

Statement From Peabody Energy on 1974 UMWA Pension Plan

PR Newswire
St. Louis

ST. LOUIS, July 16 – No Peabody company is signatory to a labor agreement that requires contributions to the 1974 UMWA Pension Plan (multi-employer plan), and the company has no liability to the plan. We believe the pension plan’s claims are completely without merit, and we will vigorously defend against them.

Patriot Coal was designed to succeed as an independent company and to indefinitely continue its participation in the multi-employer plan – which was well funded at the time. Patriot was highly successful following its launch nearly eight years ago with significant assets, low debt levels and a market value that more than quadrupled in less than a year.

When Patriot’s market value was high, the company could have strengthened its financial position. Instead, Patriot made a major acquisition of Magnum Coal Company in mid-2008. A series of other unforeseen events affecting all coal producers followed – all on Patriot’s watch. These included an unprecedented global financial crisis; development of low-cost shale gas that reduced coal use; burdensome regulation by the U.S. EPA that dramatically increased Patriot’s environmental compliance costs; an increase in safety regulations that, in turn, increased operating costs; and a significant reduction in the price of Patriot’s major product: metallurgical coal.

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SOURCE Peabody Energy
