PEABODY COAL COMPANY, LLC
Form 424B5
October 06, 2006

Filed pursuant to Rule 424(b)(5)
(File No. 333-136108)

PROSPECTUS SUPPLEMENT
(To Prospectus Dated July 28, 2006)

$900,000,000

Peabody Energy Corporation

$650,000,000 73/8% SENIOR NOTES DUE 2016
$250,000,000 77/8% SENIOR NOTES DUE 2026

Interest Payable on May 1 and November 1

We may redeem some or all of the 2016 and 2026 notes at any time at a redemption price equal to 100% of the principal amount of the notes being redeemed plus a make-whole premium and accrued and unpaid interest to the redemption date.

The notes will be senior unsecured obligations of Peabody and will rank equally with all of our other senior unsecured indebtedness.

In certain circumstances, we will deposit with an escrow agent funds in an amount equal to the gross proceeds of the offering of the notes plus accrued and unpaid interest to, but excluding, the latest possible special mandatory redemption date. Under those circumstances, the escrowed property would be released by the escrow agent only in connection with our expected consummation, in whole or in part, of the acquisition of Excel Coal Limited, and the notes would be subject to a special mandatory redemption in the event that the acquisition is not consummated.

For a more detailed description of the notes, see Description of the Notes beginning on page S-33.

Investing in the notes involves risks. See Risk Factors beginning on page S-13.

	Price to Public(1)	***Underwriting Discounts and Commissions***	***Proceeds to Peabody***
Per 73/8% Senior Note due 2016	100%	1.20%	98.80%
Total	$ 650,000,000	$ 7,800,000	$ 642,200,000

(1) Plus accrued interest, if any, from October 12, 2006.

	Price to Public(1)	***Underwriting Discounts and Commissions***	***Proceeds to Peabody***
Per 77/8% Senior Note due 2026	98.753%	1.20%	97.553%
Total	$ 246,882,500	$ 3,000,000	$ 243,882,500

(1) Plus accrued interest, if any, from October 12, 2006.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the notes to purchasers on October 12, 2006.

Joint Book-Running Managers

MORGAN STANLEY *LEHMAN BROTHERS*

Co-Managers

ABN AMRO INCORPORATED BANC OF AMERICA SECURITIES LLC BMO CAPITAL MARKETS BNP PARIBAS

CITIGROUP CREDIT SUISSE HSBC

CALYON SECURITIES (USA)

PNC CAPITAL MARKETS LLC

RBS GREENWICH CAPITAL SECURITIES

WELLS FARGO

October 5, 2006

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Prospectus Supplement

Prospectus

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering.

If the description of the offering varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in the prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, any free writing prospectus prepared by us and the accompanying prospectus. We have not authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are offering to sell the notes, and seeking offers to buy the notes, only in jurisdictions where offers and sales are permitted. You should not assume that the information we have included in this prospectus supplement, any free writing prospectus prepared by us or the accompanying prospectus is accurate as of any date other than the date of this prospectus supplement, any free writing prospectus prepared by us or the accompanying prospectus or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless otherwise indicated, the exchange rate used in translating Australian dollars into U.S. dollars was determined by reference to an assumed exchange rate of A$1 = US$0.7540, which was based on prevailing rates on September 18, 2006.

PROSPECTUS SUPPLEMENT SUMMARY

This summary does not contain all of the information that you should consider before investing in the notes. You should read the entire prospectus supplement, any free writing prospectus prepared by us and the accompanying prospectus carefully, including the matters discussed under the caption Risk Factors, Cautionary Notice Regarding Forward-Looking Statements and the detailed information and financial statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus. When used in this prospectus supplement and the accompanying prospectus, the terms we, our, and us, except as otherwise indicated or as the context otherwise indicates, refer to Peabody Energy Corporation and/or its applicable subsidiary or subsidiaries.

Peabody Energy Corporation

We are the largest private-sector coal company in the world. In the first six months of 2006, we sold 122.1 million tons of coal. During 2005, our sales of 239.9 million tons of coal included sales to approximately 350 electricity generating and industrial plants in 15 countries. Our coal products fuel approximately 10% of all U.S electricity generation and 3% of worldwide electricity generation. At December 31, 2005, we had 9.8 billion tons of proven and probable coal reserves, more than double the reserves of any other U.S. coal producer. Financial results for 2005 included $4.6 billion in revenues, $518.4 million in operating profit, $422.7 million in net income and $870.4 million in Adjusted EBITDA. Financial results for the six months ended June 30, 2006 included $2.6 billion in revenues, $346.9 million in operating profit, $283.7 million in net income and $538.2 million in Adjusted EBITDA. See Summary Historical and Pro Forma Financial Data for the definition of Adjusted EBITDA, which is a non-GAAP measure, and a discussion of its usefulness as a measure of our overall financial and operating performance and a reconciliation of income from continuing operations to Adjusted EBITDA.

We own, through our subsidiaries, majority interests in 34 coal operations located throughout all major U.S. coal producing regions and in Australia. Additionally, we own a minority interest in one mine through a joint venture arrangement. During 2005, we shipped 75% of our U.S. mining operations coal sales from the western United States and the remaining 25% from the eastern United States. Most of our production in the western United States is low-sulfur coal from the Powder River Basin. Our overall western U.S. coal production has increased from 37 million tons in fiscal year 1990 to 154.3 million tons during 2005, representing a compounded annual growth rate of 10%. In the West, we own and operate mines in Arizona, Colorado, New Mexico and Wyoming. In the East, we own and operate mines in Illinois, Indiana, Kentucky and West Virginia. We also own five mines in Queensland, Australia. Most of our Australian production is metallurgical coal. We generated 81% of our 2005 production from non-union mines. We expect full year 2006 production of approximately 230 million tons and total sales of 250 to 260 million tons, including 12 to 14 million tons of metallurgical coal.

During 2005, 87% of our sales (by volume) were to U.S. electricity generators, 9% were to customers outside the United States and 4% were to the U.S. industrial sector. Coal continues to fuel more U.S. electricity generation than all other energy sources combined. In 2005, coal-fueled plants generated an estimated 51.3% of the nation s electricity, followed by nuclear (20.1%), gas-fired (17.4%) and hydroelectric (6.7%) units. We believe that growing demand for energy will strengthen the use of coal. We also believe that U.S. and global coal consumption will continue to increase as coal-fueled generating plants utilize their existing excess capacity and as new coal-fueled plants are constructed. Coal is an attractive fuel for electricity generation because it is:

> *Abundant:* Coal makes up more than 85% of fossil fuel reserves in the United States. The nation has an estimated 250-year supply of coal, based on current usage rates.

Low-Cost: At an average delivered price of $1.48 per million British thermal units, or Btu, to U.S. generating plants in 2005, coal s cost advantage over natural gas is significant. The delivered price of natural gas averaged $6.74 per million Btu in 2005.

Increasingly Clean: Aggregate emissions from U.S. coal-fueled plants have declined significantly since 1970, even as coal consumption by electricity generators has more than tripled.

Approximately 90% of our coal sales during 2005 were under long-term contracts (one year or greater). As of December 31, 2005, our sales backlog, including backlog subject to price reopener and/or extension provisions, was over one billion tons, and the average volume-weighted remaining term of our long-term contracts was approximately 3.2 years, with remaining terms ranging from one to 19 years. As of June 30, 2006, we had 60 to 70 million tons and 130 to 140 million tons for 2007 and 2008, respectively, of expected production (including steam and metallurgical coal) available for pricing. We have an annual metallurgical coal production capacity of 12 to 14 million tons.

In addition to our mining operations, we market, broker and trade coal. Our total tons traded were 36.2 million during 2005. In 2005, we opened a business development, sales and marketing office in Beijing, China to pursue potential long-term growth opportunities in this market. Our other energy-related commercial activities include the development of mine-mouth, coal-fueled generating plants, the management of our vast coal reserve and real estate holdings, transportation services and, more recently, participation in projects that convert coal into natural gas and transportation fuels.

Competitive Strengths

We believe our strengths will enable us to continue to grow and increase financial value.

- We are the world s largest private-sector producer and marketer of coal and the largest reserve holder of any private-sector coal company.
- We are the largest producer and marketer of low-sulfur coal in the United States.
- We have a large portfolio of long-term coal supply agreements that is complemented by available production in attractive markets for sale at market prices.
- We are one of the safest and most productive producers of coal in the United States.
- We serve a broad range of high quality customers with mining operations located throughout all major U.S. coal producing regions and in Australia.
- We have received numerous awards for our reclamation excellence.
- Our management team has a proven record of success.

Risk Factors

While we strive to maintain these strengths, our industry and company are subject to risks that could adversely affect our business. For example, we cannot assure you that in the future we will be able to sell coal as profitably as at present. Supply chain, transportation and geology are uncertain. Additionally, our company and our customers are subject to extensive governmental regulations that create significant costs and restrictions and that could become more onerous in the future. For a more complete discussion of the risks related to our company, you should read the information presented under the heading Risk Factors in this prospectus supplement and in our periodic reports.

Business Strategy

We utilize four core business strategies to create value:

Executing the Basics Safe, low-cost operations provide us the foundation to grow and create value. We achieve improvements in both safety and productivity by targeting cost and productivity improvements that require little or no additional capital. Eight of our mines set new production records in 2005, and our Rawhide, Caballo and North Antelope Rochelle mines were the three most productive coal mines in the nation based on tons per worker hours according to U.S. Department of Labor Mine Safety & Health Administration data. In 2005, our emphasis on safe, low-cost operations resulted in a 33% improvement to our already-low accident rate. Our safety record has improved 48% in the past three years. We also use the same methods to achieve environmental excellence. In 2005, we were recognized with 11 awards, including five top awards from the U.S. Department of the Interior.

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Capitalizing on Organic Growth Opportunities We control the most proven and probable coal reserves of any private-sector coal company in the world, which enables low-cost development to serve growing customer demand. We have an industry-leading track record of being able to construct, develop and deliver on organic growth initiatives. Over the past five years, we have developed new and expanded capacity that is equivalent to two-thirds of U.S. coal industry growth.

Expanding into High Growth Global Markets The United States, China and India represent nearly 90% of the forecasted growth in the world s coal industry through 2030. We sell coal to customers in 15 countries on six continents. We also have opened an office in Beijing, increased import activities for South American coal into the United States, and recently entered the European trading markets.

Participating in New Generation and Btu Conversion Projects We are developing mine mouth electricity generating plants using our coal reserves. We have entered into several agreements to develop coal-to-liquids and coal-to-natural gas facilities. We have entered into a joint development agreement with Rentech to evaluate sites near our coal reserves for coal-to-liquids projects that would transform coal into diesel and jet fuel. We are exploring the development of a commercial-scale coal gasification project. The facility is expected to use technology from ConocoPhillips to transform coal into pipeline-quality synthetic natural gas.

Coal Market Outlook

We believe long-term coal market fundamentals are strong worldwide, as the U.S., China, India and other nations increase coal demand for electricity generation and steelmaking.

The U.S. economy grew at an annual rate of 3.5% in 2005 and an annual rate of 2.5% in the second quarter of 2006 as reported by the U.S. Commerce Department, and the CIA World Factbook reports that China s economy grew 9.9% in 2005. We expect that demand for coal and coal-based electricity generation in the United States will be driven by the growing economy, capacity constraints of nuclear generation and high prices of natural gas and oil. The Energy Information Administration (EIA) projects that the high price of oil will lead to an increase in demand for unconventional sources of transportation fuel, including coal-to-liquids, and that coal will begin to displace natural gas-fired generation of electricity, including the addition of coal-to-liquids plants.

Demand for Powder River Basin coal is increasing, particularly for our ultra-low sulfur products. The Powder River Basin represents more than half of our production. We control approximately 3.5 billion tons of proven and probable reserves in the Southern Powder River Basin and we sold 68.0 million tons of coal from this region in the first half of 2006, an increase of 11.9% over the comparable period in the prior year.

Global coal markets continue to grow, also driven by increased demand from growing economies. China s economy grew 10.9% in the second quarter of 2006 as reported by the National Bureau of Statistics of China. Metallurgical coal continues to sell at a significant premium to steam coal, and metallurgical markets remain strong as global steel production grew more than 10% through August 2006. We expect to capitalize on the strong global market for metallurgical coal primarily through production and sales of metallurgical coal from our Appalachia operations and our Australian operations. See Risk Factors for additional considerations regarding the coal market.

The Transactions

Excel Acquisition. On July 5, 2006, we announced that we signed a merger implementation agreement to acquire Excel Coal Limited (Excel), one of the largest independent coal companies in Australia. On September 20, 2006, we purchased 19.99% of the outstanding shares of Excel at a price of A$9.50 per share (US$7.16) (the Advance

Purchase). Under the terms of the merger implementation agreement, as amended on September 18, 2006, we will pay A$9.50 per share (US$7.16) in cash for the remaining outstanding shares of Excel, representing a total acquisition price, including the Advance Purchase, of approximately US$1.54 billion plus assumed debt of approximately US$193 million (net of cash) as of June 30, 2006. The acquisition of Excel (the Excel Acquisition) will be financed out of the net proceeds from this offering and borrowings under our senior unsecured credit facility.

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Excel s major assets include:

Wambo Open-Cut Mine This Hunter Valley operation produces a premium thermal coal and serves export customers from the Port of Newcastle. Wambo produced 3.5 million tons in 2005.

North Wambo Underground Mine This operation is under development and is expected to begin shipments in 2007, with production targeted to reach approximately 3 million tons per year over the next several years. The mine plans to produce thermal and semi-soft coking coal for shipment to customers through the Port of Newcastle.

Metropolitan Mine This longwall operation produced 1.6 million tons of hard and semi-hard coking coal in 2005. Metropolitan serves domestic and export steel producers, shipping from Port Kembla.

Wilpinjong Mine This new open-cut mine is expected to produce 5 million tons of thermal coal in 2007, and is scheduled to ramp up to more than 7 million tons per year within two years that will be shipped to export customers through the Port of Newcastle in addition to serving a domestic electricity generator.

Millennium Mine This open-cut mine is in the Bowen Basin near our existing metallurgical coal mines. Millennium is expected to begin shipments of its coking coal later this year, with 2007 production targeted at 2 million tons and targeting 3 million tons per year over the next several years. Millennium offers rail and port synergies with our existing operations.

Conarco Farm-In Agreement Through a farm-in agreement with the Conarco Group, Excel may earn up to a 75% interest by the staged spending of up to A$12 million (US$9 million) over the next several years in two areas that cover a combined 1.65 million acres in Queensland near existing coal mines and infrastructure.

Reserves Excel Coal controls more than 500 million tons of proven and probable metallurgical and thermal coal reserves, and substantial additional coal resources, in Queensland and New South Wales, Australia.

Our rationale for the Excel Acquisition is:

The Excel Acquisition is expected to triple our annual production capacity in the world s largest coal-exporting nation. Australia provides nearly one-third of the world s exports, serving primarily the fast-growth markets of Asia. The U.S. Energy Information Administration projects demand for Australian metallurgical and thermal coal products will grow 55% by 2030.

The combination of our Australian operations and Excel s assets creates a major new player in the Australian coal sector, with substantial market diversity, a broad portfolio of metallurgical and thermal coal products, both domestic and seaborne customers and the capacity to utilize multiple rail lines and ports.

We currently produce nine million tons per year of mostly metallurgical coal in Queensland. The Excel Acquisition provides us with extensive growth opportunities from existing operations, along with major metallurgical and thermal coal mines in the latter stages of development. Excel produced approximately 5.6 million tons of coal in 2005. These operations are expected to produce up to 15 million tons in 2007, and up to 20 million tons in 2008, from coal mines in New South Wales and Queensland. The Excel Acquisition also provides substantial synergies in the areas of sales and trading, and reserve holdings in Queensland near our existing operations. Excel has more than 500 million tons of metallurgical and thermal coal reserves.

The Excel Acquisition will expand our existing Queensland base. In the past five years, we purchased the Wilkie Creek thermal coal mine, acquired the Burton and North Goonyella metallurgical coal mines, developed the Eaglefield metallurgical mine, and developed the Baralaba thermal and PCI mine. It also marks a return to New South Wales, where we have significant experience and prior success.

The Excel Acquisition was approved by Excel shareholders on October 4, 2006. The Excel Acquisition remains subject to the satisfaction or waiver of certain closing conditions including approvals by an Australian court, the absence of a material adverse change with respect to Excel and other conditions. Excel s directors have agreed not to solicit alternative proposals or competing transactions and not to respond to unsolicited approaches,

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subject to certain limited exceptions to permit the board of directors to comply with its fiduciary duties. However, we cannot assure you that a competing bid will not be made for Excel. If such a bid is made, it may be higher than ours. While we expect to consummate the Excel Acquisition pursuant to the merger implementation agreement, circumstances may arise that cause us to decide to pursue the Excel Acquisition by means of a takeover offer or by other lawful means under the laws of Australia. We expect the closing to occur in October of 2006.

New Senior Unsecured Credit Facility. To accommodate our increased working capital needs, and to partially finance the Excel Acquisition, on September 15, 2006 we amended and restated our existing $1.35 billion senior secured credit facilities. The Company s amended and restated credit facility is unsecured and provides borrowing capacity of $2.75 billion, consisting of a $1.8 billion revolving credit facility and a $950.0 million term loan facility. The term loan facility consists of a $440.0 million tranche, which was drawn at closing to replace the existing term loan facility, and up to a $510.0 million delayed draw term loan sub-facility available, subject to the satisfaction of certain conditions, to fund the Excel Acquisition. For a more detailed discussion of the senior unsecured credit facility, see Description of Other Indebtedness.

We may, subsequent to this offering, undertake permanent financing to pay down a portion of our senior unsecured credit facility.

As used in this prospectus supplement, the term Transactions means, collectively, the Excel Acquisition, this offering and the related financings described above.

Sources and Uses of Funds

The estimated sources and uses of funds for the Transactions (assuming the Transactions had closed on June 30, 2006) are shown on the table below. Actual amounts will vary from estimated amounts depending on several factors.

Sources			**Uses**		
		(dollars in thousands)			
Senior unsecured credit facility:					
Term loan	$	440,000	Refinance existing term loan	$	437,500
Delayed draw term loan sub-facility		510,000	Advance purchase price(3)		307,692
Revolving credit facility(1)		369,614	Remaining purchase price(4)		1,232,188
2026 Senior notes offered hereby(2)		250,000	Existing Excel debt(5)		193,234
2016 Senior notes offered hereby(2)		650,000	Estimated fees and expenses		49,000
Total sources	$	2,219,614	Total uses	$	2,219,614

(1) The revolving credit facility provides for borrowings of up to $1.8 billion.
(2) Any proceeds remaining after the financing of the Excel Acquisition will be used for general corporate purposes.
(3) Reflects the amount of cash paid to fund the Advance Purchase.
(4) Reflects the amount of total cash consideration to be paid to holders of outstanding shares of Excel s common stock (excluding Peabody holdings). As of September 18, 2006, there were approximately 172.0 million Excel shares outstanding after giving effect to the Advance Purchase.
(5) Part of the proceeds from the financing sources described above may be used to repay all or a portion of the assumed Excel debt, which was $193.2 million (net of cash) as of June 30, 2006. As of September 29, 2006, Excel had long-term debt of $274.4 million and short-term debt of $41.1 million. We expect to refinance the

incremental debt with borrowings under our revolving credit facility.

Recent Developments

On September 6, 2006, we announced that we were experiencing equipment problems at the Twentymile Mine in Colorado, where a new longwall system that was installed in May 2006 has failed to operate consistently due to manufacturer s issues, and the early closing of a third-party coal supplier in Appalachia, which was expected to produce coal through the first half of 2007. We are taking measures to mitigate these problems. See Risk Factors for additional considerations.

During the third quarter of 2006, we repurchased approximately $88.3 million of shares of our common stock, bringing the total repurchases to $100.0 million under our authorized program to repurchase up to 5% of our shares of common stock from time to time.

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THE OFFERING

Issuer	Peabody Energy Corporation (the Company)
Notes Offered	$900,000,000 in aggregate principal amount of notes, consisting of: $650,000,000 in aggregate principal amount of 7.375% Senior Notes due 2016 (the 2016 notes); and $250,000,000 in aggregate principal amount of 7.875% Senior Notes due 2026 (the 2026 notes).
Maturity	The 2016 notes will mature on November 1, 2016. The 2026 notes will mature on November 1, 2026.
Interest Payment Dates	May 1 and November 1 of each year, commencing on May 1, 2007.
Guarantees	Subject to certain exceptions, our obligations under the notes will be jointly and severally guaranteed on a senior unsecured basis by all our existing domestic subsidiaries. In addition, any domestic subsidiary that executes a guarantee under our senior unsecured credit facility will be required to guarantee the notes. See Description of the Notes Subsidiary Guarantees. For the year ended December 31, 2005, on a pro forma basis after giving effect to the Transactions (as defined below), the entities that will guarantee the notes as of the issue date would have generated approximately 73.0% and 65.3% of our revenues and Adjusted EBITDA, respectively, and our non-guarantor subsidiaries would have generated approximately 27.0% and 34.7% of our revenues and Adjusted EBITDA, respectively.
Rankings	The notes and subsidiary guarantees are senior obligations of ours and our subsidiary guarantors. Accordingly, they will rank: senior in right of payment to any of our subordinated indebtedness, including $60 million principal amount of our 5.0% Subordinated Notes due 2007; *pari passu* in right of payment with any of our senior indebtedness, including $650 million principal amount of our 67/8% Senior Notes due 2013, $231.8 million principal amount of our 57/8% Senior Notes due 2016 and borrowings under our senior unsecured credit facility; effectively junior in right of payment to our existing and future secured indebtedness, to the extent of the value of the collateral securing that indebtedness; and

effectively junior to all the indebtedness and other liabilities of our subsidiaries that do not guarantee the notes.

As of June 30, 2006, on a pro forma basis after giving effect to the Transactions (as defined below), we would have had approximately $3,163 million of indebtedness outstanding on a consolidated basis (including the notes) and our non-guarantor subsidiaries would have had $273.6 million of indebtedness and other liabilities.

Optional Redemption	We may redeem some or all of the notes at any time at a redemption price equal to 100% of the principal amount of the notes being redeemed plus a make-whole premium and accrued and unpaid interest,

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	to the redemption date. See Description of the Notes Optional Redemption.
Change of Control	If we experience specific kinds of changes in control and the credit rating assigned to the notes declines below specified levels within 90 days of that time, we must offer to repurchase the notes at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption.
Covenants	We will issue the notes under an indenture among us, the guarantors and the trustee. The indenture will (among other things) limit our ability and that of our restricted subsidiaries to: create liens; and enter into sale and lease-back transactions. Each of the covenants is subject to a number of important exceptions and qualifications. See Description of the Notes Certain Covenants.
Use of Proceeds	We intend to use the net proceeds of the offering, together with the proceeds of other sources of financing, to consummate the Excel Acquisition, with any remaining proceeds being used for general corporate purposes.
Escrow of Proceeds; Special Mandatory Redemption	Unless the Australian court has approved the scheme of arrangement prior to the closing of this offering, we will deposit with an escrow agent funds in an amount equal to the gross proceeds of the offering of the notes plus accrued and unpaid interest to, but excluding, the latest possible special mandatory redemption date. In order to cause the escrow agent to release the escrowed property, we must provide to the escrow agent on or before January 31, 2007 a certificate relating to the expected consummation, in whole or in part, of the Excel Acquisition and certain other matters. If we have not provided the certificate described above to the escrow agent by January 31, 2007, then we will, on a day not more than 10 business days thereafter, redeem all of the notes at a price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest on the notes to, but excluding, the redemption date. See Description of the Notes Escrow of Proceeds; Special Mandatory Redemption.

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SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

We have derived the summary historical financial data for our company for the years ended and as of December 31, 2003, 2004 and 2005 from our audited financial statements. We have derived the summary historical financial data for our company for the six months ended and as of June 30, 2005 and 2006 from our unaudited interim financial statements. In the opinion of management, the unaudited interim financial statements include all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of this information. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the entire year. You should read the following table in conjunction with the financial statements, the related notes to those financial statements, and Management s Discussion and Analysis of Financial Condition and Results of Operations, which are incorporated by reference in this prospectus supplement.

On April 15, 2004, we acquired three coal operations from RAG Coal International AG. Our results of operations for the year ended December 31, 2004 include the results of operations of the two mines in Queensland, Australia and the results of operations for the Twentymile Mine in Colorado from the April 15, 2004 purchase date. The acquisition was accounted for as a purchase.

Results of operations for the year ended December 31, 2003 include early debt extinguishment costs of $53.5 million pursuant to our debt refinancing in the first half of 2003. In addition, results included expense relating to the cumulative effect of accounting changes, net of income taxes, of $10.1 million. This amount represents the aggregate amount of the recognition of accounting changes pursuant to the adoption of Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations, the change in method of amortization of actuarial gains and losses related to net periodic postretirement benefit costs and the effect of the rescission of Emerging Issues Task Force Issue No. 98-10, Accounting for Contracts Involved in Energy Trading and Risk Management Activities. These accounting changes are further discussed in Note 7 to our financial statements, which are incorporated by reference into this prospectus supplement.

In anticipation of the sale of Citizens Power, which occurred in August 2000, we classified Citizens Power as a discontinued operation as of March 31, 2000. Results in 2004 include a $2.8 million loss, net of taxes, from discontinued operations related to the settlement of a Citizens Power indemnification claim. Citizens Power is presented as a discontinued operation for all periods presented.

The summary unaudited pro forma combined financial data give effect to the Transactions. The unaudited pro forma combined balance sheet as of June 30, 2006 is presented as if the Transactions had occurred on that date. The unaudited pro forma combined statement of operations for the year ended December 31, 2005, the six months ended June 30, 2005 and the six months ended June 30, 2006 is presented as if the Transactions had occurred on January 1, 2005. The pro forma financial data are for informational purposes only and are not necessarily indicative of the financial position that would have been obtained or the results of operations that would have occurred if the acquisition and the related financings had been consummated on the dates indicated, nor are they necessarily indicative of the financial position or results of operations in the future. The following data should be read in conjunction with (i) the unaudited pro forma financial information, (ii) our historical audited financial statements and Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2005, (iii) our historical unaudited financial statements and Management s Discussion and Analysis of Financial Condition and Results of Operations in our Quarterly Reports on Form 10-Q for the six months ended June 30, 2006 and 2005, and (iv) the historical audited financial statements of Excel, each of which is incorporated by reference in this prospectus supplement.

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	(Audited)					(Unaudited)		
	Year Ended December 31, 2003	Year Ended December 31, 2004	Year Ended December 31, 2005	Six Months Ended June 30, 2005	Six Months Ended June 30, 2006	Pro forma Year Ended December 31, 2005	Pro forma Six Months Ended June 30, 2005	Pro form Six Mont Ended June 30 2006
	(dollars in thousands)							
ults of erations a:								
enues:								
s	$ 2,729,323	$ 3,545,027	$ 4,545,323	$ 2,152,338	$ 2,582,564	$ 4,871,531	$ 2,296,342	$ 2,783,7
er revenues	85,973	86,555	99,130	33,928	45,634	101,260	34,398	48,1