Peabody Energy Announces Long-Term Coal Supply Agreements Totaling Nearly $6 Billion in Revenues From Major New Mine in Indiana

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Peabody Energy today announced it has entered into long-term coal supply agreements for more than 90 million tons of coal, which will allow development of the Bear Run Mine in Sullivan County, Indiana.

Bear Run will be the largest surface coal mine in the Eastern United States, with expected capacity of approximately 8 million tons of coal annually. The mine will initially supply two major Midwestern electricity generators under long-term contracts with terms of up to 17 years, which together are expected to generate nearly $6 billion in revenues.

"Long-term coal demand continues to grow. We are the largest producer and reserve holder in the Illinois Basin, which is one of the fastest-growing coal regions. We are pleased to be partnering with our customers to meet their energy needs and develop a major new coal mine," said Peabody Chairman and Chief Executive Officer Gregory H. Boyce. "Peabody's history as a reliable supplier of affordable fuel, combined with our leading production and reserve position and financial strength, provided us the opportunity to secure some of the largest coal supply agreements in Peabody's history and develop this world-class operation to serve growing customer needs."

The Bear Run operation will commence in the second half of this year, and is expected to produce 2 to 3 million tons in 2010 and ramp up thereafter. Approximately $350 to $400 million in capital will be invested over several years to bring the mine to its 8 million ton per year capacity. Bear Run will employ approximately 350 skilled workers and would annually contribute approximately $140 million in regional economic benefits.

"Coal is the key to American energy independence and to the affordable power in which Indiana's future prosperity depends. This is great job news in the near and long term," said Indiana Governor Mitch Daniels.

Peabody Energy is the world's largest private-sector coal company, with 2008 sales of 256 million tons and $6.6 billion in revenues. Its coal products fuel 10 percent of all U.S. electricity generation and 2 percent of worldwide electricity.

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