

ST. LOUIS, Jan. 21, 2016 /PRNewswire/ -- Peabody Energy (NYSE: BTU) announced today that it has entered into a definitive agreement to sell the subsidiary holding its 5.06 percent share of the Prairie State Energy Campus to the Wabash Valley Power Association for \$57 million, subject to certain customary closing adjustments.

The definitive agreement was entered into following a competitive bidding process Peabody launched in the fourth quarter of 2015 as part of the company's emphasis on portfolio optimization and sale of non-core assets.

Prairie State is a 1,600 megawatt coal-fueled electricity generation plant and adjacent coal mine in Washington, St. Clair and Randolph counties in Illinois, which commenced operations in 2012. It is one of the cleanest coal-fueled plants in the nation and the lowest-cost coal plant in one of the world's largest energy and operating reserve markets.

Closing on the transaction is anticipated to occur before the end of the second quarter of 2016, subject to certain governmental and regulatory approvals, expiration of purchase rights and other customary conditions. Peabody expects to use transaction proceeds for general corporate purposes and/or deleveraging activities, and expects to record a modest gain related to the sale.

The sale is the latest in a series of actions to reshape Peabody's portfolio and increase proceeds through sales of non-core assets. The planned sale of the Prairie State interest, along with other recently announced or enacted transactions, would bring total proceeds from asset sales to nearly \$500 million since the beginning of the second quarter of 2015.

In the fourth quarter, Peabody entered into a definitive agreement to sell its New Mexico and Colorado assets for \$358 million in cash. The transaction would bring forward multiple years of cash flows and release the company of approximately \$105 million of liabilities. The sale recently received Hart-Scott-Rodino regulatory approval, the purchaser is currently arranging for financing, and closing is expected within the first quarter.

The company's planned completion of the sale of the Wilkie Creek Mine and other associated assets in Queensland's Surat Basin has been delayed and remains highly dependent on successful financing by the proposed purchaser.

During the last three quarters of 2015, the company realized cash proceeds of nearly \$70 million related to its ongoing resource management activities through the sale of surplus land and coal reserves.

Peabody continues to evaluate its portfolio to target the best market base, with a filter that includes strategic fit, value consideration, growth and cash requirements as the company turns greater focus on its core mining assets in the Powder River Basin, Illinois Basin and Australia.

Peabody Energy is the world's largest private-sector coal company and a global leader in sustainable mining, energy access and clean coal solutions. The company serves metallurgical and thermal coal customers in more than 25 countries on six continents. For further information, visit PeabodyEnergy.com and AdvancedEnergyForLife.com.

Certain statements in this press release are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. The company uses words such as "anticipate," "believe," "expect," "may," "forecast," "project," "should," "estimate," "plan," "outlook," "target," "likely," "will," "to be" or other similar words to identify forward-looking statements. 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 Jan. 21, 2016. 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: supply and demand for the company's coal products; price volatility and customer procurement practices, particularly in international seaborne products and in the company's trading and brokerage businesses; impact of alternative energy sources, including, but not limited to, natural gas and renewables; global steel demand and the downstream impact on metallurgical coal prices; the ability to successfully complete the sale of the company's New Mexico and Colorado coal assets to Bowie; the ability to successfully complete asset sales of other assets; impact of weather and natural disasters on demand, production and transportation; reductions and/or deferrals of purchases by major customers and the company's ability to renew sales contracts; credit and performance risks associated with customers, suppliers, contract miners, co-shippers, and trading, banks and other financial counterparties; geologic, equipment, permitting, site access, operational risks and new technologies 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; impact of take-or-pay agreements for rail and port commitments for the delivery of coal; successful implementation of business strategies, including, without limitation, the actions we are implementing to improve our organization and respond to current market conditions; negotiation of labor contracts, employee relations and workforce availability; changes in postretirement benefit and pension obligations and their related funding requirements; replacement and development of coal reserves; adequate liquidity to operate the business; the cost, availability and access to capital and financial markets; ability to appropriately secure the company's obligations for reclamation, federal and state workers' compensation, federal coal leases and other obligations related to our operations, including our ability to remain eligible for self-bonding and/or successfully access the commercial surety market; impacts of the degree to which we are leveraged and our ability to comply with financial and other restrictive covenants in our credit agreement; 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 the company has operations or serves customers; legislation, regulations and

court decisions or other government actions, including, but not limited to, new environmental and mine safety requirements, changes in income tax regulations, sales-related royalties, or other regulatory taxes and changes in derivative laws and regulations; litigation, including, but not limited to, claims not yet assets; any additional liabilities or obligations that we may have as a result of the Patriot Coal bankruptcy, including, without limitation, as a result of litigation filed by third parties in relation to that bankruptcy; terrorist attacks or security threats, including, but not limited to, cybersecurity threats; impacts of pandemic illnesses; and other risks detailed in the company's reports filed with the Securities and Exchange Commission.

CONTACT:

Beth Sutton
(928) 699-8243

Logo - <http://photos.prnewswire.com/prnh/20120724/CG44353LOGO>

To view the original version on PR Newswire,

visit:<http://www.prnewswire.com/news-releases/peabody-energy-announces-agreement-to-sell-interest-in-prairie-state-energy-camp>

SOURCE Peabody Energy