Statement From Peabody Energy (NYSE: BTU)

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We are pleased that Macarthur Coal has decided to engage with us and also has postponed its EGM to allow us time to reach a satisfactory conclusion for all shareholders. We're also pleased at the positive statements made today by two of Macarthur's major shareholders - ArcelorMittal and Posco - regarding our proposal.

We continue to believe that a combination of the two companies would offer a strong complementary fit, creating a substantial Australian operating platform with excellent capabilities and resources. Both companies have an organic growth pipeline that is set to double metallurgical coal volumes within the next five years to serve high-growth Asian markets.

Background: Peabody Energy submitted an improved and definitive proposal on April 15 to acquire a controlling interest in Macarthur Coal Limited . Under Peabody's proposal, Macarthur shareholders would receive a cash price of A$16.00 per share valuing Macarthur at A$4.1 billion (US$3.8 billion).

Under the proposal, Peabody is prepared to offer cash to all Macarthur shareholders and remains willing to provide any, or all, of Macarthur's three major shareholders with the opportunity to retain their economic interest in Macarthur should they so desire. Peabody believes this optionality enhances the likelihood of securing shareholder approval under a customary scheme of arrangement.

Peabody's proposal is subject only to a limited, confirmatory due diligence period of up to five business days, primarily focused on the terms of material contracts, including potential change in control provisions. With cooperation from Macarthur's management team, Peabody's proposal can be offered to Macarthur's shareholders for consideration in a very short time period.

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. 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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