

Peabody Energy And Kinder Morgan Enter Into Long-Term Gulf Coast Coal Export Agreements

PR Newswire
ST. LOUIS

ST. LOUIS, July 17, 2012 /PRNewswire/ -- Peabody Energy (NYSE: BTU) and Kinder Morgan Energy Partners L.P. (NYSE: KMP) today announced long-term agreements to secure and expand the Gulf Coast export platform for Peabody's Colorado, Powder River Basin and Illinois Basin coal products.

Under the multi-terminal agreements, Peabody would gain additional access to export coal at Kinder Morgan's Deepwater Terminal and Houston Bulk Terminal (HBT) near Houston, and its International Marine Terminal (IMT) in Myrtle Grove, La., through 2021 and 2020, respectively. This would increase Peabody's Gulf Coast export capacity to approximately 5 million – 7 million tons of coal per year between 2014 and 2020.

Peabody has also secured a rail service agreement with Union Pacific Railroad (UPRR) to transport the company's Colorado coal to Kinder Morgan's Houston terminals.

The agreements allow for throughput flexibility among Kinder Morgan's Gulf Coast export terminals to serve Peabody's international customer base. The additional capacity also supports the planned expansion of Kinder Morgan's Gulf Coast coal handling facilities and Peabody's development of the Sage Creek extension of the Twentymile Mine.

Kinder Morgan will invest, including previously announced projects, approximately \$400 million to expand its Gulf Coast terminal network. After completion of all of the export expansion projects, Kinder Morgan's Gulf Coast terminal network will have a coal export nameplate capacity of approximately 27 million short tons per year.

"Peabody is securing a large-volume, sustainable U.S. export platform to meet growing global seaborne coal demand," said Peabody Energy Chairman and Chief Executive Officer Gregory H. Boyce. "These new throughput agreements further strengthen Peabody's ongoing partnership with Kinder Morgan as we continue to expand our long-term Gulf Coast capacity in line with emerging export opportunities for our competitive and reliable coal products."

"We look forward to expanding our partnership with Peabody into new markets," said Kinder Morgan Terminals President Jeff Armstrong. "Export coal demand continues to grow around the country and Kinder Morgan is well positioned with our network of terminals to serve our customers' needs in multiple locations."

Peabody has extended its existing contract with KMP's HBT and will begin exporting Colorado and Powder River Basin coal products from the Deepwater facility beginning in 2014.

Peabody's Illinois Basin, Colorado and Powder River Basin coal will be exported through KMP's expanded IMT in New Orleans from 2014. An existing agreement at the Cora river terminal in Illinois will be extended through 2018 to facilitate exports through IMT as well as domestic sales.

The Gulf Coast export platform is one of a number of ways in which Peabody accesses seaborne coal markets, including its global trading and brokerage activities, export coal from its growing Australian thermal and metallurgical coal position, export coal from its growing set of Indonesia supply sources, interest in developing a major West Coast export terminal, and ownership of a 38 percent interest in the DTA terminal in Virginia.

Peabody Energy is the world's largest private-sector coal company and a global leader in sustainable mining and clean coal solutions. The company serves metallurgical and thermal coal customers in more than 25 countries on six continents. For further information, go to PeabodyEnergy.com and CoalCanDoThat.com.

Kinder Morgan is the largest midstream and the fourth largest energy company in North America with a combined enterprise value of over \$90 billion. It owns an interest in or operates approximately 75,000 miles of pipelines and 180 terminals. Its pipelines transport natural gas, gasoline, crude oil, CO₂ and other products, and its terminals store petroleum products and chemicals and handle such products as ethanol, coal, petroleum coke and steel. Kinder Morgan, Inc. (NYSE: KMI) owns the general partner

interest of Kinder Morgan Energy Partners, L.P. (NYSE: KMP) and El Paso Pipeline Partners, L.P. (NYSE: EPB), along with limited partner interests in KMP, Kinder Morgan Management, LLC (NYSE: KMR) and EPB. For more information please visit www.kindermorgan.com.

Peabody Energy Forward Looking Statement

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 July 17, 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 the company's results include, but are not limited to: global demand for coal, including the seaborne thermal and metallurgical coal markets; price volatility, particularly in higher-margin products and in our trading and brokerage businesses; impact alternative energy sources, including natural gas and renewable; impact of weather and natural disasters on demand, production and transportation; reductions and/or deferrals of purchases by major customers and ability to renew sales contracts; credit and performance risks associated with customers, suppliers, co-shippers, trading, banks and other financial counterparties; geologic, equipment, permitting and operational risks related to mining; transportation availability, performance and costs; availability, timing of delivery and costs of key supplies, capital equipment or commodities such as diesel fuel, steel, explosives and tires; integration of the newly acquired Macarthur Coal operations; successful implementation of business strategies; negotiation of labor contracts, employee relations and workforce availability; changes in postretirement benefit and pension obligations and funding requirements; replacement and development of coal reserves; access to capital and credit markets and availability and costs of credit, margin capacity, surety bonds, letters of credit, and insurance; effects of changes in interest rates and currency exchange rates (primarily the Australian dollar); effects of acquisitions or divestitures; economic strength and political stability of countries in which we have operations or serve customers; legislation, regulations and court decisions or other government actions, including new environmental and mine safety requirements; changes in income tax regulations or other regulatory taxes; litigation, including claims not yet asserted; and other risks detailed in the company's reports filed with the Securities and Exchange Commission (SEC).

Kinder Morgan Forward Looking Statement

This news release includes forward-looking statements. Although Kinder Morgan believes that its expectations are based on reasonable assumptions, it can give no assurance that such assumptions will materialize. Important factors that could cause actual results to differ materially from those in the forward-looking statements herein are enumerated in Kinder Morgan's Forms 10-K and 10-Q as filed with the Securities and Exchange Commission.

PEABODY ENERGY CONTACT:

Kirsty McDonald
(314) 378-5282

KINDER MORGAN CONTACT:

Joe Hollier
Media Relations
(713) 369 9176

Mindy Mills Thornock
Investor Relations
(713) 369 9490

SOURCE Peabody Energy
