinle and other reservation towns.

The company provides potable water stands that enable area families to obtain free water, 24-hours-a-day. This summer, the company constructed two new public water stands to facilitate the distribution of potable water and water for livestock.

Employees also worked with Coconino and Apache counties to facilitate ongoing water hauling, and Peabody provided in kind assistance for the community of Navajo Mountain. Water continues to be hauled to local families within the mining lease area, principally for livestock use. A \$25,000 contribution was made to the American Red Cross in early October, with funds earmarked to help families with essential needs following heavy rains and flooding.

Local communities and schools are supported through charitable giving, with particular emphasis placed on building excellence in education. Peabody has an active co-op student intern program and provides \$330,000 in annual scholarships to Navajo and Hopi students across the reservations. Each year, the company's taxes generate about \$1.5 million in revenue for Kayenta Unified School District.

Peabody Energy is the world's largest private-sector coal company, with 2001 sales of 194 million tons of coal and \$2.7 billion in revenues. 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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