Statement on Forward-Looking Information

Some of the following information contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended, and is intended to come within the safe-harbor protection provided by those sections. Our 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. 6, 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 supply and 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; global steel demand and the downstream impact on metallurgical coal prices; 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, contract miners, co-shippers, and 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 Macarthur Coal Limited (PEA-PCI) operations; successful implementation of business strategies; negotiation of labor contracts, employee relations and workforce availability; changes in postretirement benefit and pension obligations and their funding requirements; replacement and development of coal reserves; availability, access to and the related cost of capital and financial markets; 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, but not limited to, new environmental and mine safety requirements and changes in income tax regulations, sales-related royalties 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). The use of “Peabody,” “the company,” and “our” relate to Peabody, its subsidiaries and majority-owned affiliates.

Adjusted EBITDA is defined as income from continuing operations before deducting net interest expense, income taxes, asset retirement obligation expense, depreciation, depletion and amortization and amortization of basis difference associated with equity method investments. Adjusted EBITDA, which is not calculated identically by all companies, is not a substitute for operating income, net income or cash flow as determined in accordance with United States generally accepted accounting principles. Management uses Adjusted EBITDA as a key measure of operating performance and also believes it is a useful indicator of the company’s ability to meet debt service and capital expenditure requirements.

Adjusted Income from Continuing Operations and Adjusted Diluted EPS are defined as income from continuing operations and diluted earnings per share excluding the impact of the remeasurement of foreign income tax accounts. Management has included these measures because, in management’s opinion, excluding such impact is a better indicator of the company’s ongoing effective tax rate and diluted earnings per share, and is therefore more useful in comparing the company’s results with prior and future periods.
Peabody Positioned for Success in Challenging Market Conditions

- Peabody’s long-term coal market view remains favorable
  - Strong growth for global met and thermal coal
  - Solid growth for PRB and Illinois Basin regions
- Near-term view is cautious given decline in global commodity demand and pricing caused by recession in Europe, sluggish U.S. growth and eased expansion in China
- We are responding to macro conditions by further reducing capital spending, deferring early-stage expansion projects, reducing growth volumes and continuing to aggressively manage costs
Peabody Responding to Near-Term Market Conditions

- Completing late-stage development projects
  - Deferring future growth projects until economy strengthens

- Reducing 2012 capital to $1.0 billion – $1.1 billion
  - Capex midpoint $250 million below original 2012 target
  - Expect 2013 capital at or below 2012 levels

- Slowing pace of Australia volume growth

- Closing Air Quality Mine in Indiana due to market conditions

- Aggressively managing cost structure

- Focusing on optimizing cash flows and reducing debt
Global Seaborne Demand Increasing, Multiple Countries Growing Imports

**China Net Coal Imports**

- **2011 YTD**
  - Met: 0
  - Thermal: 100

- **2012 YTD**
  - Met: 80
  - Thermal: 120

**India Coal Imports**

- **2011 YTD**
  - Met: 50
  - Thermal: 40

- **2012 YTD**
  - Met: 50
  - Thermal: 40

**Europe Coal Imports**

- **2011 YTD**
  - Met: 0
  - Thermal: 120

- **2012 YTD**
  - Met: 0
  - Thermal: 120

**Source:** Peabody Global Analytics, China customs data, India Coal Market Watch, McCloskey.

China net imports through July YTD; India imports through July YTD; Europe imports represent UK, Germany, Spain, France and Turkey through May YTD.
Seaborne thermal prices improving on global supply reduction

- Indonesia supply started year strong without rainy season; Multiple recent producer cutbacks have reduced exports
- Additional supply cutbacks in U.S., Australia and China

Source: Peabody Global Analytics, ICAP, IDT-Shipping. Prices as of 8/29/12.
Annual World Coal Demand Expected to Grow ~1.3 Billion Tonnes in Five Years

- New coal-fueled generation of 390+ GW expected by 2016
- Steel production expected to grow 20%, requiring additional 200 MTPY of metallurgical coal
- More than 85% of global demand growth in China/India
- Seaborne demand expected to grow at 8% CAGR

Source: Peabody Global Analytics.
China, India and Brazil Have Large Upside to Steel Intensity Potential

- Emerging countries driving met coal demand through greater urbanization and higher steel consumption
- Significant steel increases required to reach levels of developed Asia economies
- Stable stage intensity may take 20 – 40 years to reach
- Greater imports required to meet met coal needs

Source: Peabody Global Analytics.
China Demand Expected to Grow
~1.0 Billion Tonnes by 2016

Imports Expected to Double From 2011 to 2016

- 240 GW of coal-fueled generation expected to come on line by 2016
  - Much of buildout occurring in coastal areas
  - Represents >800 MTPY of thermal coal use over time
- China NDRC seeks coking coal production limits for “special and scarce” resource
- China reducing domestic production; continuing to close small inefficient mines

Source: Peabody Global Analytics, China National Bureau of Statistics. 2008, 2009 imports exclude ‘other lignite’ product, now reported in total import figures. Projections assume 7.5% China GDP growth, as outlined in 12th Five-Year Plan.
India Likely to be World’s Fastest Growing Coal Importer

- 70 GW of new coal generation expected to start over five years
  - Requires additional ~250 MTPY of thermal coal use over time
- Thermal demand expected to outpace production by >150 MTPY within five years
  - Coal India ordered to increase coal imports to meet shortfalls
- Blackouts highlight need for increased coal imports and improved power grid
- Multiple new port projects under way to enable increased imports

Source: Peabody Global Analytics and other industry sources.
Global Seaborne Supply: Australia and Indonesia Expected to Lead Growth

2011 Total Exports

<table>
<thead>
<tr>
<th>Country</th>
<th>Metallurgical</th>
<th>Thermal</th>
<th>Total 2011 Exports: 1,040 Million Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>319</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>281</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>93</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>88</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colombia</td>
<td>77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mongolia</td>
<td>24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>44</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2011-2016 Growth

<table>
<thead>
<tr>
<th>Country</th>
<th>2011-2016 Growth</th>
<th>2016 Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>130 – 160</td>
<td>450 – 480</td>
</tr>
<tr>
<td>Australia</td>
<td>140 – 160</td>
<td>420 – 440</td>
</tr>
<tr>
<td>U.S.</td>
<td>30 – 50</td>
<td>120 – 140</td>
</tr>
<tr>
<td>Russia</td>
<td>15 – 25</td>
<td>105 – 115</td>
</tr>
<tr>
<td>Colombia</td>
<td>35 – 45</td>
<td>110 – 120</td>
</tr>
<tr>
<td>South Africa</td>
<td>10 – 15</td>
<td>75 – 80</td>
</tr>
<tr>
<td>Canada</td>
<td>0 – 5</td>
<td>35 – 40</td>
</tr>
<tr>
<td>Mongolia</td>
<td>35 – 50</td>
<td>60 – 75</td>
</tr>
<tr>
<td>China</td>
<td>(15 – 5)</td>
<td>0 – 10</td>
</tr>
<tr>
<td>Other</td>
<td>5 – 10</td>
<td>50 – 55</td>
</tr>
</tbody>
</table>

Total 2011 Exports: 1,040 Million Tonnes

Source: Peabody Global Analytics; McCloskey and Wood Mackenzie.
Data shown in million tonnes. Excludes land-based exports, except Mongolia.
Australia Coal: Multiple Advantages Over Other Regions

- Supplies 60% of world’s seaborne metallurgical coal
- Major competitive advantage with mines close to port; Ports close to high-growth markets
- Largest exporter of high-CV thermal coal
- Peabody’s Australian margins greater than average U.S. peer margins
- Australian coal assets earn valuations significantly higher than U.S. counterparts
U.S. Markets: Rising Gas Prices and Strong Burn Driving Recovery

- Natural gas price outlook favorable for PRB and ILB
- U.S. summer stockpile decline greater than average
  - Coal inventories lowest for PRB generators
- Expect rebound in 2013 coal use

Source: Pricing per Bloomberg, CME Group; prices quoted as of 8/29/12. Inventory data per EIA, Peabody Global Analytics.
U.S. Coal Plant Retirements Largely Offset by New Plants, Capacity Utilization

GW of Coal Capacity & Related Coal Burn
Expected to Retire 2011 – 2016

Majority of 40 GW of Expected Retirements in Eastern U.S.

Source: Peabody Global Analytics and Ventyx.
Significant Demand Shift Toward PRB and Illinois Basin

PRB advantage
- Low end of cost curve
- Primary source for new plants
- Benefits from basin switching
- Asian export potential

Illinois Basin advantage
- Major source for new plants
- Benefits from new scrubbers and basin switching
- Transport advantage to Gulf

CAPP
- Challenged to compete with natural gas generation and PRB/Illinois Basin

Source: Peabody Global Analytics and industry reports.
Coal: The World’s Fastest Growing Major Fuel

**Largest Share of Global Energy Since 1969**

- **Coal**: 56%
- **Hydro**: 35%
- **Natural Gas**: 31%
- **Oil**: 13%
- **Nuclear**: 0%


**Coal Expected to Pass Oil by 2035**
Peabody’s Global Platform
Peabody’s Global Platform Provides Growth and Earnings Diversification

World’s Only Global Pure-Play Coal Investment

International Offices
- Brisbane
- Newcastle
- London
- Ulaanbaatar
- Essen
- New Delhi
- Beijing
- Urumqi
- Singapore
- Jakarta
- Balikpapan

Mining Operations

<table>
<thead>
<tr>
<th>Position</th>
<th>Sales (in millions of tons)</th>
<th>Reserves (in billions of tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>S. PRB</td>
<td>#1</td>
<td>148</td>
</tr>
<tr>
<td>Midwest</td>
<td>#1</td>
<td>30</td>
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<tr>
<td>Southwest</td>
<td>#1</td>
<td>18</td>
</tr>
<tr>
<td>Colorado</td>
<td>#1</td>
<td>8</td>
</tr>
<tr>
<td>Australia</td>
<td>#5</td>
<td>25</td>
</tr>
</tbody>
</table>

Mining position and sales based on 2011 reported sales volumes in millions of tons. Reserves based on 2011 10-K filing in billions of tons.
Peabody Delivering Strong Results Amid Market Challenges

- Rising U.S. Adjusted EBITDA YTD and increasing Australia volumes
- Operating cash flows increase 10% YTD to $676 million
- Q3 Adjusted EBITDA targets of $350 – $450 million
- Targeting 2012 volumes of:
  - 185 – 195 million tons from U.S.
  - 31 – 34 million tons from Australia
  - 230 – 250 million tons in total

YTD values as of June 30, 2012.
Peabody Consistently Delivers Superior Margins

Peabody’s Gross Margins Average Nearly 30% Above NYSE Peers

- Leading producer in low-cost regions in the U.S. with high-margin operations in Australia
- Global expansion drives earnings diversification

Peabody Australia results include impact of PEA-PCI since acquisition. U.S. peers include ACI, ANR, CNX, CLD, PCX, WLT, ICO, and MEE in years of operation. YTD 2012 results shown through June 30, 2012.

Peabody Mining Operations

Gross Margins

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Margins</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>33%</td>
</tr>
<tr>
<td>2011</td>
<td>32%</td>
</tr>
<tr>
<td>YTD 2012</td>
<td>29%</td>
</tr>
</tbody>
</table>

Peabody Peer Average

Gross Margins

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Margins</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>25%</td>
</tr>
<tr>
<td>2011</td>
<td>25%</td>
</tr>
<tr>
<td>YTD 2012</td>
<td>23%</td>
</tr>
</tbody>
</table>
Peabody U.S. Platform: Continued Focus on Success at Low End of Cost Curve

- Current-year U.S. position fully priced since late 2011
  - 70% – 75% priced for 2013 based on 2012 production levels
- Continued operational focus on cost containment: reducing overtime, use of contractors, discretionary spending
- Closure of Air Quality Mine in Q3 2012
  - 1.2 MTPY of sales; among Peabody’s highest-cost U.S. mines
- Lowering 2013 capital for Twentymile Sage Creek and Gateway North extensions while matching new volumes with current production profile

Unpriced position as of June 30, 2012. Air Quality sales based on 2011 reported sales volumes.
U.S. Exports Bright Spot for Market and Peabody Growth

- Peabody exporting PRB, Illinois Basin and Colorado coals through Canada, Gulf and East coasts
  - Targeting 10 million tons of 2012 exports following ~6 million tons in 2011
- 38% ownership of DTA Terminal on East Coast
- Secured long-term capacity with Kinder Morgan for coal exports through Gulf
- Advancing West Coast export capacity through Cherry Point project

*Projected U.S. Industry Exports*

West Coast includes land and seaborne exports.
Sources: National Mining Association, Energy Information Administration and Peabody Global Analytics.
Peabody’s Australia Platform Expanding to Meet Rising Asian Market Demand

Peabody Now Targeting 40 Million Tons by 2015

Middlemount attributable ownership tonnages included in 2015 targets.
Conversion to Owner Operator on Target at Millennium and Wilpinjong Mines

Moving Additional ~40% of Australia Production to Owner Operator

- 15% – 20% gross cost improvement overcomes other cost pressures
- Increased control over mining
- Sharing best practices from other Peabody operations
- ~75% of Australian production to be owner operated upon transition in April 2013
- Flexibility to lease some equipment needs to reduce capital outlay
- Evaluation under way for other operations
Peabody Advancing Late-Stage Projects to Completion

- Wilpinjong expansion completed on time and on budget
  - Expanded BTU’s lowest-cost Australia thermal mine capacity by 30% to ~13 MTPY
- Millennium expansion near completion
  - Doubling mine capacity to ~3 – 4 MTPY
  - Includes SHCC/PCI and adding HCC to mine mix
- Burton widening/extension nearing completion
  - Moving to new HCC mining area in Q3
  - Extends mine life and expands production
- North Goonyella longwall top coal caving technology to add HQHCC volumes
- Eaglefield co-development extending mine life, HQHCC production
- Middlemount permit received for eventual increase to 4 MTPY (100% basis)
Re-Evaluating Future Project Portfolio to Match Market Demand

- Metropolitan modernization under way; expansion targeted for 2014 – 15 at higher volumes
- Codrilla Mine development deferred
  - Mine to add 2 – 3 MTPY (attributable ownership) to LV PCI platform
  - Undergoing drilling and added value engineering
- Wambo Open-Cut expansion now outside of planning horizon
Acquisition Integration Remains on Track

- Upgrading operations to Peabody standards
  - Increasing equipment utilization, efficiencies and prep plant yields
  - Significant improvement in monthly overburden removal rates at Coppabella, Moorvale

- Synergies on track: marketing, blending, logistics, operating, technical and financial areas
  - $60 to $80 million per year on target to begin in 2013
  - Total synergy NPV target of $750 million to $1 billion over time

- Exploration portfolio more robust than originally expected
Acquisition Significantly Strengthens Bowen Basin Position

Peabody Energy Australia Bowen Basin Positioning Before Acquisition

Existing Mines:
- North Goonyella
- Eaglefield
- Burton
- Millennium
New Bowen Basin Portfolio

- New mines include:
  - Coppabella
  - Moorvale
  - Middlemount

- Synergies between Moorvale and Millennium

- Developmental complex with potential for centralized infrastructure

- Additional projects with coking coal and PCI potential include West Burton tenement
Peabody Focused on Strengthening the Balance Sheet

- Continued focus on deleveraging
  - Debt-to-capital at 52%
  - Repurchased $242 million of bonds in second quarter
  - No significant maturities until 2015
  - Best coal company credit rating
- Significant liquidity of $1.9 billion at June 30
- Capital spending discipline
  - Further reduced target capex to $1.0 billion – $1.1 billion for 2012
  - Low maintenance capex needs of $1.25 – $1.75 per ton

*Ratio reflects post-Excel acquisition. YTD reflects results through June 30, 2012.
Peabody Positioned for Success in All Market Conditions

- Rising metallurgical and thermal coal exports from Australia
- Leading position in low-cost PRB and Illinois Basin
- Managing through near-term headwinds and tempering growth projects
- Aggressive focus on cost control across platform
- Solid operating cash flows, low maintenance capex needs and focus on debt reduction
Barclays Energy Conference

Gregory H. Boyce
Chairman and Chief Executive Officer

September 6, 2012
## Reconciliation of Adjusted EBITDA to Income from Continuing Operations, Net of Income Taxes (Unaudited)

### Quarter Ended June 30,

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>$453.4</td>
<td>$2,128.7</td>
<td>$1,838.7</td>
<td>$1,262.8</td>
<td>$1,728.2</td>
<td>$958.2</td>
</tr>
<tr>
<td>Depreciation, depletion and amortization</td>
<td>157.3</td>
<td>482.2</td>
<td>437.1</td>
<td>400.5</td>
<td>397.8</td>
<td>342.9</td>
</tr>
<tr>
<td>Amortization of basis difference related to equity affiliates</td>
<td>0.9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Asset retirement obligation expense</td>
<td>17.3</td>
<td>53.1</td>
<td>47.2</td>
<td>39.9</td>
<td>48.1</td>
<td>23.7</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>100.4</td>
<td>219.7</td>
<td>212.4</td>
<td>193.0</td>
<td>217.1</td>
<td>228.8</td>
</tr>
<tr>
<td>Income tax (benefit) provision</td>
<td>(37.8)</td>
<td>363.2</td>
<td>315.4</td>
<td>186.2</td>
<td>159.8</td>
<td>(73.1)</td>
</tr>
<tr>
<td>Income from continuing operations, net of income taxes</td>
<td>$215.3</td>
<td>$1,010.5</td>
<td>$826.6</td>
<td>$443.2</td>
<td>$905.4</td>
<td>$435.9</td>
</tr>
</tbody>
</table>

### Year Ended December 31,

Adjusted EBITDA is defined as income from continuing operations before deducting net interest expense, income taxes, asset retirement obligation expense, depreciation, depletion and amortization and amortization of basis difference associated with equity method investments. Adjusted EBITDA, which is not calculated identically by all companies, is not a substitute for operating income, net income or cash flow as determined in accordance with United States generally accepted accounting principles. Management uses Adjusted EBITDA as a key measure of operating performance and also believes it is a useful indicator of the company's ability to meet debt service and capital expenditure requirements.