

Southern Illinois Power Cooperative Joins Prairie State Energy Campus Partner Group With a 125 Megawatt Commitment

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The Prairie State Energy Campus today announced it has entered into an agreement with Southern Illinois Power Cooperative (SIPC) to purchase a 125 megawatt equity share of the project. Marion-based Southern Illinois Power Co-op serves members in 24 counties surrounding Prairie State, including Washington County where the plant is being developed.

"Prairie State is our hometown solution for additional clean energy from coal," said SIPC General Manager Tim Reeves. "Our members will benefit from a reliable, affordable supply of electricity, along with significant direct economic benefits through local job creation and spending as plant construction ramps up."

Prairie State is a planned 1,600 megawatt supercritical coal-fueled power plant. Prairie State's advanced technology will create high efficiencies while achieving emissions that are far superior to America's current generating fleet.

The project will provide baseload electricity to dozens of communities in Southern and Northern Illinois and will serve 1.7 million families from Missouri to Virginia. Prairie State's partner group includes: American Municipal Power-Ohio; Illinois Municipal Electric Agency; Indiana Municipal Power Agency; Kentucky Municipal Power Agency; Missouri Joint Municipal Electric Utility Commission; Northern Illinois Municipal Power Agency; and Prairie Power Inc.

"Prairie State continues to achieve major development milestones as we move quickly to groundbreaking in early October," said Peabody President of Generation and Btu Conversion Rick A. Bowen. "We have tremendous support from our ownership group, and Bechtel is on board as construction contractor. Our partners share our view that Prairie State is a new clean model for baseload power that is needed for our energy security."

Prairie State will create more than 450 permanent jobs and will annually inject nearly \$100 million in economic benefits into the regional economy. The bulk of construction trades hiring is beginning this fall, and Prairie State will employ more than 2,000 workers when construction activity peaks in the second half of 2009. Units one and two are expected to come on line in 2011 and 2012.

Peabody Energy is the world's largest private-sector coal company, with 2006 sales of 248 million tons of coal and \$5.3 billion in revenues. Its coal products fuel approximately 10 percent of all U.S. electricity generation and more than 2 percent of worldwide electricity.

Certain statements regarding Peabody Energy in this press release are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. These statements involve certain risks and uncertainties that may be beyond our control and may cause our actual future results to differ materially from expectations. We do not undertake to update our forward-looking statements. Factors that could affect our results and this project include, but are not limited to: the outcome of commercial negotiations involving power purchase contracts or equity party transactions; customer performance and credit risk; supplier performance, and the availability and cost of key equipment and commodities; availability and costs of transportation; labor availability and relations; legislative and regulatory developments; the outcome of pending or future litigation; coal and power market conditions; weather patterns affecting energy demand; availability and costs of competing energy resources; interest rate fluctuation; wars and acts of terrorism or sabotage; and other risks detailed in the company's reports filed with the Securities and Exchange Commission.

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