

Peabody Energy's Black Beauty Unit Signs New Long-Term Midwestern Coal Supply Agreements

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Peabody Energy announced today that it has entered into a 12-year coal supply agreement through its Black Beauty subsidiary. The agreement with an existing electricity generating customer provides sourcing flexibility and runs through 2015, and will enable development of an underground facility at the Francisco Mine in Gibson County, Ind.

Black Beauty has also reached a separate five-year agreement with a new electricity generating customer, calling for approximately 1.5 million tons per year of additional coal supplies from its Indiana operations to serve two generating plants from 2005 through 2010.

The Francisco surface mine shipped 2.4 million tons of coal in 2002. Construction of the adjacent underground facility is expected to begin in the third quarter of 2003, with shipments beginning in 2004 at an initial rate of approximately 1 million tons per year.

The agreements strengthen Peabody's industry-leading position in Indiana and the Midwest, where Peabody has the number-one sales position and controls 4.1 billion tons of low, medium and high sulfur coal reserves.

Peabody is the world's largest private-sector coal company, with 2002 sales of 198 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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