Peabody Energy Board of Directors Approves 1 Million Ton-Per-Year Expansion of Metropolitan Metallurgical Coal Mine in Australia

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The Board of Directors of Peabody Energy today approved the upgrade and expansion of the Metropolitan Mine in New South Wales, Australia.

The expansion is expected to increase capacity by 1 million tons within several years. Capital investments for the expansion are expected to total $70 million, of which approximately $15 million is targeted for 2010. Metropolitan Mine received final permits to proceed with the expansion in the second half of 2009.

In 2009, Metropolitan shipped 1.5 million tons of mostly hard coking coal for export to Asian steel producers. Metropolitan Mine is an underground mine using the longwall method. Its coal ships through Port Kembla south of Sydney.

"The Metropolitan Mine expansion is one of a number of projects aimed at nearly doubling Peabody's Australian met coal and thermal export platform by 2014," said Peabody Energy Chairman and Chief Executive Officer Gregory H. Boyce. "China, India and other Asia-Pacific Rim nations are significantly short of quality metallurgical coal. Such coal is in limited supply, but remains a vital ingredient for a steel industry that is recovering in developed markets and expanding in emerging nations."

Peabody has multiple Australian expansion projects targeted at raising the company's metallurgical coal shipments to 12 to 15 million tons per year by 2014, while increasing thermal coal export capacity to 15 to 17 million tons per year. Peabody is targeting a 20 to 30 percent increase in 2010 thermal exports and met coal shipments to meet growing global demand.

Peabody Energy is the world's largest private-sector coal company, with 2009 sales of 244 million tons and $6 billion in revenues. Its coal products fuel 10 percent of all U.S. electricity generation and 2 percent of worldwide electricity.

Certain statements in this press release are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on numerous assumptions that the company believes are reasonable, but they are open to a wide range of uncertainties and business risks that may cause actual results to differ materially from expectations as of Jan. 28, 2010. These factors are difficult to accurately predict and may be beyond the company's control. The company does not undertake to update its forward-looking statements. Factors that could affect results include those described in this press release as well as risks detailed in the company's reports filed with the Securities and Exchange Commission.

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