Peabody Energy Recommends Rejection of Mini-Tender Offer by TRC Capital Corporation

PRNewswire-FirstCall
ST. LOUIS

Peabody Energy today said it has been notified of an unsolicited mini-tender offer by TRC Capital Corporation (TRC) of Toronto, Canada, to purchase up to 2.5 million shares of the company's common stock, which represents less than 1 percent of its outstanding shares, at a price of $28.00 per share. The price offered represents a 3.78 percent discount to the $29.10 per share closing price of Peabody common stock on Nov. 11, 2008, the day before the offer was commenced.

Peabody does not endorse this offer and recommends against tendering shares in response to this offer. Peabody is in no way associated with TRC, TRC's offer or the offer documentation.

Peabody urges investors to obtain current market quotations for their Peabody common stock, consult with their broker or financial advisor and exercise caution with respect to TRC's offer.

Stockholders are advised that TRC's offer is subject to numerous conditions, including any decrease in the market price of Peabody common stock and the availability of financing for the purchase on terms satisfactory to TRC. In addition, TRC may amend its offer, including to reduce its offering price.

Mini-tender offers are devised to seek less than 5 percent of a company's outstanding shares, thereby avoiding many procedural and disclosure requirements of the Securities and Exchange Commission (SEC) that apply to larger tender offers. The SEC has issued an investor alert regarding these mini-tender offers, noting that "some bidders make mini-tender offers at below-market prices, hoping that they will catch investors off guard if the investors do not compare the offer price to the current market price." The SEC's advisory may be found at http://www.sec.gov/investor/pubs/minitend.htm. The Ontario Securities Commission has also issued an advisory titled "Approach mini-tenders with caution!" (http://www.osc.gov.on.ca/Investor/Alert/ia_20040518_mini-tenders.jsp).

Peabody stockholders who have already tendered are advised that they may withdraw their shares by providing the written notice described in the TRC offer to purchase prior to the expiration of the offer, currently scheduled for 12:01 a.m. EST on Friday, Dec. 12, 2008.

Peabody refers broker/dealers and other market participants in the dissemination of TRC's offer to the SEC's recommendations to broker/dealers in these circumstances which can be found at http://www.sec.gov/divisions/marketreg/minitenders/sia072401.htm, and to Information Memo Number 01-27 issued by the New York Stock Exchange on Sept. 28, 2001, regarding the dissemination of mini-tender offer materials, which can be found under the "Market Professionals - Information Memos" tab on the NYSE's website at http://www.nyse.com/.

Peabody Energy is the world's largest private-sector coal company, with 2007 sales of 238 million tons and $4.6 billion in revenues. Its coal products fuel approximately 10 percent of all U.S. electricity generation and 2 percent of worldwide electricity.

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