Peabody Energy and SSA Marine Enter Into Long-Term Agreement for Powder River Basin Coal Exports

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Peabody Energy (NYSE: BTU) today announced an agreement with SSA Marine to initially export up to 24 million metric tons of coal per year through the planned Gateway Pacific Terminal in Whatcom County in northwest Washington. Coal export volumes would be dependent upon global market demand, terminal capacity and other factors.

The terminal is being permitted to handle a variety of dry bulk commodities and would serve as a West Coast hub for exporting Peabody's clean Powder River Basin coal to fast-growing Asian markets. Coal is among multiple commodities including grain, potash, iron ore and calcined coke that could be exported or imported through the terminal during multiple decades of operation.

Extensive engineering and permitting work is under way to develop the facility, and port operations could begin within several years based on achievement of key project development milestones. Peabody has rights to throughput over the life of the operation and could expand its capacity in future years. The company already exports Powder River Basin coal from Western Canada to Asia and South America.

"We're opening the door to a new era of U.S. exports from the nation's largest and most productive coal region to the world's best market for coal," said Peabody Energy Chairman and Chief Executive Officer Gregory H. Boyce. "Asian nations are leading the world in economic growth and industrial production. Exporting Powder River Basin coal delivers sustainable clean coal, creates U.S. jobs and offers a unique way for America to benefit from major Asian economic growth."

Development of export capacity during the initial planned construction stage would create more than 8,400 direct, indirect and induced jobs, and would generate nearly $900 million in economic benefits.

Seaborne coal demand is projected to exceed 1 billion metric tons for the first time in 2011, with the Asia-Pacific region comprising the vast majority of demand growth.

The market for subbituminous coal in the Pacific Rim is expected to grow from about 140 million metric tons per year to approximately 250 million metric tons by 2015. While this market is served primarily by Indonesia, Powder River Basin coal offers a competitive and reliable alternative for customers in China, South Korea, Japan, India and other Asian nations.

Peabody is the leading producer in the Powder River Basin, the largest U.S. coal-producing region, where the company shipped 141 million tons in 2010 while achieving record safety performance. Peabody markets Powder River Basin coal to dozens of customers in all regions of the United States as well as Asia, Canada, Europe and South America.

The Powder River Basin supplies more than 40 percent of the nation's coal and ships to utilities in nearly 40 states. Powder River Basin coal is among the cleanest in the world, with very low sulfur content and low nitrogen oxide characteristics. Peabody's flagship, the North Antelope Rochelle Mine, produced a record 106 million tons in 2010 and is the world's most productive coal mine.
Coal will be shipped from Peabody's Powder River Basin operations to the terminal on the BNSF Railway.

SSA Marine, a subsidiary of Carrix, Inc., is the largest U.S. owned and the largest privately held container terminal operator and cargo handling company in the world, serving 125 locations worldwide, including the United States, Latin America, South Africa, New Zealand and Vietnam.

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 Feb. 28, 2011. 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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