

Peabody Energy Enters Sales Agreement for Non-Strategic Interest in Australia Mine

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Peabody Energy today announced it has entered into a sales agreement for its 62.5 percent interest in the Baralaba Mine in Australia with Cockatoo Coal Limited.

Peabody is receiving approximately US\$33.6 million [A\$52.5 million] for its interest in Baralaba, which has approximately 1.5 million tons of remaining reserves and produced approximately 330,000 tons of thermal and PCI coals in 2007. Baralaba's financial results have been recorded as a discontinued operation in recent quarters due to its held-for-sale status. The mine has synergistic value to Cockatoo through its neighboring reserves.

Peabody has a strong long-term growth trend in Australia following major acquisitions in 2004 and 2006 and the development of three new mines in the past two years. Through September, the company has increased Australian production 15 percent in 2008 while overall industry growth has been limited to 3 percent. The company is also the second-largest owner in the Newcastle Coal Infrastructure Group export terminal project under construction in New South Wales.

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.

Use of the words "Peabody," "the company" and "our" relate to Peabody, our subsidiaries and our majority-owned affiliates.

CONTACT:
Vic Svec
(314) 342-7768

First Call Analyst:
FCMN Contact:

SOURCE: Peabody Energy

CONTACT: Vic Svec of Peabody Energy, +1-314-342-7768

Web site: <http://www.peabodyenergy.com/>
