

Navajo Nation, Peabody Energy, Salt River Project and Southern California Edison Reach Settlement on Navajo Royalty Litigation

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WINDOW ROCK, Ariz., Aug. 4, 2011 /PRNewswire/ -- The Navajo Nation, Peabody Energy, Salt River Project and Southern California Edison today announced they have reached a settlement agreement on the 1999 Navajo royalty litigation. Terms of the agreement are confidential.

Peabody and the Navajo Nation also recently completed a 10-year royalty reopener agreement that continues the current royalty rate for Peabody's Arizona operations and provides for bonus payments, scholarship funding and other benefits to the Nation.

"The Navajo Nation is pleased the parties were able to come together in a spirit of cooperation to settle this long-standing litigation," said Navajo Nation Attorney General Harrison Tsosie. "We are also pleased that Peabody and the Navajo Nation have approved the 10-year royalty reopener agreement. Peabody and Salt River Project's ongoing operations provide employment for the Navajo people, scholarships to our children, and revenue for the Navajo Nation government," said Tsosie. "This revenue allows our government to deliver much needed services to the residents of the Navajo Nation, such as the recently funded Many Mules water delivery project."

"Peabody is pleased to have successfully concluded these important agreements, and looks forward to our future collaborative efforts with the Navajo Nation for the long-term benefit of tribal people," said Peabody Senior Vice President for Southwest Operations G. Brad Brown. "Mining on Black Mesa is a major economic staple, contributing more than \$12 billion in direct and indirect economic benefits to the region since the operations began." Peabody noted that the settlement had been reflected in the company's second quarter 2011 financial statements.

"The Black Mesa Mine Complex is an important economic and energy resource for our region," said Salt River Project General Manager Mark Bonsall. "This agreement ensures that the Navajo Nation will continue to benefit from mine operations, and the Navajo Generating Station will continue to produce energy for tens of thousands of electricity customers in the Southwest."

"We are pleased the parties have been able to reach this agreement," said Southern California Edison President Ron Litzinger.

Peabody has operated through a business partnership with the Navajo Nation and the Hopi Tribe for more than 40 years in Northeastern Arizona. Its Kayenta Mine supplies approximately 8 million tons of coal each year for the Navajo Generating Station near Page, Ariz., which serves customers in Arizona, Nevada and California.

The Navajo Station also provides electricity for the Central Arizona Project, which supplies Colorado River water to Phoenix and Tucson customers and tribal communities in Central and Southern Arizona.

Salt River Project operates the Navajo Generating Station and is among a consortium of owners including the U.S. Bureau of Reclamation, Arizona Public Service Co., Nevada Energy, Tucson Electric Power and the Los Angeles Department of Water and Power.

Peabody Energy (NYSE: BTU) is the world's largest private-sector coal company and a global leader in clean coal solutions. With 2010 sales of 246 million tons and nearly \$7 billion in revenues, Peabody fuels 10 percent of U.S. power and 2 percent of worldwide electricity.

Salt River Project is the largest provider of electricity to the greater Phoenix metropolitan area, providing electric service to about 945,000 customers. It is also the metropolitan area's largest supplier of water, delivering about 1 million acre-feet to agricultural, urban and municipal water users.

Southern California Edison is an Edison International (NYSE: EIX) company and one of the nation's largest electric utilities, serving a population of nearly 14 million via 4.9 million customer accounts in a 50,000-square-mile service area within Central, Coastal and Southern California.

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