

Peabody Energy Joins China's 'GreenGen' to Develop Near-Zero Emissions Coal Plant

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Peabody Energy today became the only non-Chinese equity partner in "GreenGen," the first near-zero emissions coal-fueled power plant with carbon capture and storage which is under development in China. Peabody joined the initiative at a formal signing ceremony at the prestigious State Guest House in Beijing. The agreement was announced during the Sino-U.S. Joint Commission on Commerce and Trade meetings attended by U.S. and Chinese dignitaries, including U.S. Secretary of the Treasury Henry M. Paulson, Jr. and China's Vice Premier Wu Yi.

The US\$1 billion GreenGen project will use advanced coal-based technologies to generate electricity for Chinese families and businesses using China's most abundant energy resource. It will be capable of hydrogen production and will advance carbon dioxide capture and storage, providing a clean energy prototype to address carbon dioxide concerns.

"Peabody is honored to represent the rest of the world in China's most important climate initiative," said Peabody Chairman and Chief Executive Officer Gregory H. Boyce. "Peabody is a leader in advancing technology-based solutions to climate concerns. GreenGen joins other important carbon initiatives involving Peabody on several continents, including the Coal21 program in Australia, FutureGen in the United States, and the Asia-Pacific Partnership."

Led by managing partner China Huaneng Group, the GreenGen Company will design, develop and operate an integrated gasification combined cycle power plant near Tianjin, southeast of Beijing. A 250-megawatt plant will be built in the initial phase, expanding to 650-megawatts in later phases.

Project design and review is complete, a site has been selected at the Lingang Industrial Park, and construction is expected to commence in early 2008, with the first phase of the plant expected on line by 2009. The project includes multiple phases for additional generation and carbon capture.

GreenGen believes the site is in an optimum location near a number of chemical facilities that create opportunities to utilize the project's syngas, heat and byproducts and power, while storing carbon dioxide to provide enhanced oil recovery.

"We are pleased to have Peabody Energy join GreenGen as a leading coal company to advance this important energy and environmental project," said President of China Huaneng Group Xiaopeng Li. "Peabody's participation represents another important step forward in voluntary global partnerships to meet long-term energy challenges, promote a cleaner environment and create technology solutions to address concerns about climate change."

China Huaneng is the majority shareholder in GreenGen. Peabody will own 6 percent of the initiative. Huaneng is one of the top 10 power companies in the world, and the largest power generator in the People's Republic of China. Both Huaneng and Peabody also are members of the FutureGen Alliance, which includes the world's largest coal companies and utilities partnering with the U.S. Department of Energy to develop and site a 275-megawatt technology prototype that also would achieve near-zero emissions with carbon capture and

storage. FutureGen will select a host site this year and will begin electricity generation in 2012.

Additional partners represent some of China's largest utility and coal companies and include the China Datang Corporation, the China Huadian Corporation, the China Guodian Corporation, the China Power Investment Corporation, the Shenhua Group, the China National Coal Group and the State Development and Investment Corporation.

The world's largest and best economies are using coal to fuel prosperity and a better quality of life. Coal is central to economic growth, and prized as a source of energy security for both China and the United States. Coal has been

the world's fastest-growing fuel the past five years, and coal use is expected to increase nearly 75 percent over the next 25 years, driven by huge growth in China and throughout Asia.

China is the world's largest and fastest-growing coal-consuming nation, using coal to power nearly three-fourths of its electricity. Peabody opened its Beijing office in fall 2005, began trading activities in China in 2007 and is increasing its commercial presence to serve these fast-growth markets.

Peabody Energy is the world's largest private-sector coal company. Its coal products fuel approximately 10 percent of all U.S. electricity generation and more than 2 percent of worldwide electricity.

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