Peabody Chairman and CEO Gregory Boyce Highlights Record 2008 Performance and Clean Coal Advances at Shareholder Meeting

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Peabody Energy Chairman and Chief Executive Officer Gregory H. Boyce highlighted the company's exceptional 2008 results, coal's crucial role fueling global energy demand, and Peabody's global leadership advancing near-zero emissions technologies at the company's annual shareholder meeting today.

"Our record 2008 performance was the direct result of significant strategic actions we have taken in recent years to transform our global portfolio to serve high-growth, high-margin markets through international expansion and major operational initiatives," said Boyce.

In 2008, Peabody demonstrated the strength of its diverse global portfolio and strong balance sheet. The company's low-cost platform, tight capital discipline and heavily contracted position continue to enable Peabody to weather current difficult market conditions and position the company for an inevitable rebound. Peabody achieved the safest year in its 125-year history in 2008, and its sales volumes of 256 million tons marked a new high. The company also delivered record results including: $6.6 billion in revenues; $1.4 billion in operating profit; $1.85 billion in EBITDA; and $985 million in income from continuing operations. The company reported its strongest ever cash flows from operations and liquidity of more than $2 billion.

Around the world, Peabody continues to earn recognition for its strategic leadership and corporate citizenship. In the latest edition of Fortune, Peabody is ranked number five both for one-year and five-year growth in profits among the Fortune 500 companies, which positions Peabody among the top 1 percent in the nation. Peabody is the only company in the top 10 for profit growth in both periods. The company also was named in the top 20 for total shareholder return for the past five years, with 19.3 percent compound annual growth rate (CAGR), compared with an average Fortune 500 CAGR of just 0.3 percent during that time. Among the company's other honors are dual Global Energy Awards, ranking as one of Forbes "Best Big Companies," recognition as one of Institutional Investor's most shareholder friendly companies and five major awards for land restoration and good neighbor practices.

Globally, Peabody continues to expand its access to the major long-term demand epicenters of Asia. Peabody has completed a multi-year build out of its Australian platform for both metallurgical and thermal coal production. Also, the company recently completed the Peabody-Polo joint venture in Mongolia, which houses the world's best undeveloped coal resources to serve China, the world's largest coal market.

In the United States, Peabody initiated development of the Bear Run Mine in Indiana, which will be the largest surface mine in the Eastern United States. Bear Run will serve long-term customer contracts that are expected to generate nearly $6 billion in revenues, the largest in Peabody's history. Peabody completed major initiatives to improve productivity and production at the North Antelope Rochelle Mine in Wyoming and completed the build-out of the highly productive El Segundo Mine in New Mexico, the fourth mine Peabody commissioned in two years.

Coal has been the fastest-growing fuel for each of the past five years, and coal use is expected to grow 61 percent by 2030. In the next quarter century, the world's population is expected to grow 25 percent to more than 8 billion people, and world energy needs are projected to grow 45 percent. The International Energy Agency forecasts that growth in coal demand will exceed natural gas, nuclear, hydro and wind power combined through 2025.

Led by abundance, low costs and clean coal technologies, coal has achieved enormous environmental progress in recent decades by removing regulated emissions. As a result, coal used for U.S. electricity has more than tripled since 1970, as regulated emissions have declined more than 80 percent per megawatt hour.

"I believe that black is the new green," said Boyce. "Green coal technologies build on coal's environmental progress, providing a path to near-zero emissions through efficient new coal plants and ultimately carbon capture and storage (CCS). We believe that coal with CCS is the low-cost, low-carbon solution."

Peabody has signature low-carbon projects and partnerships in North America, Australia and Asia: Peabody is a founding member of the FutureGen Alliance in the United States, a founding member of Australia's COAL21 Fund and the only non-Chinese partner in GreenGen.

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.

This information includes certain non-GAAP financial measures as defined by SEC regulations. In our earnings release of Jan. 27, 2009, we included reconciliations of these measures to the most directly comparable GAAP measures in this release. EBITDA (also called Adjusted EBITDA) is defined as income from continuing operations before deducting net interest expense, income taxes, asset retirement obligation expense, and depreciation, depletion and amortization. EBITDA, which is not calculated identically by all companies, is not a substitute for operating income, net income and cash flow as determined in accordance with generally accepted accounting principles. Management uses EBITDA as a key measure of operating performance and also believes it is a useful indicator of its ability to meet debt service and capital expenditure requirements.

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