Peabody Energy Announces Extension of Twentymile Mine in Colorado Secured by Long-Term Coal Supply Agreements

ST. LOUIS, Jan. 23 – Peabody Energy (NYSE: BTU) today announced an extension of its Twentymile Mine in Colorado secured by 40 million tons in long-term coal supply agreements. The Twentymile extension is being developed to supply coal to power plants, industrial and export customers, including a 16-year agreement with the nearby Hayden Generating Station.

The project involves developing the new Twentymile Sage Creek portal in the existing Wadge coal seam and moving the longwall. The new portal will access an additional 105 million ton northern reserve block of high-Btu, low-sulfur coal. Permits are in place for development of the longwall panel, with development work expected to begin in May of 2012.

Longwall production is anticipated in the second half of 2015. The capital investment for the extension is expected to total approximately $200 million.

"Peabody's 9 billion ton reserve base allows us to serve long-term U.S. customer demand as well as emerging export opportunities," said Peabody Energy Chairman and Chief Executive Officer Gregory H. Boyce. "This project builds upon nearly a half-century of Peabody operations in Colorado and a valued customer relationship with the Hayden Station."

Peabody's Twentymile operation in Colorado created $730 million in direct and indirect economic benefits for the region this past year.

The Hayden Generating Station in Northwest Colorado produces 446 megawatts of electricity with two units, serving more than 335,000 consumers in the state. It is operated by Xcel Energy (NYSE: XEL), an investor-owned utility that provides electricity in seven other Western and Midwestern states.

Peabody Energy 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.

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. 23, 2012. 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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