



*PEABODY ENERGY*  
**News Release**

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**FOR IMMEDIATE RELEASE**

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**PEABODY ENERGY CLOSES AIR QUALITY MINE  
IN INDIANA BASED ON MARKET CONDITIONS**

ST. LOUIS, Sept. 5 – Peabody Energy today said it has ceased production at the Air Quality Mine in Vincennes, Ind., and will permanently close the mine based on soft market conditions that make operations uneconomic.

Worker Adjustment and Retraining Notification (WARN) letters were provided to approximately 230 employees, signaling a 60-day period to plan for a job transition.

Peabody is working with employees regarding placement opportunities at other Peabody operations. Air Quality produced 1.2 million tons in 2011.

Peabody expects to incur a one-time, non-cash charge estimated at \$75 million after tax in the quarter ending Sept. 30, 2012, primarily related to the writedown of assets, which will be recorded within discontinued operations. Peabody's prior third quarter 2012 targets remain unchanged, as they exclude discontinued operations.

Peabody is the leading coal producer and reserve holder in the Midwest with 11 operations in Indiana and Illinois.

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](http://PeabodyEnergy.com) and [CoalCanDoThat.com](http://CoalCanDoThat.com).

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## PEABODY ENERGY CLOSES AIR QUALITY MINE – Page 2

### *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 Sept. 5, 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 of alternative energy sources, including natural gas and renewables; 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).*