# Investor Presentation

**February 2019**

Delivering **Results**
Generating **Value**

Peabody

# Statement on Forward-Looking Information

*This presentation contains forward-looking statements within the meaning of the securities laws. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words or variation of words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "projects," "forecasts," "targets," "would," "will," "should," "goal," "could" or "may" or other similar expressions. Forward-looking statements provide management's current expectations or predictions of future conditions, events or results. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. They may include estimates of revenues, income, earnings per share, cost savings, capital expenditures, dividends, share repurchases, liquidity, capital structure, market share, industry volume, or other financial items, descriptions of management's plans or objectives for future operations, or descriptions of assumptions underlying any of the above. All forward-looking statements speak only as of the date they are made and reflect the company's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore, the company disclaims any obligation to publicly update or revise any forward-looking statement, except as required by law. By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to, a variety of economic, competitive and regulatory factors, many of which are beyond the company's control, that are described in our Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2017, as well as additional factors we may describe from time to time in other filings with the SEC. You may get such filings for free at our website at www.peabodyenergy.com. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.*

# Peabody Provides Compelling Investment Opportunity as Leading Global Pure-Play Coal Company

1. Peabody: A unique company in an essential global industry
2. Seaborne thermal: Delivering leading margins
3. Seaborne met: Targeting expanded quantity/quality in 2020
4. U.S. thermal: Emphasizing value over volume
5. Financial strength enables significant shareholder returns
6. ESG: Driven by “Coal Done Right” approach

Peabody

# ***ONE:***
# *Peabody: A Unique Company in an Essential Global Industry*

North Antelope Rochelle Mine

# BTU Offers Compelling Investment Opportunity

## Investment Thesis

***We're the leading global pure-play coal company, serving power and steel customers in more than 25 countries on 6 continents… We have significant scale, high-quality assets and diversity in geography and products***

## Financial Approach

1. *Generate Cash*
2. *Maintain Financial Strength*
3. *Invest Wisely*
4. *Return Cash to Shareholders*

Peabody

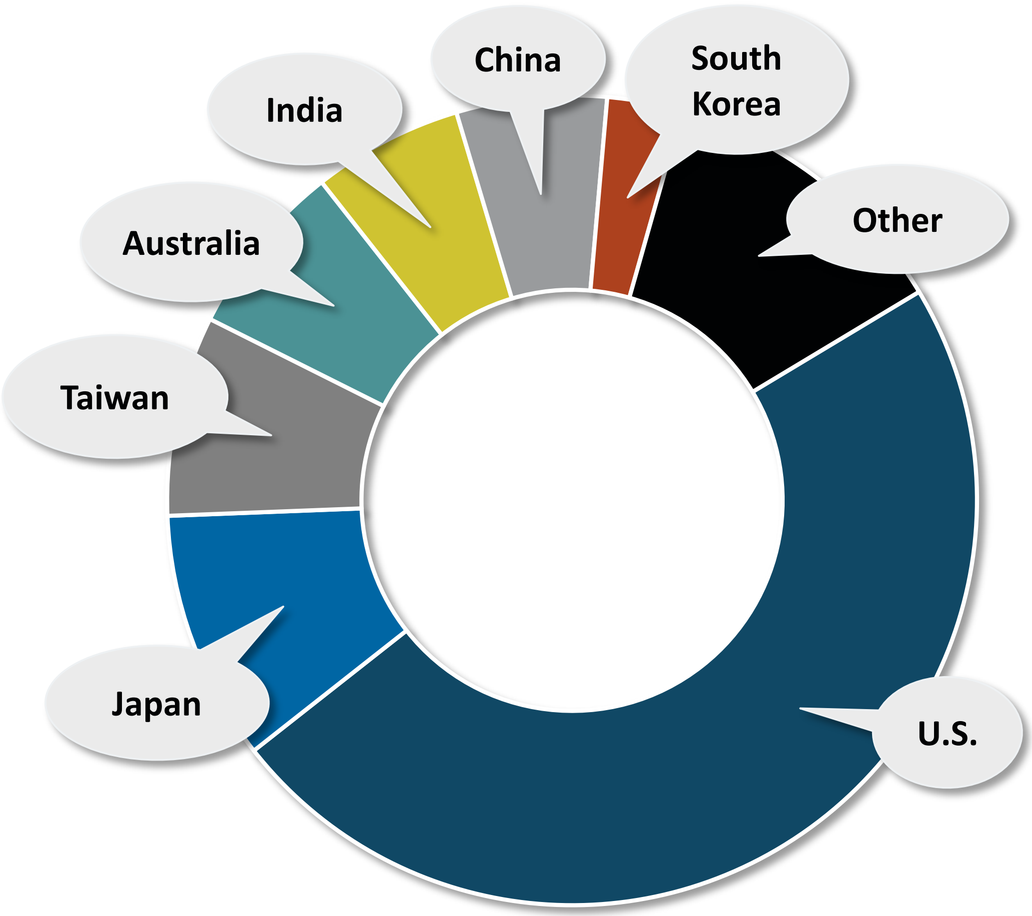
# Peabody: Significant Scale Offers Numerous Benefits


- Operates 23 underground and surface mines in U.S. and Australia
- Proven and probable reserves total 5.2 billion tons
- Sold 187 million tons of coal to electric and industrial customers
- Generated ~$1.36 billion of free cash flow in 2018

Note: Coal sales as of Dec. 31, 2018. Proven and probable reserves as of Dec. 31, 2017. Free Cash Flow is a non-GAAP metric. Refer to the reconciliation to the nearest GAAP measures in the appendix.

# Peabody: Diversity Offers Significant Competitive Advantage

***Percentage of Total Revenue from Customer Geographic Region in 2018***




- Wide distribution of revenue, Adjusted EBITDA contributions
- Multi-regional exposure limits demand, logistics and seasonal operational risks
- Increased risk-adjusted returns; non-correlative demand drivers
- No single exposure to currency and economic fundamentals
- Regulatory, political diversification

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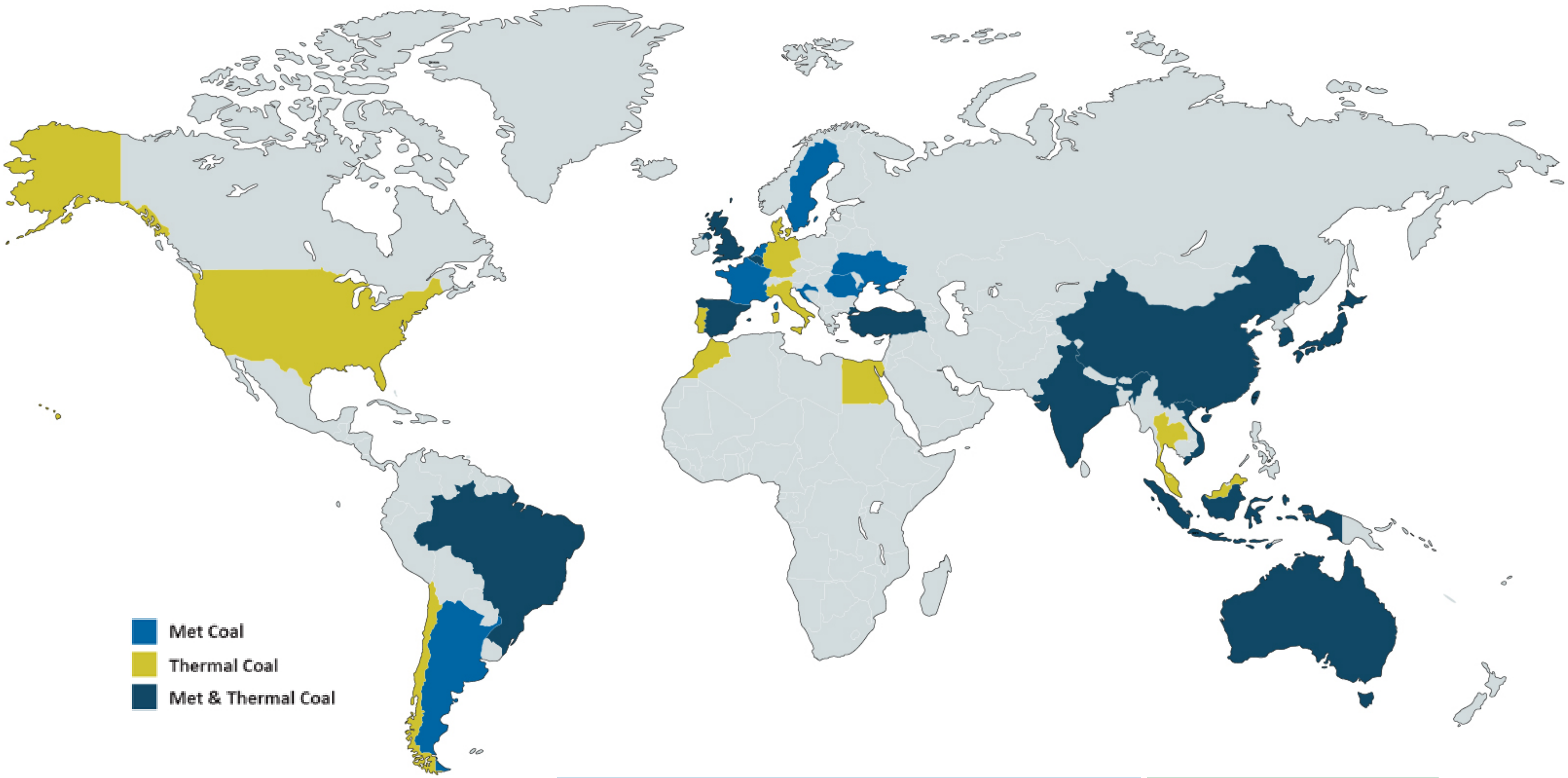
Note: The company attributes revenue to individual regions based on the location of the physical delivery of the coal. Revenue breakdown for FY 2018. Adjusted EBITDA is non-GAAP metric.

# Peabody: Serves Power and Steel Customers in More Than 25 Countries on 6 Continents

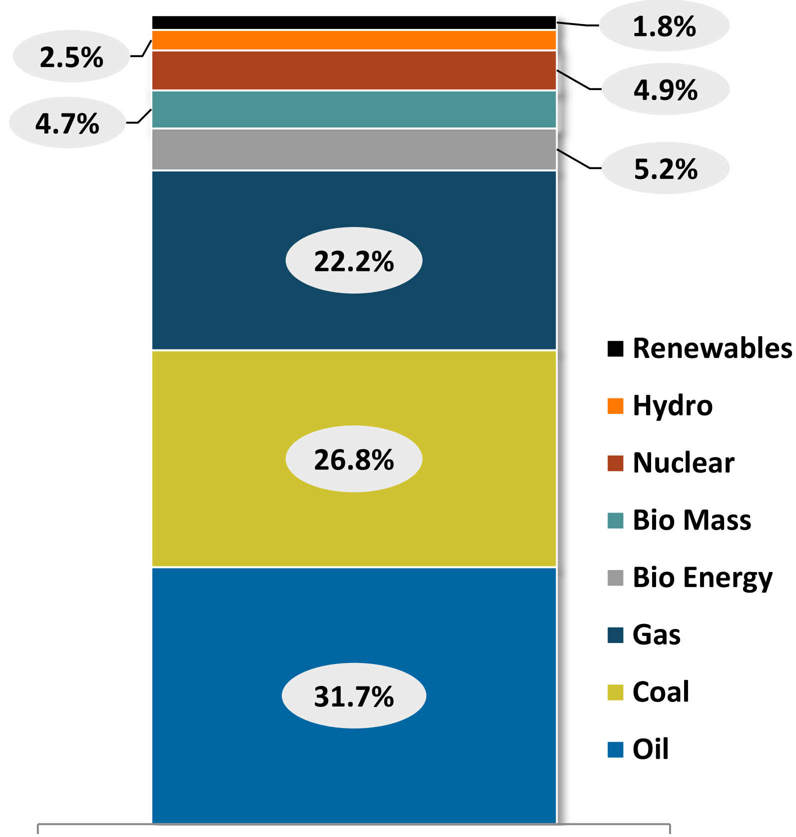



*Diversity of Geography, Customers and Products*

# The Product: Fueling a World That Uses ~8 Billion Tonnes of Coal Per Year

- Coal represented 24% of global primary energy four decades ago; Now fuels 27% of global primary energy demand
  - Global met coal totals ~1 billion TPY
- 2018 seaborne demand reaches estimated 1,326,000,000 tonnes
  - Asia-Pacific constitutes 80% of seaborne thermal demand in 2018
- Coal fuels 37% of global electricity
  - Renewables represent less than 2% of primary energy despite $2 trillion in investment since 2010

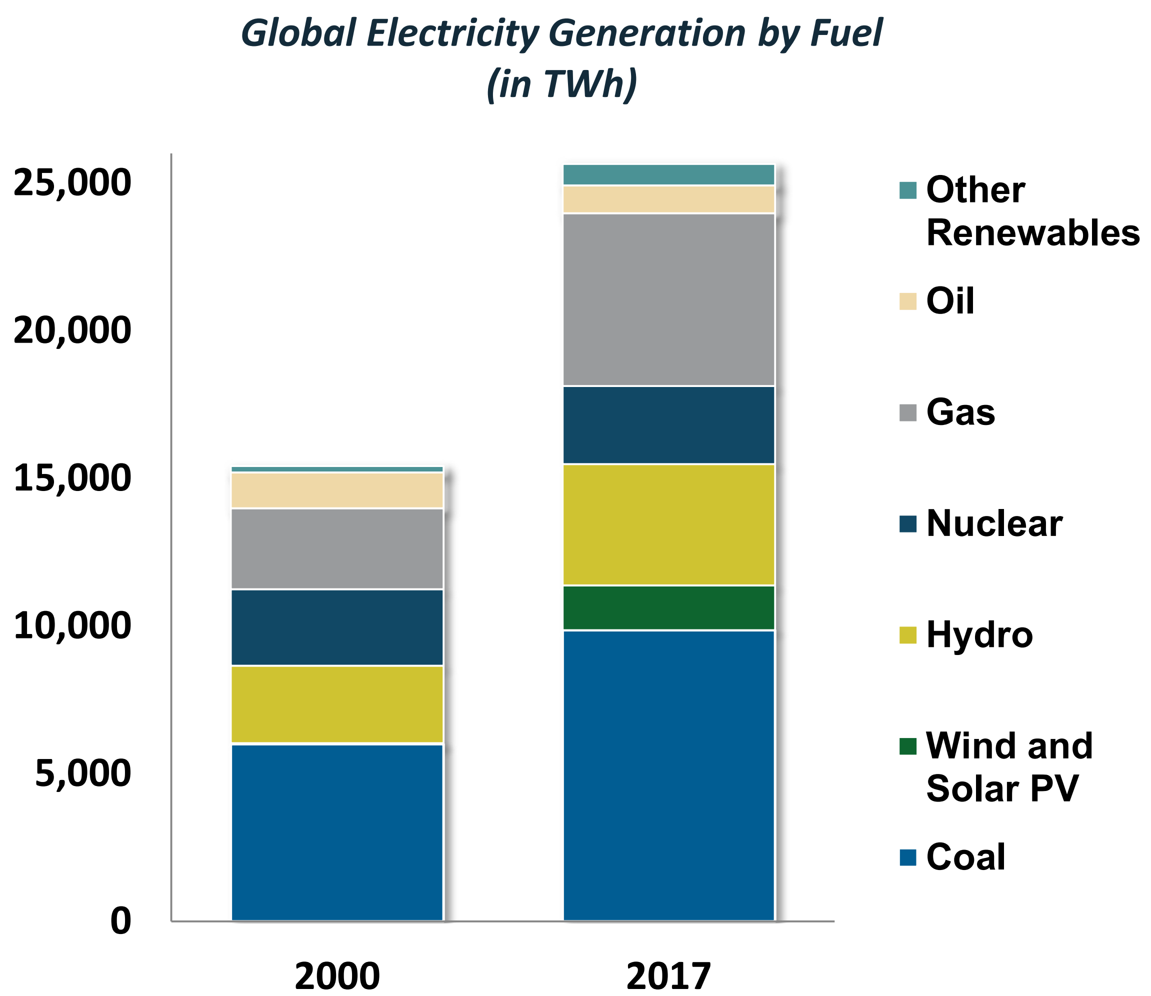
***2017 Global Primary Energy Demand (Million tonnes of coal equivalent)***




Source: Peabody Global Analytics; World Coal Association; IEA World Energy Outlook 2018.

# Coal is the Leading Energy Source for World's Growing Electricity Needs

- Coal led all fuel sources in 2000 and 2017, powering ~6,000 and ~9,900 TWh, respectively
- Generation from coal outpaces growth in renewables by more than double
- Each GW can use 3 to 4 million tons per year of coal




Source: IEA World Energy Outlook 2018; IEA CIAB Presentation 11/19; CRU.

# Global Coal-Fueled Generating Capacity Continues to Rise

- Through 2030, 3 to 4 GWs of new coal generating capacity to be added in Asia-Pacific for every 1 gigawatt retired in U.S. and Europe
- ~300 GW of new coal-fueled generating plants under construction in Asia
- Global coal-fueled generation capacity surpasses 2,000 GW for first time ever in 2018
  - 62% increase from 2000 to 2018
- 24 countries have included low emissions coal technologies in NDCs



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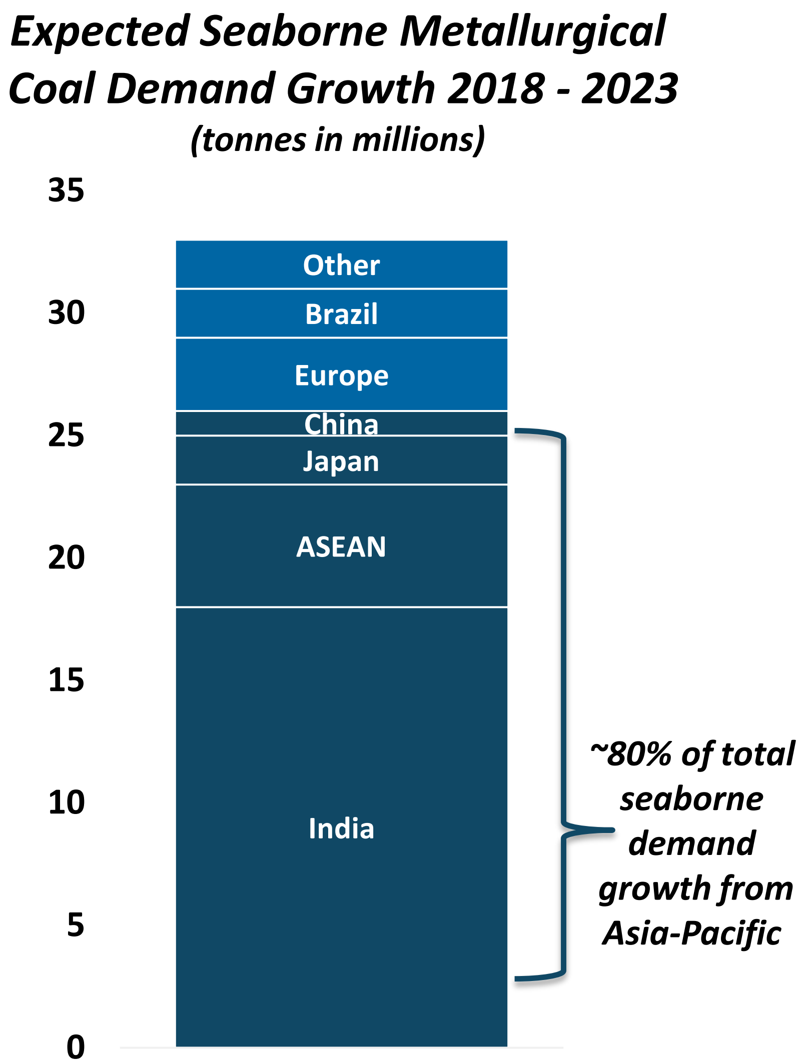
Source: World Coal Association Q1 2018 Presentation. 

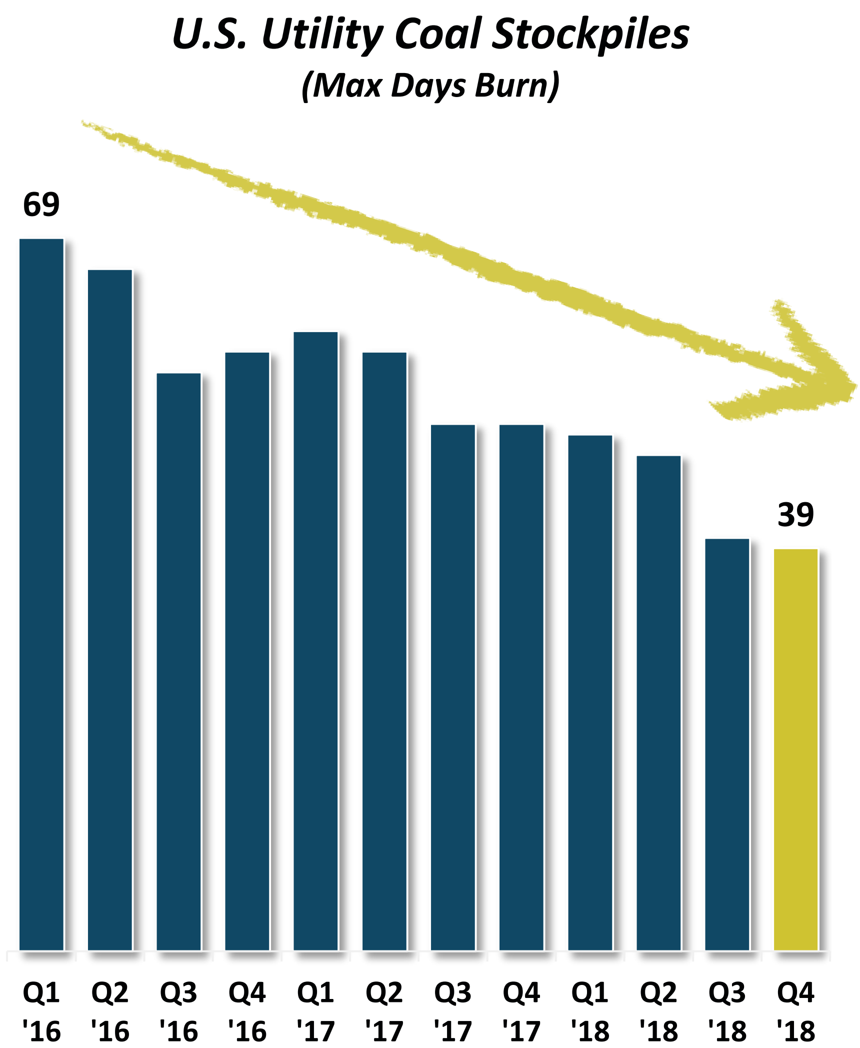
# Metallurgical Coal Key Component for 70% of World's Steel; Vast Majority of Seaborne Demand from Asia-Pacific

BEYOND ELECTRICITY, COAL HELPS BUILD MODERN CITIES, ECONOMIES

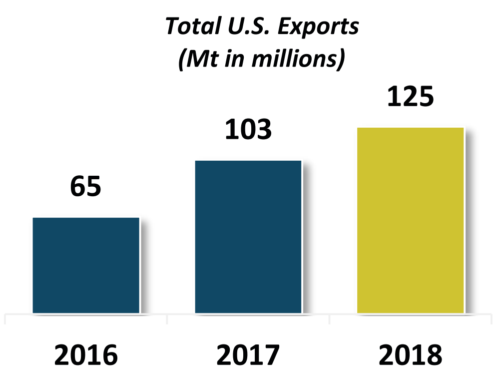



Source: World Coal Association Q1 2018 Presentation, industry reports and Peabody Global Analytics.

# U.S. Utility Coal Stockpiles At Lowest Levels Since 2005




- 2018 coal demand declines 4% on substantial year of plant retirements, despite 4% increase in total electricity generation
  - 2019 retirements expected to be less than half that of 2018
- Stockpiles down ~37 million tons on robust export activity
  - Total U.S. thermal exports increase 34% with ILB exports up 59%

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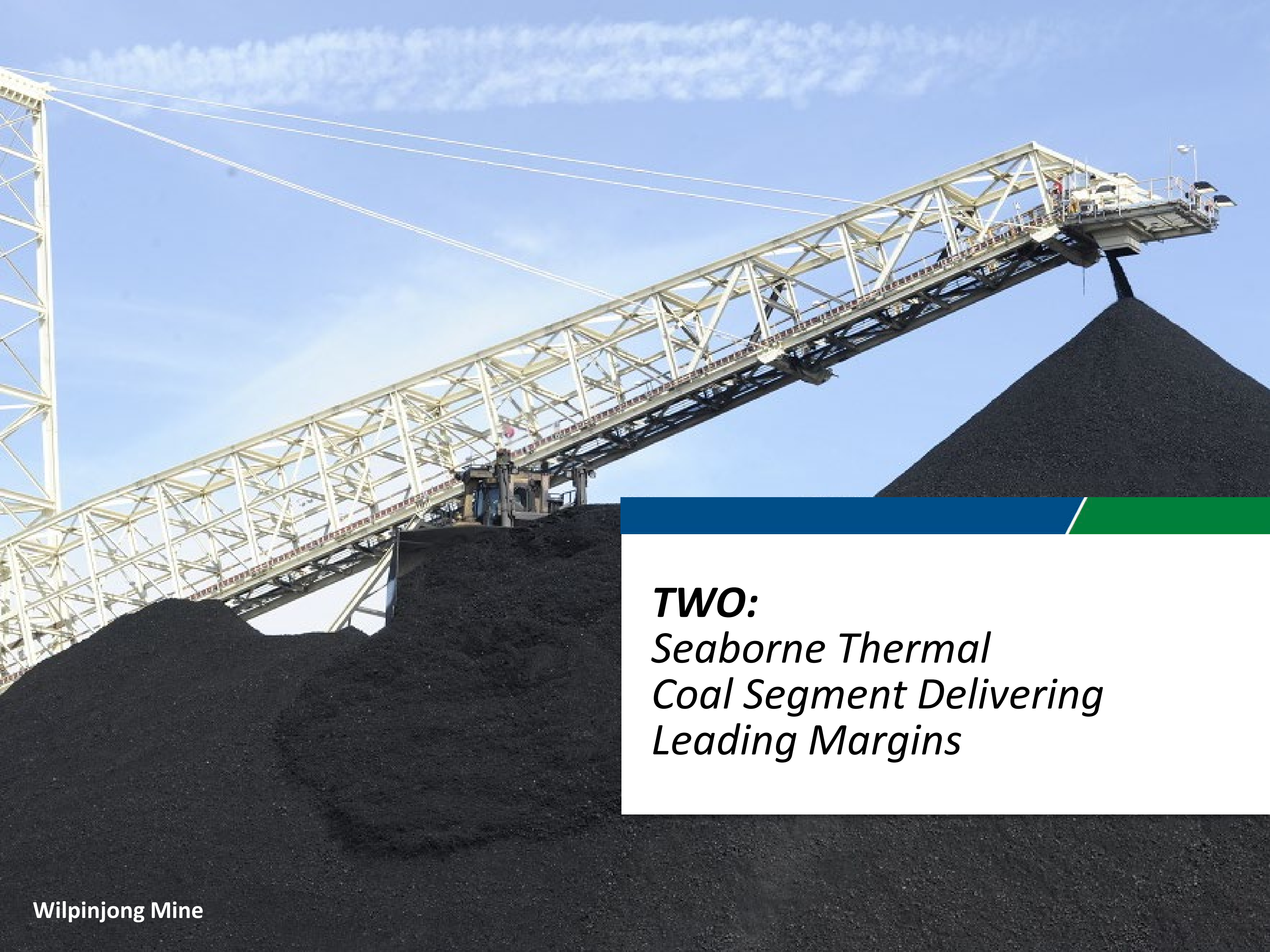
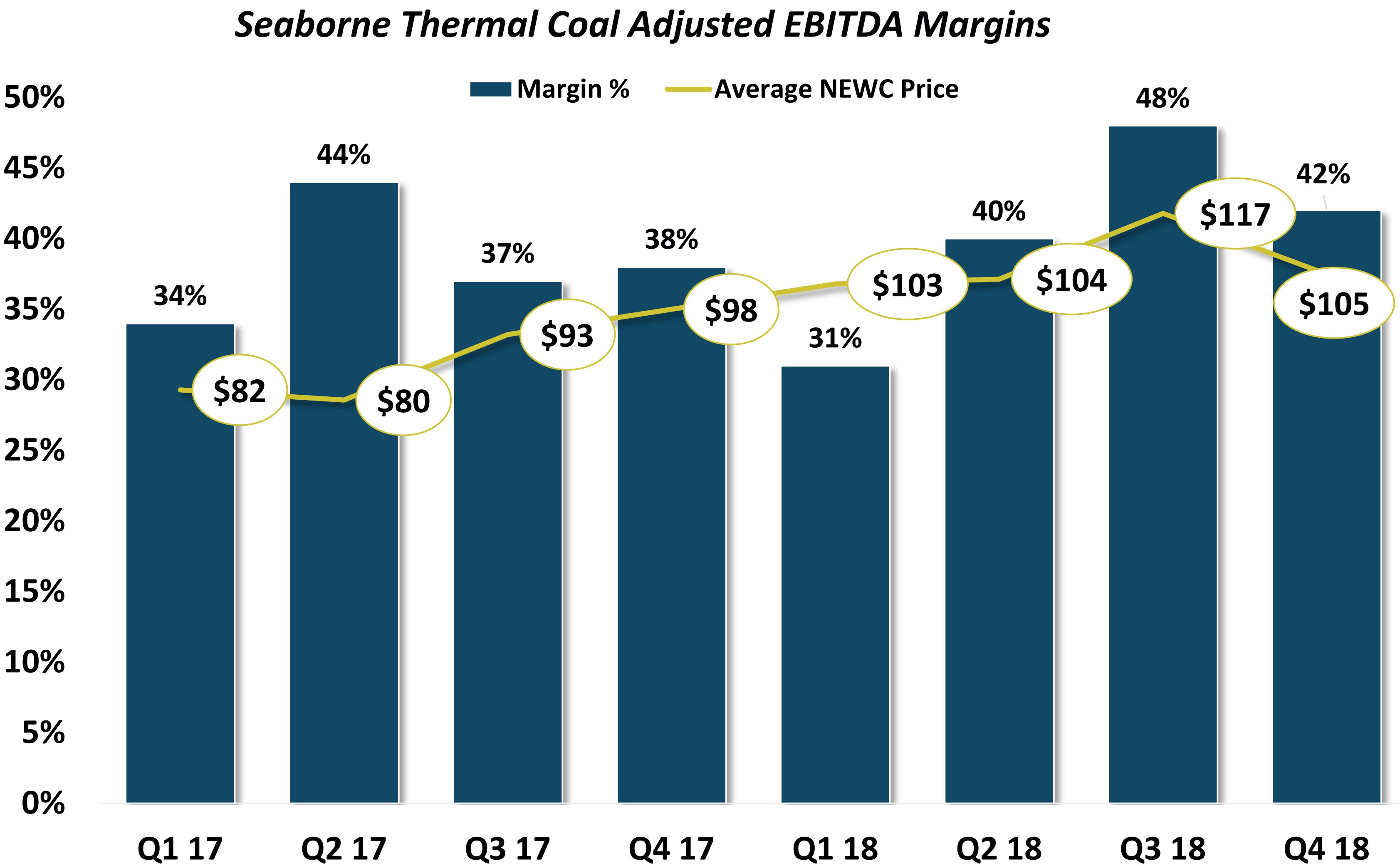


# ***TWO:*** *Seaborne Thermal Coal Segment Delivering Leading Margins*

Wilpinjong Mine

# Seaborne Thermal Coal Platform Represents Tier One Assets with Strong Margins; Positioned to Serve Asia-Pacific Demand

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Note: Adjusted EBITDA margins are non-GAAP metrics. Adjusted EBITDA margin is equal to segment Adjusted EBITDA divided by segment revenue. Refer to the reconciliation to the nearest GAAP measures in the appendix.

# Advancing Attractive Seaborne Thermal Life Extension Projects to Maintain Export Thermal Coal Volumes

- Unincorporated joint venture with Glencore gives access to stratified reserves and extends life of Wambo open cut mine
  - Expected to commence production in early 2020
- Wilpinjong extension project ensures long-term access to seaborne demand centers; extends life of mine to 2030
  - Provides substantial returns with rapid payback period

***2019 Target***

11.5 million to 12.5 million tons of export thermal coal

***Product Split***

60% to 70% NEWC (6,000 spec)

30% to 40% API5 (5,500 spec)

*Wambo Mine*

Peabody

New Shoal Creek Mine

# ***THREE:***
## *Seaborne Met Coal Segment Targeting Expanded Quality and Quantity in 2020*

# Shoal Creek Acquisition Upgrades Seaborne Met Portfolio; Represents Multiple Strategic and Financial Benefits

- Targeting ~2.5 million tons of high-quality seaborne met coal
- Anticipating costs in the vessels of $85 – $95 per short ton
- Serves Asian and Atlantic steel customers
- Strategically positioned with direct access to transportation
- Well-capitalized longwall operation and 55 million tons of reserves
- Integration well under way


*"Asia Confidence" carries first shipment from Shoal Creek following Peabody acquisition.*

# Expected Expansion in Both Quality and Quantity of Met Coal Portfolio in 2020

- Implementing multi-phased re-ventilation and re-entry plan for North Goonyella
- Stage-gate approach allows periodic re-evaluation of progress, costs and investments
- Targeting modest production in 2019 with ~2 million tons of NG longwall production in 2020
- Projected 2019 NG financial effects:
  - Idling and project costs: ~$30 to $35 million per quarter
  - Capital investments, including planned new longwall equipment: ~$110 million
  - Insurance proceeds: ~$125 million anticipated
- Evaluating opportunities for Moorvale South life extension

***2019 Target***

9.4 to 10.4 million tons
of export metallurgical coal

***Product Split***

40% to 50% HCC
50% to 60% PCI

***Middlemount***

Offers economic exposure to
additional ~2 million tons

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Rawhide Mine

## ***FOUR:***
## *U.S. Thermal Coal Operations Emphasize Value Over Volume*

# U.S. Thermal Operations Well Positioned to Deliver Results

- Location matters… Peabody is well positioned in the best, lowest-cost U.S. basins of the PRB and Illinois Basin
- Returns matter… Peabody focused on generating meaningful returns across the operations
  - Maximizing revenues through contracting strategy, blending techniques
  - Optimizing how we move overburden, mine coal to deliver lowest unit costs
  - Managing capital to provide returns in excess of cost of capital within reasonable payback period
- Reliability matters… Peabody provides reliability of supply and serves as strong cash generator
- Safety, environment and our people matter… Key components in ensuring successful business and culture


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# Continued Emphasis on Value Over Volume Across U.S. Thermal Operations

- Reducing planned production of higher-quality, higher-cost coal at NARM by 10 million tons at midpoint
  - Entering 2019 with 90% to 95% of PRB volumes priced
- Easing production across several complexes in the Midwest

**_2019 Targets_**

PRB: 105 to 115 million tons

ILB: 17.5 to 18.5 million tons

Western: 11 to 12 million tons

- Base case assumes Kayenta production, sales cease in Q3 2019
  - Alternatively, working with Navajo agency on transition project involving Kayenta Mine
  - Owners contractually obligated to fund portion of certain reclamation, retiree healthcare liabilities; accelerated cash collections in 2018, 2019

## ***FIVE:***
## *Financial Strength Enables Significant Shareholder Returns*

# Focused on Managing Costs, Maximizing Revenue; Maintaining Debt and Liquidity Targets

| Debt & Liquidity ($ in millions) | Dec. 2017 Balance | Dec. 2018 Balance |
|---|---|---|
| Unrestricted Cash & Cash Equivalents | $1,012 | $982 |
| Revolver Availability | $194 | $244 |
| ARS Availability | $38 | $94 |
| **Total Liquidity** | **$1,244** | **$1,319** |
| Total Funded Debt | $1,461 | $1,367 |
| **Net Debt** | **$449** | **$385** |

| Other Liabilities ($ in millions) | Dec. 2017 Balance | Dec. 2018 Balance |
|---|---|---|
| OPEB | $783 | $580 |
| ARO | $691 | $750 |
| Pension | $98 | $31 |
| Total Liabilities | $4,525 | $3,972 |

- Generated 2018 free cash flow of $1.36 billion
- Current liquidity of ~$1.3 billion well above $800 million target
- Total debt within $1.2 to $1.4 billion target range
- Targeting 2019 reclamation cash outlays of ~$75 million recognizing higher activity
- Peabody EBITDA to cash conversion very strong with substantial NOL position
  - $3.2 billion in U.S.
  - A$3.1 billion in Australia

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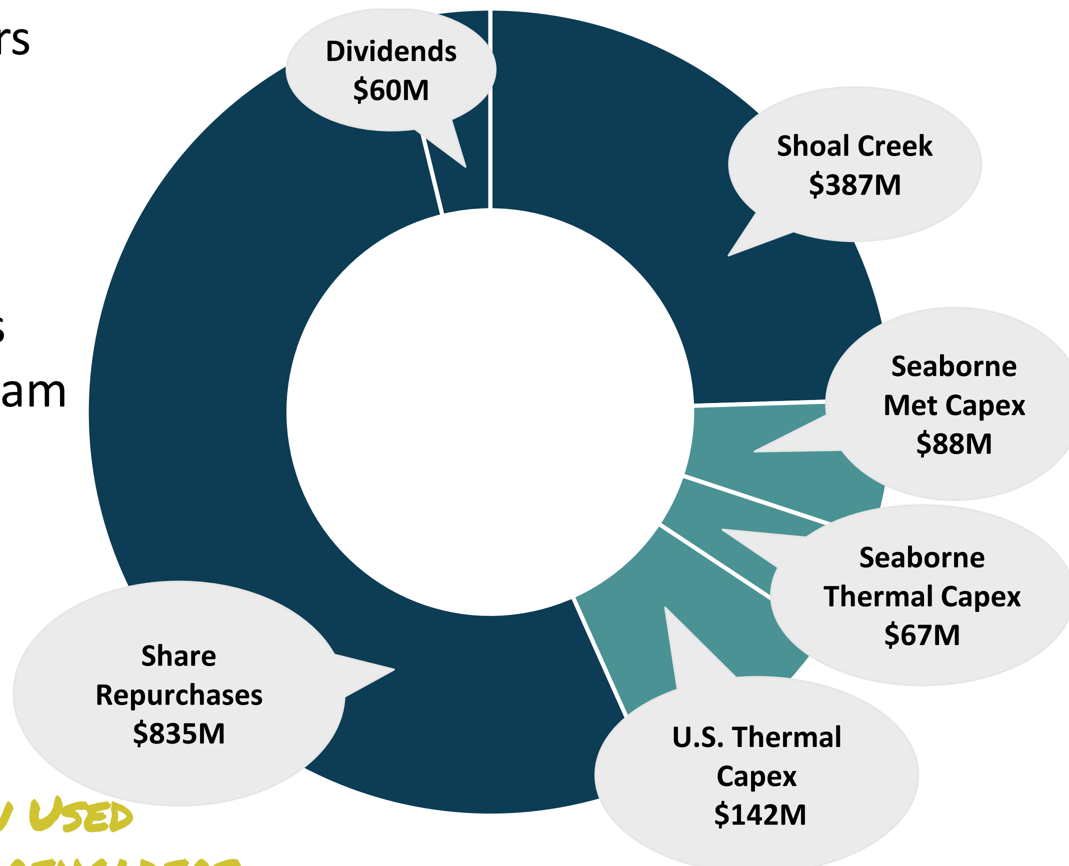
Note: Liability balances include current and non-current balances. Free Cash Flow is a non-GAAP financial measure. Refer to the reconciliation to the nearest GAAP measures in the appendix.

# Substantial Operating Cash Flows Provide Opportunity for Share Repurchases, Capital Investment

- Continue to evaluate all investments using strict filters
- Repurchased $1.1 billion of common stock since August 2017
- Dividend per share increases 13% since inception of program
- Targeting 2019 capex of $375 to $425 million
  - 70% allocated to seaborne-oriented portfolios

***2018 Cash Allocation***




94% OF FREE CASH FLOW USED FOR CAPITAL RETURNS TO SHAREHOLDERS AND SHOAL CREEK ACQUISITION

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Note: Free Cash Flow is a non-GAAP metric. Refer to the reconciliation to the nearest GAAP measures in the appendix.

# ***SIX:***
# *ESG: Driven by "Coal Done Right" Approach*

North Antelope Rochelle Mine

# Peabody's Emphasis on ESG Complements Financial Approach to Create Long-Term Value for Shareholders

## Environmental

- Restored 1.4 acres for every acre disturbed
- Recycled/reused 72% of waste
- Sponsor of Global Clean Coal Awards; Advocate for advanced coal technologies

## Social

- Outperforms industry averages for safety
- Provided $10.6B in direct/indirect economic benefits
- Aligned with majority of U.N. Sustainable Development Goals
- Signatory to CEO Action for Diversity & Inclusion® pledge

## Governance

- Emphasis on good governance, strategy and management
- Separate CEO and Chairman; All directors except CEO independent
- Executive compensation based on safety, free cash flow per share, EBITDA, ROIC, TSR, environmental performance

**Recognized with Nearly 100 honors in past decade for Safety, Reclamation and Corporate leadership**

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Note: Restored acres for 2018 calendar year. Recycled/reused waste and direct/indirect economic benefits for 2017 calendar year. Peabody's 2017 Corporate and Social Responsibility Report is available on PeabodyEnergy.com.

# Appendix

DELIVERING
RESULTS
GENERATING
VALUE

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# 2019 Guidance Targets

**Sales Volumes (Short Tons in millions)**

| | |
|---|---|
| PRB | 105 – 115 |
| ILB | 17.5 – 18.5 |
| Western | 11 – 12 |
| Seaborne Metallurgical | 9.4 – 10.4 |
| HCC[1]: | 40% – 50% |
| PCI[2]: | 50% – 60% |
| Seaborne Export Thermal | 11.5 – 12.5 |
| NEWC: | 60% – 70% |
| API 5: | 30% - 40% |
| Australia Domestic Thermal | 7 – 8 |

**Revenues per Ton**

| | |
|---|---|
| Total U.S. Thermal | $17.10 – $18.10 |

**Costs Per Ton (USD per Short Ton)**

| | |
|---|---|
| PRB | $9.25 – $9.75 |
| ILB | $32 – $35 |
| Total U.S. Thermal | $13.95 – $14.95 |
| Seaborne Thermal[3] (includes Aus. Domestic Thermal) | $32 – $36 |
| Seaborne Metallurgical[3] (excluding North Goonyella) | $85 – $95 |

| | |
|---|---|
| **Quarterly North Goonyella Costs** | $30 – $35 million |
| **Quarterly SG&A Expense** | ~$40 million |
| **Full-Year Capital Expenditures** | $375 – $425 million |
| **Interest Expense[4]** | ~$150 million |

**Cost Sensitivities[5]**

| | |
|---|---|
| $0.05 Decrease in A$ FX Rate[6] | + ~$80 million |
| $0.05 Increase in A$ FX Rate[6] | - ~$80 million |
| Fuel (+/- $10/barrel) | +/- ~$30 million |

**2019 Priced Position (Avg. Price per Short Ton)**

| | |
|---|---|
| PRB | $11.24 |
| ILB | ~$42 |
| Seaborne Export Thermal Volumes | ~$82 |

90% -95% of Peabody's 2019 U.S. thermal volumes are priced based on the mid-point of 2019 volume guidance

~4.7 million short tons of seaborne export thermal coal priced for 2019

**2020 Priced Position (Avg. Price per Short Ton)**

~35% and ~55% of Peabody’s 2020 U.S. thermal volumes are priced and committed, respectively, based on the mid-point of 2019 volume guidance

| | |
|---|---|
| Seaborne Export Thermal Volumes | ~$75 |

~1.7 million short tons of seaborne export thermal coal priced for 2020

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# 2019 Guidance Targets

[1] Peabody expects to realizes ~80%-90% of the premium HCC quoted index price on a weighted average across all its products.

[2] Approximately 40% of Peabody's seaborne metallurgical PCI sales are on a spot basis, with the remainder linked to the quarterly contract. Peabody expects to realizes ~80%-90% of the LV PCI benchmark for its PCI products.

[3] Assumes 2019 average A$ FX rate of $0.73. Cost ranges include sales-related cost, which will fluctuate based on realized prices.

[4] Interest expense includes interest on funded debt, surety bonds, commitment fees and letters of credit fees issued under the revolver and accounts receivable securitization program, and non-cash interest related to certain contractual arrangements and amortization of debt issuance costs.

[5] Sensitivities reflect approximate impacts of changes in variables on financial performance. When realized, actual impacts may differ significantly.

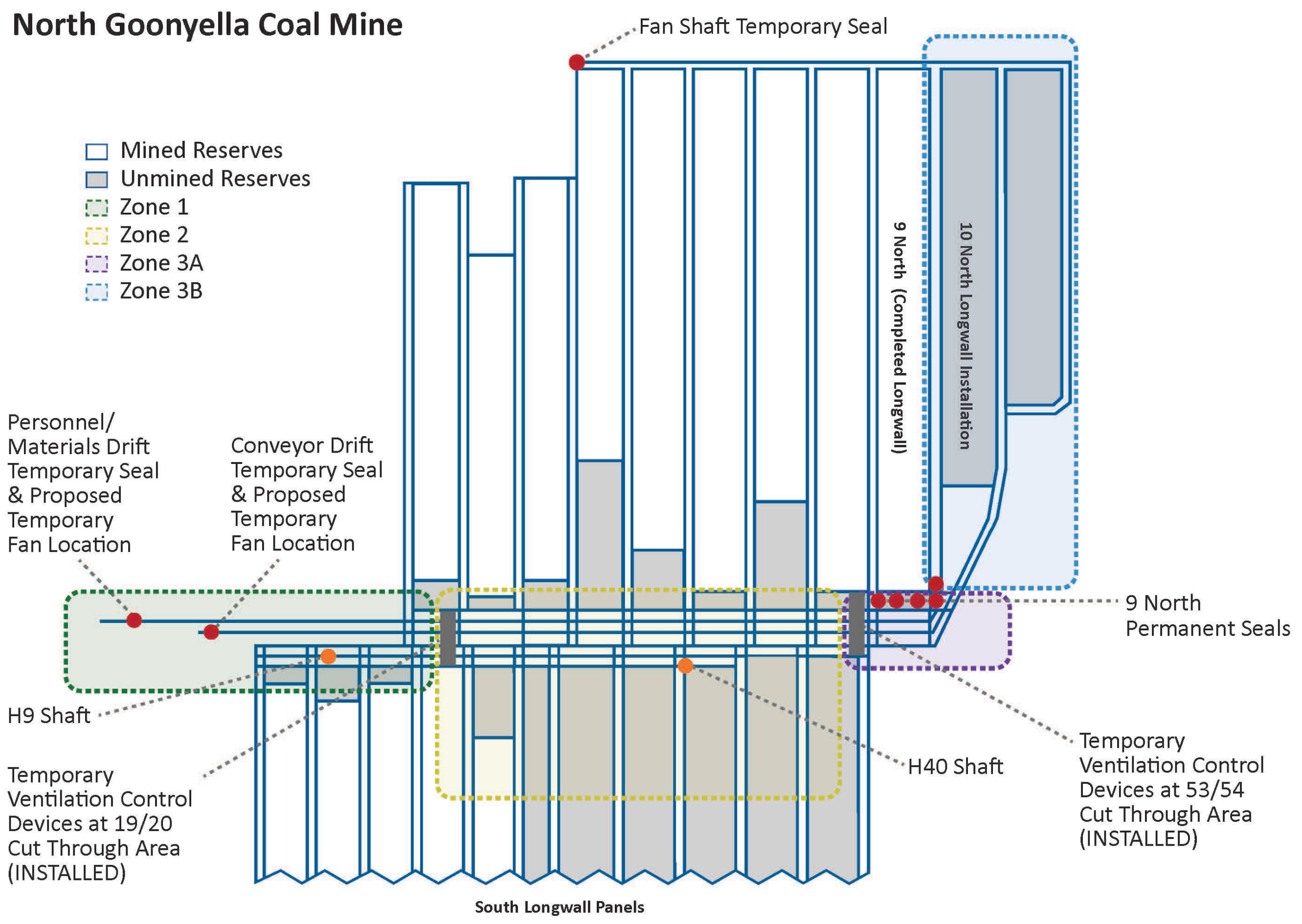
[6] As of Dec. 31, 2018, Peabody had outstanding average rate call options to manage market price volatility associated with the Australian dollar in aggregate notional amount of approximately AUD $875 million with strike price levels averaging ~$0.77 and settlement dates through Sept. 30, 2019. Sensitivities provided are relative to an assumed average A$ FX exchange rate of ~$0.71 as of Dec. 31, 2018.

Note 1: Peabody classifies its seaborne metallurgical or thermal segments based on the primary customer base and reserve type. A small portion of the coal mined by the seaborne metallurgical segment is of a thermal grade and vice versa. Peabody may market some of its metallurgical coal products as a thermal product from time to time depending on industry conditions. Per ton metrics presented are non-GAAP measures. Due to the volatility and variability of certain items needed to reconcile these measures to their nearest GAAP measure, no reconciliation can be provided without unreasonable cost or effort.

Note 2: A sensitivity to changes in seaborne pricing should consider Peabody's estimated split of products and the weighted average discounts across all products to the applicable index prices, in addition to impacts on sales-related costs, and applicable conversions between short tons and metric tonnes as necessary.

Note 3: As of Jan. 31, 2019 Peabody had approximately 108.1 million shares of common stock outstanding. Including approximately 3.7 million shares of unvested equity awards, Peabody has approximately 111.8 million shares of common stock on a fully diluted basis.

# North Goonyella Mine: Segmenting of Multiple Zones

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# Middlemount Joint Venture Offers Economic Exposure to ~2 Million Met Tons Annually

- Peabody owns 50% equity interest in Middlemount
- Share of operations delivered 2.1 million tons in 2018
  - Mix of semi-hard coking coal, LV PCI
  - Port capacity through Abbot Point, future capacity secured at DBCT
- Earned 2018 Adjusted EBITDA of $50 million, reflecting Peabody's share of Middlemount's net income
  - Peabody collected ~$107 million of loan and other cash repayments in 2018
- Over 10 years of reserves at current production profile

*Middlemount Mine*

Note: Adjusted EBITDA is a non-GAAP metric. Refer to the reconciliation to the nearest GAAP measure in the appendix. All metrics reflect Peabody's 50% ownership share in Middlemount.

# Historical Seaborne Pricing ($/Tonne)

| Time Period | HCC – Settlement | HCC – Spot | LV PCI – Settlement | LV PCI – Spot | NEWC – Spot | API 5 - Prompt |
|---|---|---|---|---|---|---|
| **Q4 2018** | $212 | $221 | $139 | $128 | $105 | $64 |
| **Q3 2018** | $188 | $189 | $150 | $128 | $117 | $69 |
| **Q2 2018** | ~$197 | $190 | $155 | $140 | $104 | $75 |
| **Q1 2018** | $237 | $228 | $156.50 | $149 | $103 | $82 |
| **Q4 2017** | $192 | $205 | $127 | $126 | $98 | $76 |
| **Q3 2017** | $170 | $189 | $115/$127 | $117 | $93 | $74 |
| **Q2 2017** | $194 | $190 | $135 | $124 | $80 | $67 |
| **Q1 2017** | $285 | $169 | $180 | $110 | $82 | $65 |
| **Q4 2016** | $200 | $266 | $133 | $159 | $94 | $73 |
| **Q3 2016** | $93 | $135 | $75 | $88 | $66 | $55 |
| **Q2 2016** | $84 | $91 | $73 | $72 | $52 | $43 |

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Source: HCC and LV PCI spot prices per Platts; NEWC spot price per ICE Futures; Settlement prices per IHS Markit benchmark history.

# Reconciliation of Non-GAAP Measures

| | Predecessor | Successor | | | Successor | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Jan. 1 through Apr. 1, 2017 | Apr. 2 through Jun. 30, 2017 | Quarter Ended Sept. 30, 2017 | Quarter Ended Dec. 31, 2017 | Quarter Ended Mar. 31, 2018 | Quarter Ended Jun. 30, 2018 | Quarter Ended Sept. 30, 2018 | Quarter Ended Dec. 31, 2018 | Year Ended Dec. 31, 2018 |
| Tons Sold (In Millions) | | | | | | | | | |
| Powder River Basin Mining Operations | 31.0 | 28.5 | 33.7 | 31.8 | 32.4 | 26.2 | 31.7 | 30.0 | 120.3 |
| Midwestern U.S. Mining Operations | 4.5 | 4.6 | 4.9 | 4.5 | 4.7 | 4.7 | 4.9 | 4.6 | 18.9 |
| Western U.S. Mining Operations | 3.4 | 3.2 | 4.0 | 4.1 | 3.7 | 3.5 | 4.0 | 3.5 | 14.7 |
| Total U.S. Thermal Mining Operations | 38.9 | 36.3 | 42.6 | 40.4 | 40.8 | 34.4 | 40.6 | 38.1 | 153.9 |
| Seaborne Metallurgical Mining Operations | 2.2 | 2.0 | 3.5 | 4.0 | 3.0 | 2.9 | 2.8 | 2.3 | 11.0 |
| Seaborne Thermal Mining Operations | 4.6 | 4.6 | 5.2 | 4.8 | 3.8 | 5.0 | 4.8 | 5.5 | 19.1 |
| Corporate and Other | 0.4 | 0.7 | 0.7 | 0.6 | 0.7 | 0.8 | 0.9 | 0.3 | 2.7 |
| Total | 46.1 | 43.6 | 52.0 | 49.8 | 48.3 | 43.1 | 49.1 | 46.2 | 186.7 |
| Revenue Summary (In Millions) | | | | | | | | | |
| Powder River Basin Mining Operations | $ 394.3 | $ 365.4 | $ 420.9 | $ 392.4 | $ 389.3 | $ 321.5 | $ 373.7 | $ 340.3 | $ 1,424.8 |
| Midwestern U.S. Mining Operations | 193.2 | 194.9 | 207.7 | 189.7 | 201.7 | 197.5 | 208.5 | 193.3 | 801.0 |
| Western U.S. Mining Operations | 149.7 | 125.4 | 155.7 | 159.6 | 143.7 | 139.6 | 156.1 | 152.6 | 592.0 |
| Total U.S. Thermal Mining Operations | 737.2 | 685.7 | 784.3 | 741.7 | 734.7 | 658.6 | 738.3 | 686.2 | 2,817.8 |
| Seaborne Metallurgical Mining Operations | 328.9 | 287.8 | 415.9 | 517.3 | 466.2 | 417.5 | 370.3 | 299.0 | 1,553.0 |
| Seaborne Thermal Mining Operations | 224.8 | 239.2 | 265.8 | 267.5 | 201.4 | 267.4 | 305.1 | 325.3 | 1,099.2 |
| Corporate and Other | 35.3 | 45.6 | 11.2 | (9.4) | 60.4 | (34.1) | (1.1) | 86.6 | 111.8 |
| Total | $ 1,326.2 | $ 1,258.3 | $ 1,477.2 | $ 1,517.1 | $ 1,462.7 | $ 1,309.4 | $ 1,412.6 | $ 1,397.1 | $ 5,581.8 |

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Note: Refer to definitions and footnotes on slide 37.

# Reconciliation of Non-GAAP Measures

| | Predecessor | Successor | | | Successor | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Jan. 1 through Apr. 1, 2017 | Apr. 2 through Jun. 30, 2017 | Quarter Ended Sept. 30, 2017 | Quarter Ended Dec. 31, 2017 | Quarter Ended Mar. 31, 2018 | Quarter Ended Jun. 30, 2018 | Quarter Ended Sept. 30, 2018 | Quarter Ended Dec. 31, 2018 | Year Ended Dec. 31, 2018 |
| **Total Reporting Segment Costs [1] Summary (In Millions)** | | | | | | | | | |
| Powder River Basin Mining Operations | $ 302.6 | $ 280.6 | $ 308.2 | $ 311.1 | $ 314.8 | $ 259.5 | $ 285.5 | $ 280.5 | $ 1,140.3 |
| Midwestern U.S. Mining Operations | 143.2 | 148.4 | 158.2 | 161.3 | 170.5 | 155.5 | 169.8 | 160.0 | 655.8 |
| Western U.S. Mining Operations | 99.7 | 80.5 | 121.2 | 107.2 | 111.7 | 105.7 | 127.6 | 101.6 | 446.6 |
| Total U.S. Thermal Mining Operations | 545.5 | 509.5 | 587.6 | 579.6 | 597.0 | 520.7 | 582.9 | 542.1 | 2,242.7 |
| Seaborne Metallurgical Mining Operations | 219.3 | 215.9 | 272.8 | 317.4 | 299.8 | 259.0 | 279.6 | 273.2 | 1,111.6 |
| North Goonyella Costs | - | - | - | - | - | - | 9.0 | 49.0 | 58.0 |
| Seaborne Metallurgical Mining Operations, Excluding North Goonyella Costs | 219.3 | 215.9 | 272.8 | 317.4 | 299.8 | 259.0 | 270.6 | 224.2 | 1,053.6 |
| Seaborne Thermal Mining Operations | 149.2 | 133.3 | 168.0 | 164.6 | 139.8 | 159.8 | 159.8 | 187.8 | 647.2 |
| Corporate and Other | 50.6 | 49.6 | 22.1 | 35.9 | 31.6 | 19.5 | 35.8 | 28.3 | 115.2 |
| Total | $ 964.6 | $ 908.3 | $ 1,050.5 | $ 1,097.5 | $ 1,068.2 | $ 959.0 | $ 1,058.1 | $ 1,031.4 | $ 4,116.7 |
| **Adjusted EBITDA [2] (In Millions)** | | | | | | | | | |
| Powder River Basin Mining Operations | $ 91.7 | $ 84.8 | $ 112.7 | $ 81.3 | $ 74.5 | $ 62.0 | $ 88.2 | $ 59.8 | $ 284.5 |
| Midwestern U.S. Mining Operations | 50.0 | 46.5 | 49.5 | 28.4 | 31.2 | 42.0 | 38.7 | 33.3 | 145.2 |
| Western U.S. Mining Operations | 50.0 | 44.9 | 34.5 | 52.4 | 32.0 | 33.9 | 28.5 | 51.0 | 145.4 |
| Total U.S. Thermal Mining Operations | 191.7 | 176.2 | 196.7 | 162.1 | 137.7 | 137.9 | 155.4 | 144.1 | 575.1 |
| Seaborne Metallurgical Mining Operations | 109.6 | 71.9 | 143.1 | 199.9 | 166.4 | 158.5 | 90.7 | 25.8 | 441.4 |
| North Goonyella Costs | - | - | - | - | - | - | 9.0 | 49.0 | 58.0 |
| Seaborne Metallurgical Mining Operations, Excluding North Goonyella Costs | 109.6 | 71.9 | 143.1 | 199.9 | 166.4 | 158.5 | 99.7 | 74.8 | 499.4 |
| Seaborne Thermal Mining Operations | 75.6 | 105.9 | 97.8 | 102.9 | 61.6 | 107.6 | 145.3 | 137.5 | 452.0 |
| Resource Management Results [3] | 2.9 | 1.2 | 0.4 | 0.9 | 20.8 | 0.7 | 21.3 | 1.9 | 44.7 |
| Selling and Administrative Expenses | (36.3) | (34.7) | (33.7) | (37.9) | (37.0) | (44.1) | (38.6) | (38.4) | (158.1) |
| Acquisition Costs Related to Shoal Creek | - | - | - | - | - | - | (2.5) | (4.9) | (7.4) |
| Other Operating Costs, Net [4] | (2.2) | (2.7) | 7.0 | (11.7) | 14.4 | 9.0 | 0.5 | 7.7 | 31.6 |
| Adjusted EBITDA [2] | $ 341.3 | $ 317.8 | $ 411.3 | $ 416.2 | $ 363.9 | $ 369.6 | $ 372.1 | $ 273.7 | $ 1,379.3 |

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Note: Refer to definitions and footnotes on slide 37.

# Reconciliation of Non-GAAP Measures

| Reconciliation of Non-GAAP Financial Measures (In Millions) | Predecessor<br>Jan. 1 through<br>Apr. 1, 2017 | Successor<br>Apr. 2 through<br>Jun. 30, 2017 | Successor<br>Quarter Ended<br>Sept. 30, 2017 | Successor<br>Quarter Ended<br>Dec. 31, 2017 | Successor<br>Quarter Ended<br>Mar. 31, 2018 | Successor<br>Quarter Ended<br>Jun. 30, 2018 | Successor<br>Quarter Ended<br>Sept. 30, 2018 | Successor<br>Quarter Ended<br>Dec. 31, 2018 | Successor<br>Year Ended<br>Dec. 31, 2018 |
|---|---|---|---|---|---|---|---|---|---|
| (Loss) Income from Continuing Operations, Net of Income Taxes | $ (195.5) | $ 101.4 | $ 233.7 | $ 378.0 | $ 208.3 | $ 120.0 | $ 83.9 | $ 233.5 | $ 645.7 |
| Depreciation, Depletion and Amortization | 119.9 | 148.3 | 194.5 | 178.8 | 169.6 | 163.9 | 169.6 | 175.9 | 679.0 |
| Asset Retirement Obligation Expenses | 14.6 | 11.0 | 11.3 | 18.9 | 12.3 | 13.2 | 12.4 | 15.1 | 53.0 |
| Asset Impairment | 30.5 | - | - | - | - | - | - | - | - |
| Provision for North Goonyella Equipment Loss | - | - | - | - | - | - | 49.3 | 17.1 | 66.4 |
| Changes in Deferred Tax Asset Valuation Allowance and Reserves and Amortization of Basis Difference Related to Equity Affiliates | (5.2) | (4.3) | (3.4) | (9.6) | (7.6) | (8.4) | (6.1) | 3.8 | (18.3) |
| Interest Expense | 32.9 | 41.4 | 42.4 | 35.9 | 36.3 | 38.3 | 38.2 | 36.5 | 149.3 |
| Loss on Early Debt Extinguishment | - | - | 12.9 | 8.0 | - | 2.0 | - | - | 2.0 |
| Interest Income | (2.7) | (1.5) | (2.0) | (2.1) | (7.2) | (7.0) | (10.1) | (9.3) | (33.6) |
| Net Mark-to-Market Adjustment on Actuarially Determined Liabilities | - | - | - | (45.2) | - | - | - | (125.5) | (125.5) |
| Reorganization Items, Net | 627.2 | - | - | - | (12.8) | - | - | - | (12.8) |
| Gain on Disposal of Reclamation Liability | - | - | - | (31.2) | - | - | - | - | - |
| Gain on Disposal of Burton Mine | - | - | - | (52.2) | - | - | - | - | - |
| Break Fees Related to Terminated Asset Sales | - | (28.0) | - | - | - | - | - | - | - |
| Unrealized (Gains) Losses on Economic Hedges | (16.6) | (9.4) | 10.8 | 21.6 | (38.6) | 48.1 | 26.8 | (54.6) | (18.3) |
| Unrealized (Gains) Losses on Non-Coal Trading Derivative Contracts | - | (3.2) | 1.7 | 3.0 | 1.8 | (0.1) | (0.3) | (0.7) | 0.7 |
| Fresh Start Coal Inventory Revaluation | - | 67.3 | - | - | - | - | - | - | - |
| Fresh Start Take-or-Pay Contract-Based Intangible Recognition | - | (9.9) | (6.5) | (6.1) | (8.3) | (7.8) | (5.4) | (5.2) | (26.7) |
| Income Tax (Benefit) Provision | (263.8) | 4.7 | (84.1) | (81.6) | 10.1 | 7.4 | 13.8 | (12.9) | 18.4 |
| Adjusted EBITDA [2] | $ 341.3 | $ 317.8 | $ 411.3 | $ 416.2 | $ 363.9 | $ 369.6 | $ 372.1 | $ 273.7 | $ 1,379.3 |
| | | | | | | | | | |
| Operating Costs and Expenses | $ 950.2 | $ 927.9 | $ 1,039.1 | $ 1,085.7 | $ 1,057.2 | $ 946.5 | $ 1,047.9 | $ 1,021.0 | $ 4,072.6 |
| Break Fees Related to Terminated Asset Sales | - | 28.0 | - | - | - | - | - | - | - |
| Unrealized Gains (Losses) on Non-Coal Trading Derivative Contracts | - | 3.2 | (1.7) | (3.0) | (1.8) | 0.1 | 0.3 | 0.7 | (0.7) |
| Fresh Start Coal Inventory Revaluation | - | (67.3) | - | - | - | - | - | - | - |
| Fresh Start Take-or-Pay Contract-Based Intangible Recognition | - | 9.9 | 6.5 | 6.1 | 8.3 | 7.8 | 5.4 | 5.2 | 26.7 |
| Net Periodic Benefit Costs, Excluding Service Cost | 14.4 | 6.6 | 6.6 | 8.7 | 4.5 | 4.6 | 4.5 | 4.5 | 18.1 |
| Total Reporting Segment Costs [1] | $ 964.6 | $ 908.3 | $ 1,050.5 | $ 1,097.5 | $ 1,068.2 | $ 959.0 | $ 1,058.1 | $ 1,031.4 | $ 4,116.7 |
| | | | | | | | | | |
| Net Cash (Used In) Provided By Operating Activities | $ (813.0) | $ 65.7 | $ 248.0 | $ 499.7 | $ 579.7 | $ 335.7 | $ 345.4 | $ 228.9 | $ 1,489.7 |
| Net Cash Provided By (Used In) Investing Activities | 15.1 | (18.5) | (16.4) | (58.5) | (6.4) | (11.6) | (47.5) | (451.8) | (517.3) |
| Add Back: Acquisition of Shoal Creek Mine | - | - | - | - | - | - | - | 387.4 | 387.4 |
| Free Cash Flow [5] | $ (797.9) | $ 47.2 | $ 231.6 | $ 441.2 | $ 573.3 | $ 324.1 | $ 297.9 | $ 164.5 | $ 1,359.8 |

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Note: Refer to definitions and footnotes on slide 37.

# Reconciliation of Non-GAAP Measures: Definitions

Note: Total Reporting Segment Costs, Adjusted EBITDA and Free Cash Flow are non-GAAP financial measures. Management believes that non-GAAP performance measures are used by investors to measure our operating performance and lenders to measure our ability to incur and service debt. These measures are not intended to serve as alternatives to U.S. GAAP measures of performance and may not be comparable to similarly-titled measures presented by other companies.

(1) Total Reporting Segment Costs is defined as operating costs and expenses adjusted for the discrete items that management excluded in analyzing each of our segment's operating performance as displayed in the reconciliation above. Total Reporting Segment Costs is used by management as a metric to measure each of our segment's operating performance.

(2) Adjusted EBITDA is defined as income from continuing operations before deducting net interest expense, income taxes, asset retirement obligation expenses, depreciation, depletion and amortization and reorganization items, net. Adjusted EBITDA is also adjusted for the discrete items that management excluded in analyzing each of our segment's operating performance as displayed in the reconciliation above. Adjusted EBITDA is used by management as the primary metric to measure each of our segment's operating performance.

(3) Includes gains (losses) on certain surplus coal reserve and surface land sales, property management costs and revenues, the Q3 2018 gain of $20.5 million on the sale of surplus coal resources associated with the Millennium Mine and the Q1 2018 gain of $20.6 million on the sale of certain surplus land assets in Queensland's Bowen Basin.

(4) Includes income from equity affiliates (before the impact of related changes in deferred tax asset valuation allowance and reserves and amortization of basis difference), trading and brokerage activities, costs associated with post-mining activities, certain coal royalty expenses, minimum charges on certain transportation-related contracts, the Q1 2018 gain of $7.1 million recognized on the sale of our interest in the Red Mountain Joint Venture and the Q1 2017 gain of $19.7 million recognized on the sale of Dominion Terminal Associates.

(5) Free Cash Flow is defined as net cash provided by operating activities less net cash used in investing activities and excludes cash outflows related to business combinations. Free Cash Flow is used by management as a measure of our financial performance and our ability to generate excess cash flow from our business operations.

(6) Adjusted EBITDA is defined by Peabody in this calculation as net income before deducting depreciation, depletion and amortization and asset retirement obligation expenses.