

ST. LOUIS, Jan. 4, 2016 /PRNewswire/ -- Peabody Energy (NYSE: BTU) announced today that it has amended elements of its 2013 agreement with the United Mine Workers of America (UMWA) to resolve outstanding Patriot retiree healthcare benefit issues. This agreement improves Peabody's expected 2017 cash flows by \$70 million.

Since 2013, Peabody has contributed \$165 million in healthcare funds to a Voluntary Employees' Beneficiary Association (VEBA) as part of a three-party agreement involving the UMWA and Patriot Coal. While Peabody has met its obligations under this agreement, Patriot breached the agreement, which left unclear Peabody's ongoing funding requirements to the VEBA.

Peabody has agreed to pay a total of \$75 million to the VEBA in equal monthly installments beginning on Jan. 4, 2016, subject to court approval. The remaining installments will be made at the start of each successive month with Peabody's obligations to the VEBA to end by October 2016. Such payments would terminate early if VEBA participants can begin to receive an alternative form of healthcare benefits from new legislation. Peabody's payments for retiree healthcare under the Coal Act remain unchanged.

The market conditions occurring in the coal industry are unprecedented and have created hardship for stakeholders at all levels. The company is pleased to have reached this new agreement to resolve uncertainty for UMWA participants related to Patriot.

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