

Prairie State Energy Campus Partners Increase Their Equity Position to 53 Percent

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The Prairie State Energy Campus today announced that it has entered into agreements with the Kentucky Municipal Power Agency (KMPA), the Missouri Joint Municipal Electric Utility Commission (MJMEUC) and the Soyland Power Cooperative in Illinois for the right to purchase an additional 6 percent equity share of the project. The agreements give Prairie State's six partners the right to purchase a 53 percent equity ownership in the project.

The agreements enable the cities of Columbia, Mo.; Princeton, Ky.; and Paducah, Ky. and rural members of Soyland to obtain electricity from the projects. Prairie State's other partners include the Indiana Municipal Power Agency (IMPA), Northern Illinois Municipal Power Agency and Wolverine Power Supply Cooperative in Michigan. In completing the equity agreements, Prairie State continues progress toward development following the U.S. Environmental Protection Agency's (EPA) recent affirmation of the project's air permit.

"Access to a secure and reliable source of clean electricity is important for our customers given the volatility of other fuels," said Duncan Kincheloe, General Manager and Chief Executive Officer of MJMEUC. "The strength of the EPA's decision paves the way for project partners to move forward swiftly as we have with other MJMEUC projects."

Prairie State has received the major permits necessary for construction and continues finalizing project engineering plans. Prairie State would invest more than a half billion dollars in emission technologies to create one of the cleanest major coal-fueled power plants in the United States, with emissions that would be one-fifth the average of existing U.S. coal plants.

Prairie State will generate low-cost electricity for more than 1.5 million Midwest families, create more than 450 permanent jobs and inject nearly \$100 million in economic benefits into the regional economy each year, according to a study by Southern Illinois University at Carbondale.

Peabody Energy is the world's largest private-sector coal company, with 2005 sales of 240 million tons of coal and \$4.6 billion in revenues. Its coal products fuel approximately 10 percent of all U.S. electricity generation and 3 percent of worldwide electricity.

The use of "Peabody," "the company," and "our" relate to Peabody, its subsidiaries and majority-owned affiliates.

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