Peabody Energy Executes Joint Venture Agreement With China's GreenGen Project to Become Full Equity Participant

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China's GreenGen clean coal project achieved another important milestone today as the partners executed their joint venture agreement, recognizing Peabody Energy's participation as a full equity partner.

The agreement was commemorated at a signing ceremony at the historic Great Hall of the People in Beijing and included Peabody Chairman and Chief Executive Officer Gregory H. Boyce; Huaneng Group President Cao Peixi; U.S. Secretary of Energy Steven Chu; and Chinese Vice Premier Li Keqiang. The ceremony demonstrates the growing cooperation on clean energy and climate initiatives between the United States and China as President Barack Obama and President Hu Jintao pledge greater cooperation on clean uses of coal. In a joint statement today, the two world leaders recognized the importance of GreenGen and other projects.

GreenGen is a US$1 billion 650 megawatt project, a commercial scale near-zero emissions power project that is under construction near Tianjin. It is China's first integrated gasification combined cycle (IGCC) power project and will serve as a carbon management research center. GreenGen is being developed in phases and ultimately will capture and store carbon dioxide. Electricity generation will begin as quickly as 2011 with the first 250 megawatt IGCC unit.

"With GreenGen, China shows that the world's leading coal-consuming nation can also be the world's leading clean coal provider," said Peabody Chairman and Chief Executive Officer Gregory H. Boyce. "China's coal use is expected to grow by 2 billion tons over the next two decades, driving economic prosperity and energy security. Peabody is advancing clean coal projects all over the world and is pleased to be a part of China's signature low-carbon coal initiative."

Peabody has a 6 percent equity interest in GreenGen and is among nine equity participants, which include lead shareholder China Huaneng Group, one of the world's top 10 power companies. The shareholder group also includes some of China's largest utility and coal companies: the China Datang Corporation; the China Huadian Corporation; the China Guodian Corporation; the China National Coal Group; the China Power Investment Corporation; the Shenhua Group; and the State Development and Investment Corporation.

China is the world's fastest-growing economy and fastest-growing coal market, using coal to fuel more than 80 percent of its electricity. China is set to use 2.9 billion tons of coal this year and forecast to increase its coal use by another billion tons over the next decade - equivalent to total U.S. coal use. China also is expected to nearly double its electricity consumption by 2015.

Peabody is a global leader in clean coal solutions and is advancing a dozen projects and partnerships around the world to achieve near-zero emissions and reduce carbon intensity. Peabody is a founding member of the FutureGen Alliance in the United States and a founding member of Australia's COAL21 Fund. Studies demonstrate that coal with carbon capture and storage is the low-cost, low-carbon solution, with costs that are 15 percent to 50 percent below nuclear, wind and natural gas with CCS.

The company has a growing presence in China and is pursuing partnerships with major coal, energy and steel companies in Western China and Inner Mongolia. Peabody recently became a member of the U.S. and China Energy Cooperation Program, a public-private partnership with leading Fortune 500 companies that seek to develop clean energy projects in China working in consultation with the U.S. Department of Commerce and certain key agencies of the government of China.

Peabody also has a joint venture that is exploring coal-related development opportunities in Mongolia's South Gobi region and has a business office in Ulaanbaatar, Mongolia. The company's Asian coal trading hub in Singapore offers strong access to serve China and other fast-growing Asian markets.

Peabody Energy is the world's largest private-sector coal company, with 2008 sales of 255 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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