



News Release



CONTACT:

U.S. / International
Beth Sutton
+1 (314) 342-4351

Australia
Michelle Constantine
+61 7 3333 5670

FOR IMMEDIATE RELEASE

April 13, 2016

AMID PROLONGED INDUSTRY DOWNTURN, PEABODY ENERGY TAKES MAJOR STEP TO STRENGTHEN LIQUIDITY AND REDUCE DEBT THROUGH CHAPTER 11 PROTECTION

- **Peabody Energy Corporation and majority of U.S. entities file for voluntary Chapter 11 protection**
- **Operations expected to continue in ordinary course of business; Australian platform not part of filing**
- **Action targeted toward significant debt reduction and improvement in fixed charges**
- **Comprehensive approach intended to reposition company for long term success**
- **Secured/unsecured lender group led by Citigroup to provide \$800 million in debtor-in-possession financing**

ST. LOUIS, April 13 – Taking a major step to strengthen liquidity and reduce debt amid an unprecedented industry downturn, Peabody Energy Corporation (NYSE: BTU) today voluntarily filed petitions under Chapter 11 for the majority of its U.S. entities in the United States Bankruptcy Court for the Eastern District of Missouri.¹ Through this process, the company intends to reduce its overall debt level, lower fixed charges, improve operating cash flow and position the company for long-term success, while continuing to operate under the protection of the court process.

All of the company's mines and offices are continuing to operate in the ordinary course of business and are expected to continue doing so for the duration of the process. No Australian entities are included in the filings, and Australian operations are continuing as usual.

"This was a difficult decision, but it is the right path forward for Peabody. We begin today to build a highly successful global leader for tomorrow," said Peabody President and Chief Executive Officer Glenn Kellow. "Through today's action, we will seek an in-court solution to Peabody's substantial debt burden amid a historically challenged industry backdrop. This

¹Including the following international entity: Peabody Holdings (Gibraltar) LTD.

process enables us to strengthen liquidity and reduce debt, build upon the significant operational achievements we've made in recent years and lay the foundation for long-term stability and success in the future."

In connection with the process, Peabody has obtained \$800 million in debtor-in-possession financing facilities, which were arranged by Citigroup and include participation of a number of the company's secured lenders and unsecured noteholders. The facilities include a \$500 million term loan, a \$200 million bonding accommodation facility and a cash collateralized \$100 million letter of credit facility, and are subject to court approval as well as limitations as set out in the company's filings. In addition to the company's existing cash position, Peabody believes that it has sufficient liquidity to operate its business worldwide post-petition and to continue the flow of goods and services to its customers in the ordinary course.

Peabody also announced today that the planned sale of the company's New Mexico and Colorado assets was terminated after the buyer was unable to complete the transaction.

The factors affecting the global coal industry in recent years have been unprecedented. Industry pressures in recent years include a dramatic drop in the price of metallurgical coal, weakness in the Chinese economy, overproduction of domestic shale gas and ongoing regulatory challenges.

Still, multiple third-party estimates project that both the U.S. and global coal demand will stabilize. U.S. gas prices are projected to rebound from recent lows. Globally, thermal coal is expected to continue to fuel hundreds of existing coal generating plants as well as scores more that are under construction. Coal currently fuels approximately 40 percent of global electricity and is expected to be an essential source of global electricity generation and steel making for many decades to come.

"A company like Peabody with safe, efficient operations will be well positioned to serve coal demand that will continue in the United States and around the world," said Kellow. "We are a leading producer and reserve holder in our core regions of the Powder River Basin, Illinois Basin and Australia. Peabody has a new management team, outstanding workforce, unmatched asset base and strong underlying operational performance that represent a key driver in the company's future success."

In 2015, all of Peabody's U.S. operations were cash-flow positive, the Australian platform earned more than the prior year despite lower prices for coal and the company's administrative expenses and capital investments were at the lowest levels in nearly a decade.

Kellow noted that, throughout this process, the company will continue to be guided by its mission and values that include safety, customer focus, leadership, people, excellence, integrity and sustainability. The company also continues to take aggressive steps to improve the business with actions consistent with its core priorities in the operational, financial and portfolio areas.



Energizing the World... One BTU at a Time.

[Home](#)[About Us](#)[Operations](#)[Corporate Responsibility](#)[Investors](#)[Newsroom](#)[About Coal](#)[Ch. 11 Protection](#)

Chapter 11 Protection

[Claims Agent Site](#)[Press Releases](#)[First Day Declaration](#)[Media Center](#)

Peabody Energy Chapter 11 Protection Information

 [Call Center Information](#)

In a major step to strengthen its liquidity and reduce debt amid an unprecedented industry downturn, Peabody Energy voluntarily filed petitions under Chapter 11 for the majority of its U.S. entities in the United States Bankruptcy Court for the Eastern District of Missouri¹ on April 13, 2016.

Through this process, the company intends to reduce its overall debt level, lower fixed charges, improve operating cash flow and position the company for long-term success, while continuing to operate under the protection of the court process.

All of the company's mines and offices are continuing to operate in the ordinary course of business and are expected to continue doing so for the duration of the process. No Australian entities are included in the filings, and Australian operations are continuing as usual.

As required under New York Stock Exchange regulations, trading in shares of the company stock on the NYSE has been suspended.

Throughout this process, Peabody will continue to be guided by our mission and values that include safety, customer focus, leadership, people, excellence, integrity and sustainability. This process does not change Peabody's approach toward best practices in mining and its focus on sustainability to create high-quality land restoration for generations that follow.

1. Including the following international entity: Peabody Holdings (Gibraltar) LTD.

[Employees](#)[Customers](#)[Vendors](#)[Retirees](#)[Investors](#)[Community](#)[Media](#)

Peabody is committed to communicating with stakeholders during this process and has established a call center for questions:

[U.S. Call Center](#)[Australia Call Center](#)[Claims Agent](#)

1300 386 742