Quarterly Investor Update

Glenn Kellow – President and Chief Executive Officer
Amy Schwetz – EVP and Chief Financial Officer
Vic Svec – SVP Global Investor and Corporate Relations

July 31, 2019

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 Peabody or Arch expect will occur in the future are forward-looking statements. They may include estimates of value accretion, joint venture synergies, closing of the joint venture, 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 Peabody's and Arch's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore, each Peabody and Arch disclaim 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 Peabody's and Arch's control, including (i) risks that the proposed joint venture may not be completed, including as a result of a failure to obtain required regulatory approvals, (ii) risks that the anticipated synergies from the proposed joint venture may not be fully realized, including as a result of actions necessary to obtain regulatory approvals, (iii) other factors that are described in Peabody's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2018, (iv) other factors that are described in Arch's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2018 and (v) other factors that Peabody or Arch may describe from time to time in other filings with the SEC. You may get such filings for free at Peabody's website at www.peabodyenergy.com and Arch's website at www.archcoal.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.

Highlights: Second Quarter 2019

- ✓ Seaborne thermal segment earns Adjusted EBITDA margins of 34% due to strong contracting position, low-cost operations
- ✓ Seaborne metallurgical segment delivers 29% Adjusted EBITDA margins, excluding North Goonyella project costs
- ✓ Shoal Creek Mine holds position as top earnings contributor
  - Cash flows continue to be on pace for a less than 2-year payback period
- ✓ Costs per ton improve across multiple regions
- ✓ PRB/Colorado joint venture expected to strengthen competitiveness of coal against natural gas/renewables and create substantial value
- ✓ Returned 122% of Free Cash Flow to shareholders June year-to-date
- ✓ Accelerating share repurchases in second half of 2019

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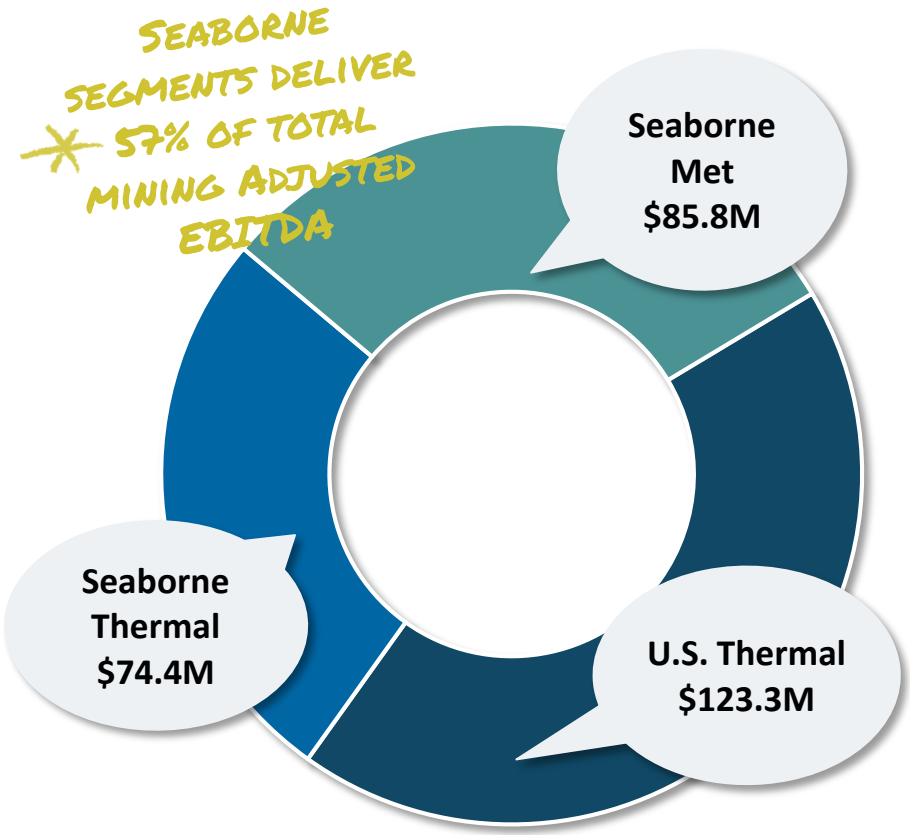
Note: Adjusted EBITDA margin is a non-GAAP operating/statistical measure. Free Cash Flow is a non-GAAP financial measure. Adjusted EBITDA margin is equal to segment Adjusted EBITDA divided by segment revenue. Refer to the reconciliation to the nearest GAAP measures in the appendix.

Second Quarter Results Reflect Solid Shoal Creek, Seaborne Contributions; Cost Improvement Across Operations

Q2 2019 Adjusted EBITDA by Mining Portfolios



- Seaborne metallurgical segment supported by exceptional performance from Shoal Creek
  - $50 per ton improvement in costs at Coppabella Mine versus prior quarter
- Seaborne thermal results backed by favorable contracting position
  - Costs per ton improve 4% from prior year; Below low end of annual guidance range
- U.S. thermal costs per ton decline 4% from prior year even with lower volumes

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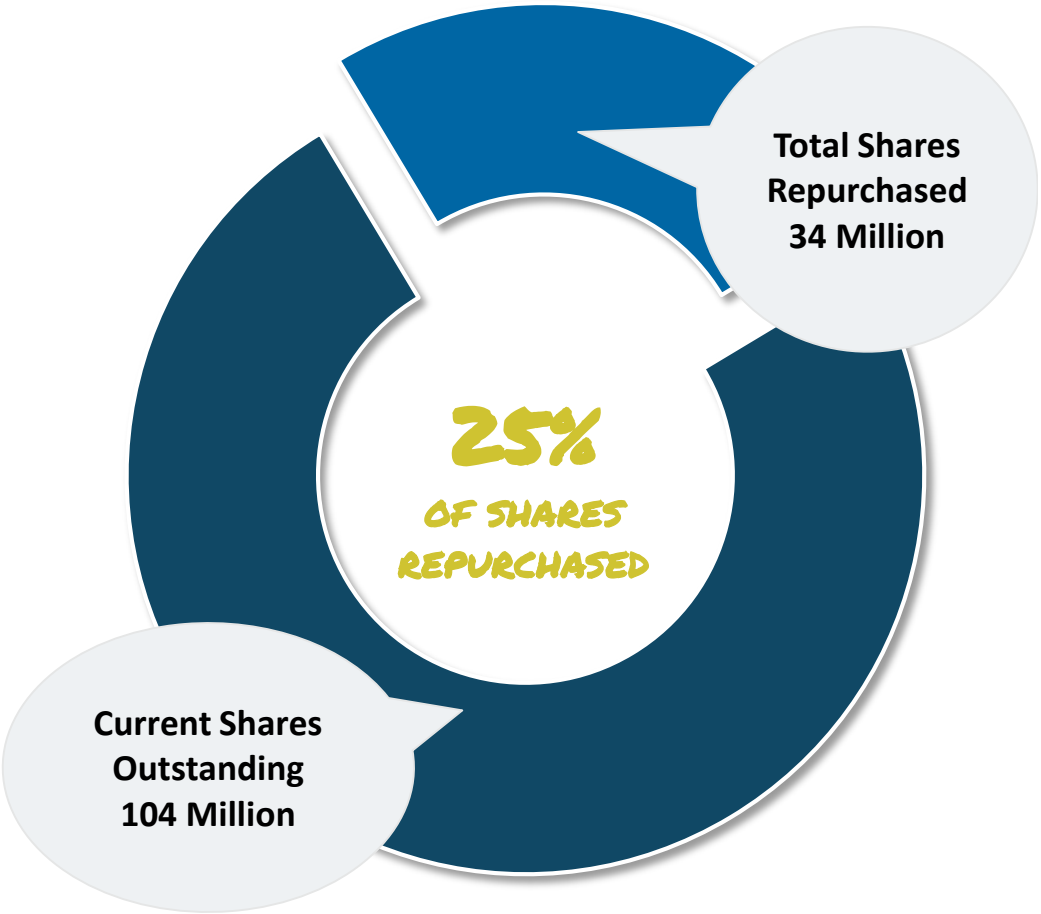
Note: Adjusted EBITDA margin is a non-GAAP operating/statistical measure. Cost per ton is a non-GAAP operating/statistical measure. Seaborne Met Adjusted EBITDA excludes net North Goonyella costs.

Peabody Returns $436 Million in Cash to Shareholders YTD in 2019



- Share repurchases total $1.2 billion under current share repurchase program
- Buyback activity resumed following required blackout period related to PRB/ Colorado joint venture
  - $57 million repurchased in second quarter with additional $51 million in July
- Dividends total $229 million YTD; Third increase to quarterly dividend per share
- Cash and cash equivalents total $853 million at quarter end

Note: Share repurchases from April 2017 to July 30, 2019. Percentage of shares repurchased based on initial share count of 137.3 million shares of common stock outstanding. Dividends total includes quarterly and supplemental dividend.

Peabody Implementing Multiple Strategies in Support of Mission to Create Superior Value for Shareholders

1) Continuing to reweight our investments toward greater **SEABORNE THERMAL** and **SEABORNE METALLURGICAL** coal access to capture higher-growth Asian demand

SHOAL CREEK EXCELS IN FIRST 6 MONTHS

2) Optimizing our lowest-cost and highest-margin **U.S. THERMAL** assets in a low-capital fashion to maximize cash generation

PRB/COLORADO JOINT VENTURE REPRESENTS SUBSTANTIAL SYNERGIES

3) Executing our financial approach of generating cash, maintaining financial strength, investing wisely and **RETURNING CASH TO SHAREHOLDERS**

$1.5 BILLION RETURNED TO SHAREHOLDERS IN LESS THAN 2 YEARS

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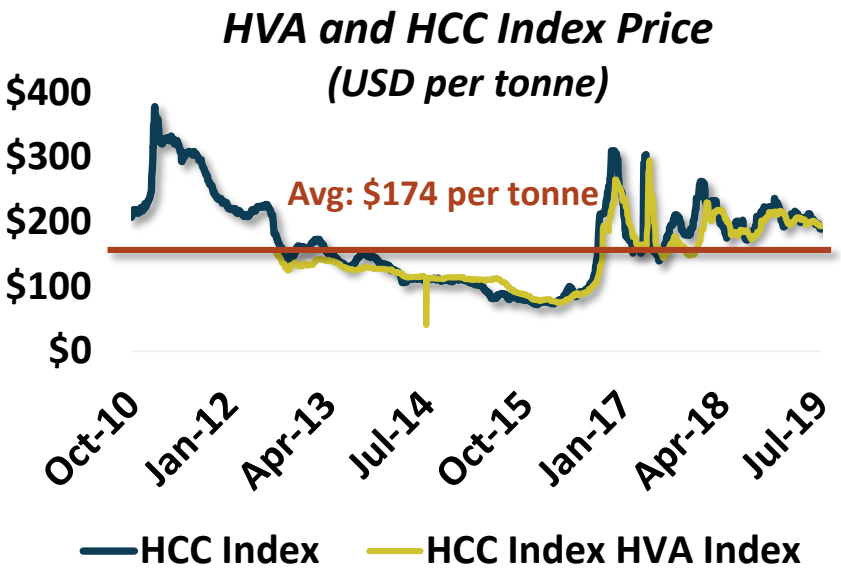
Seaborne Metallurgical: Shoal Creek Upgrades Portfolio; Opportunities for Development/Organic Growth Over Time

- Met prices show resilience in second quarter; Recent easing
- China imports strong YTD on steel growth, stimulus measures
- India imports steady; Expected to lead import demand growth
- Muted supply response



Peabody Actions

- Continuing to capture value from high-quality, low-cost Shoal Creek Mine
- Progressing opportunities at Moorvale Mine to extend life beyond 2025 with increased quality as early as 2020

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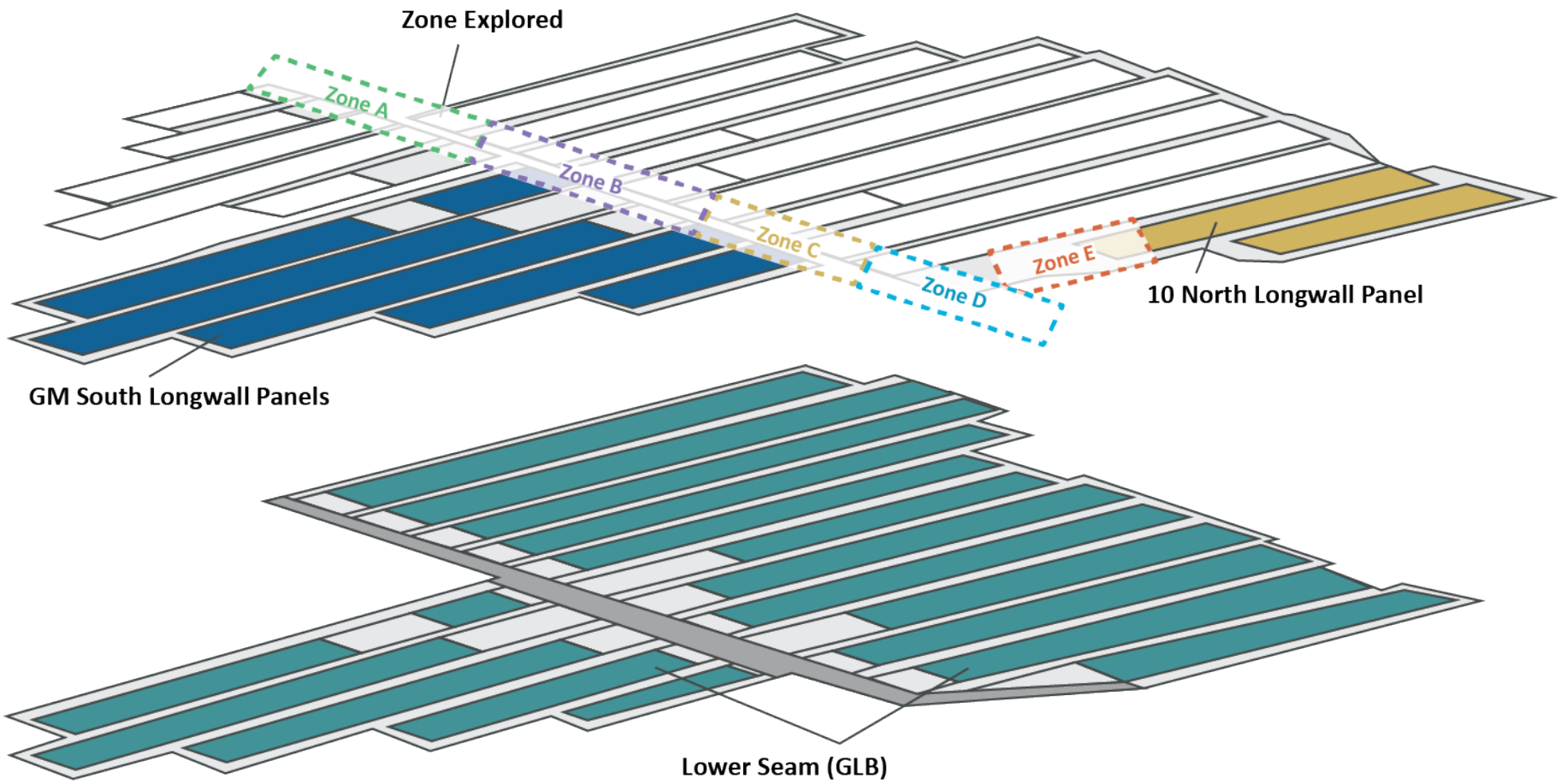
Source: Industry reports and Peabody Global Analytics.

Peabody Assessing Prospective Paths, Timetables and Costs for North Goonyella to Maximize Value

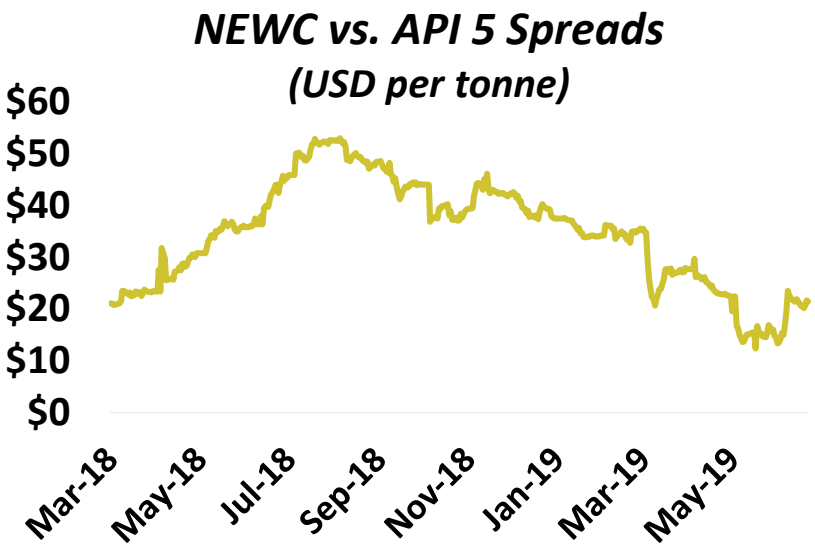


All potential paths preserve opportunity to access more than 40 million tons of HCC in lower seam reserves over time

Note: Mine map not to scale. For illustration purposes only.

Seaborne Thermal: Continues to Offer Strong Margins; Positioned to Serve Higher-Growth Asia-Pacific Demand

- NEWC pricing rebounds from lows experienced late in second quarter
  - API 5 spread versus NEWC compresses
- Recent surge in China imports; India imports exceed expectations
- ASEAN imports up sharply YOY
- LNG prices in sharp contango



Peabody Actions

- 3.6 million tons priced at ~$83 for 2019
  - 2.1 million tons priced for 2020 above the NEWC forward curve
- United Wambo Joint Venture with Glencore anticipated to form later this year; Production expected in 2020

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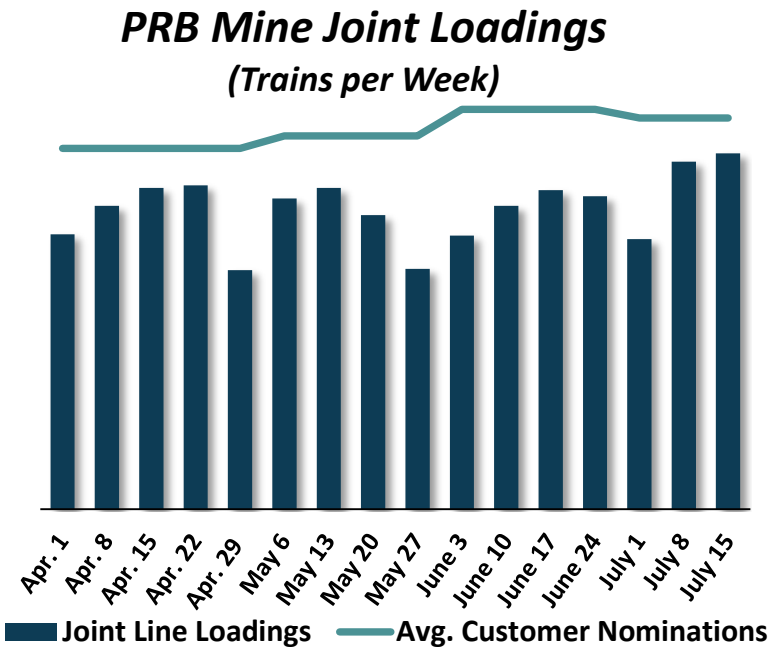
Source: Industry reports and Peabody Global Energy Analytics.

U.S. Thermal: Highly Synergistic JV Expected to Reduce Costs, Enable Coal to Better Compete Against Other Energy Sources

- Total electricity demand down 2% YTD on below-normal heating and cooling degree days in heavy demand months
- Coal accounted for 24% of generation mix; Natural gas rises 35% on 3-year pricing low
- Coal production down 6%



Peabody Actions

- Operating adjacent mines as complexes where possible
  - Ability to move contracts, people and equipment
- Advancing PRB/Colorado joint venture aimed at strengthening competitiveness against natural gas and renewables
  - Expected to benefit multiple stakeholders, including customers and shareholders

Source: Industry reports and Peabody Global Analytics.

JV Expected to Unlock Pre-Tax Synergies of ~$820 Million; Projected 10-Year Average Synergies of ~$120 Million Per Year

- Integration projected to lead to substantial synergies, including:
  - Optimization of mine planning and sequencing and accessing otherwise isolated reserves
  - Improved efficiencies in deployment of combined equipment fleet
  - More efficient procurement, warehousing
  - Enhanced blending capabilities to more closely meet customer requirements
  - Improved utilization of combined rail loadout system, other rail efficiencies
  - Reductions in long-term capital requirements
  - Leveraging Peabody's shared services
- NARM and Black Thunder to operate as a single complex

Progress Update

- Advancing regulatory approval process
- Early support from multiple stakeholders
- Synergies continuing to be refined and evaluated for further opportunities

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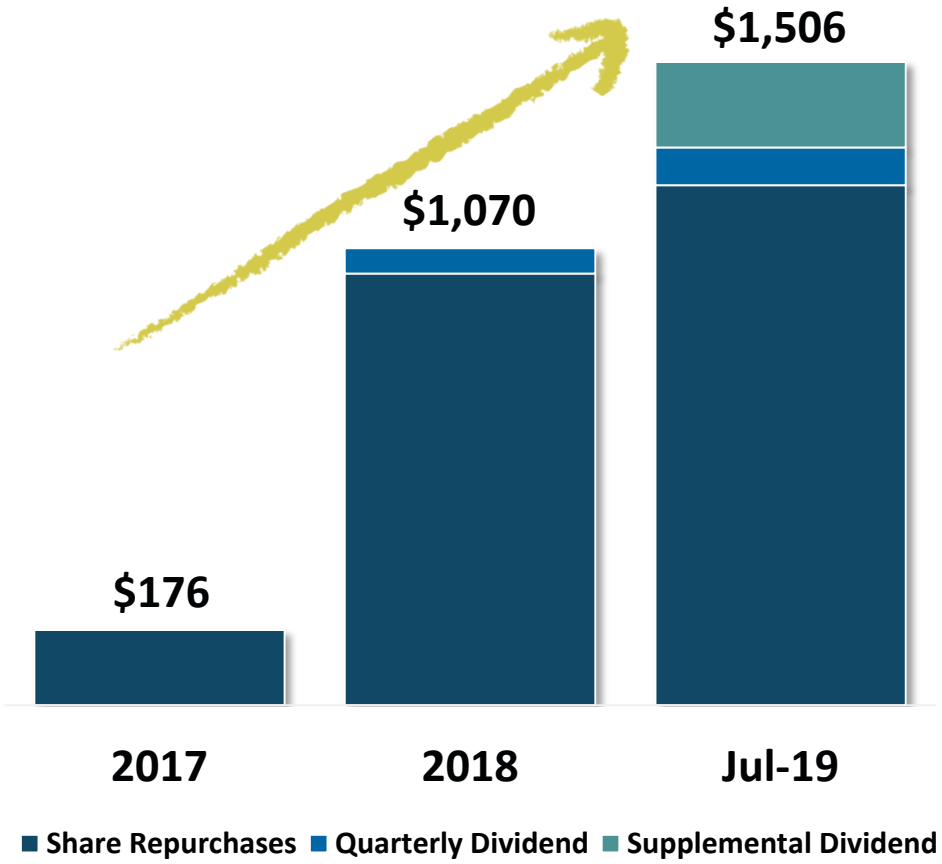
Note: Synergies of approximately $820 million represent the combined net present value of estimated pre-tax synergies for the joint venture projected over standalone life-of-mine plans assuming third-party price assumptions and a 10 percent discount rate. Average combined synergies of approximately $120 million per year projected over initial 10 years.

Financial Approach: Peabody Intends to Return to Shareholders Amount Greater Than Free Cash Flow in 2019

Investment Filters

- ✓ *Strategic portfolio fit*
- ✓ *Maintains financial strength*
- ✓ *Generates returns above cost of capital*
- ✓ *Provides a reasonable payback period*
- ✓ *Provides tangible synergies*
- ✓ *Creates significant value for our shareholders*

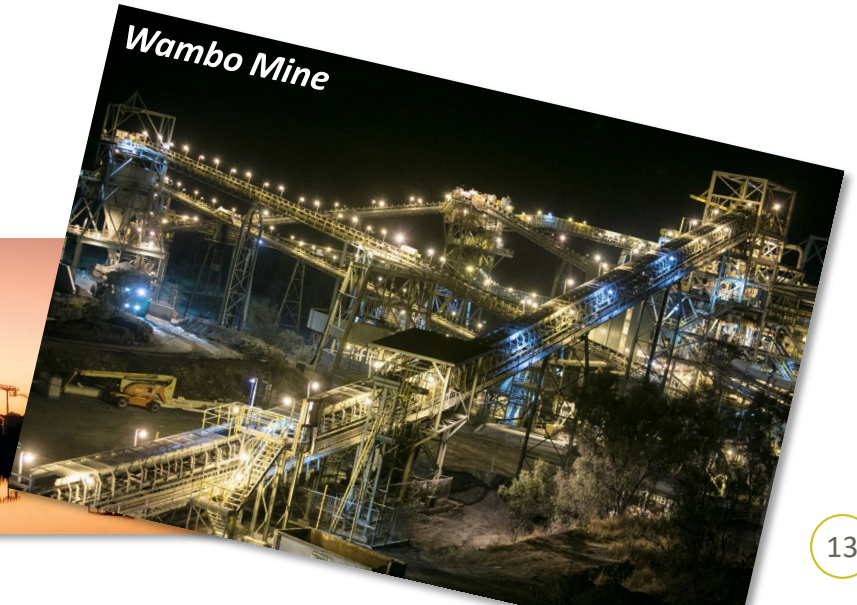
Cumulative Shareholder Returns
($ in millions)



Note: Share repurchases from August 2017 to July 30, 2019.

Second Half Activities Continue to Drive Value

- At current prices, Peabody expects second-half Adjusted EBITDA contributions to be largely in line with first half results
- Anticipating progressive increases in seaborne thermal and met coal volumes; Kayenta Mine ceases production within Q3
- Examining organizational structure and functional support activities to further enhance capabilities while streamlining processes



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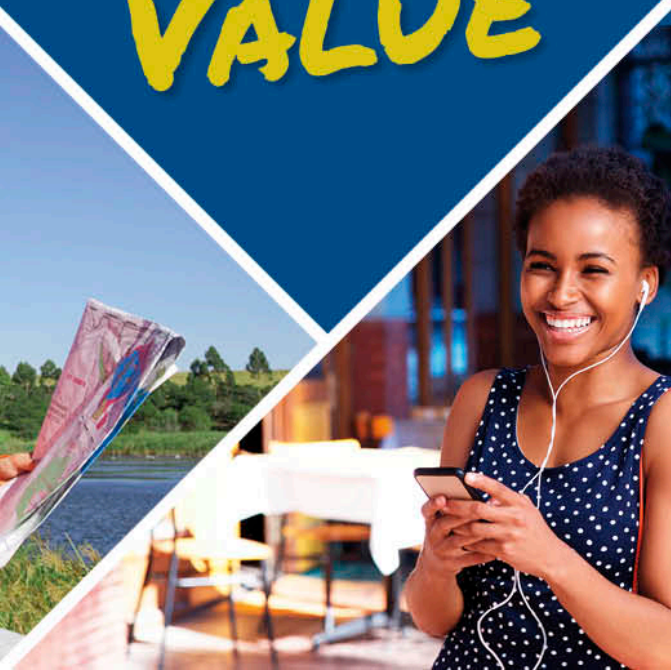
Appendix

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	12.0 – 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)	$90 – $95

Quarterly SG&A Expense	~$40 million
Full-Year Capital Expenditures	$350 – $375 million
Full-Year DD&A	$600 – $650 million
Full-Year Interest Expense[4]	~$150 million
Full-Year ARO Cash Spend	~$50 million
Cost Sensitivities[5]	
$0.05 Decrease in A$ FX Rate[6]	+ ~$45 million
$0.05 Increase in A$ FX Rate[6]	- ~$45 million
Fuel (+/- $10/barrel)	+/- ~$15 million
2019 Priced Position (Avg. Price per Short Ton)	
PRB	$11.22
ILB	~$43
Seaborne Export Thermal Volumes (Q3 – Q4) [7]	~$83

~98% of Peabody's 2019 U.S. thermal volumes are priced based on the mid-point of 2019 volume guidance

~3.6 million short tons of seaborne export thermal coal priced (Q3 – Q4) [7]

2020 Priced Position (Avg. Price per Short Ton)

~50% and ~65% of Peabody's 2020 U.S. thermal volumes are priced and committed, respectively, based on the mid-point of 2019 volume guidance[8]

Seaborne Export Thermal Volumes	~$77

~2.1 million short tons of seaborne export thermal coal priced for 2020

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2019 Guidance Targets

[1] Peabody expects to realize ~80%-90% of the premium HCC quoted index price on a weighted average across its HCC 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 realize ~80%-90% of the LV PCI benchmark for its PCI products.

[3] Assumes 2019 average A$ FX rate of $0.70. 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 June 30, 2019, Peabody had outstanding average rate call options to manage market price volatility associated with the Australian dollar in aggregate notional amount of approximately AUD $1 billion with strike price levels ranging from $0.74 to $0.77 with settlement dates through March 31, 2020. Sensitivities provided are relative to an assumed average A$ FX exchange rate of ~$0.70 as of June 30, 2019.

[7] Approximately 40%-50% of Peabody's unpriced seaborne thermal export volumes is NEWC-specification, with the remainder closer to an API5 product.

[8] 2019 U.S. volume guidance includes volumes associated with the Kayenta Mine, within the Western segment, which is scheduled to cease operations within the third quarter of 2019.

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 July 30, 2019, Peabody had approximately 104.0 million shares of common stock outstanding. Including approximately 3 million shares of unvested equity awards, Peabody has approximately 107 million shares of common stock on a fully diluted basis.

Historical Seaborne Pricing ($/Tonne)

Time Period	HCC – Settlement	HCC – Spot	LV PCI – Settlement	LV PCI – Spot	NEWC – Prompt	API 5 – Prompt
Q2 2019	$208	$203	$138.50	$125	$80	$57
Q1 2019	$210	$206	$141	$126	$97	$60
Q4 2018	$212	$221	$139	$128	$105	$63
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

Source: HCC, LV PCI, and NEWC spot prices per Platts; API5 spot prices per Platts through Q1 2019, and per Argus/McCloskey Weekly Index for Q2 2019. Settlement prices per IHS Markit benchmark history.

Reconciliation of Non-GAAP Measures

	Quarter Ended		Six Months Ended	
	Jun. 2019	Jun. 2018	Jun. 2019	Jun. 2018
Tons Sold (In Millions)				
Seaborne Thermal Mining Operations	4.7	5.0	9.2	8.8
Seaborne Metallurgical Mining Operations	2.1	2.9	4.4	5.9
Powder River Basin Mining Operations	25.0	26.2	50.3	58.6
Midwestern U.S. Mining Operations	3.9	4.7	8.1	9.4
Western U.S. Mining Operations	3.3	3.5	7.0	7.2
Total U.S. Thermal Mining Operations	32.2	34.4	65.4	75.2
Corporate and Other	0.4	0.8	0.9	1.5
Total	39.4	43.1	79.9	91.4

Revenue Summary (In Millions)				
Seaborne Thermal Mining Operations	$ 220.2	$ 267.4	$ 471.2	$ 468.8
Seaborne Metallurgical Mining Operations	290.9	417.5	615.4	883.7
Powder River Basin Mining Operations	282.6	321.5	569.9	710.8
Midwestern U.S. Mining Operations	167.5	197.5	346.6	399.2
Western U.S. Mining Operations	142.1	139.6	297.8	283.3
Total U.S. Thermal Mining Operations	592.2	658.6	1,214.3	1,393.3
Corporate and Other	45.7	(34.1)	98.7	26.3
Total	$ 1,149.0	$ 1,309.4	$ 2,399.6	$ 2,772.1

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Reconciliation of Non-GAAP Measures

	Quarter Ended		Six Months Ended	
	Jun. 2019	Jun. 2018	Jun. 2019	Jun. 2018
Total Reporting Segment Costs [1] Summary (In Millions)				
Seaborne Thermal Mining Operations	$ 145.8	$ 159.8	$ 302.1	$ 299.6
Seaborne Metallurgical Mining Operations	233.5	259.0	472.2	558.8
Net North Goonyella Costs	28.4	-	31.4	-
Seaborne Metallurgical Mining Operations, Excluding Net North Goonyella Costs	205.1	259.0	440.8	558.8
Powder River Basin Mining Operations	242.4	259.5	493.3	574.3
Midwestern U.S. Mining Operations	136.8	155.5	282.6	326.0
Western U.S. Mining Operations	89.7	105.7	202.8	217.4
Total U.S. Thermal Mining Operations	468.9	520.7	978.7	1,117.7
Corporate and Other	20.1	19.5	40.5	51.1
Total	$ 868.3	$ 959.0	$ 1,793.5	$ 2,027.2
Adjusted EBITDA [2] (In Millions)				
Seaborne Thermal Mining Operations	$ 74.4	$ 107.6	$ 169.1	$ 169.2
Seaborne Metallurgical Mining Operations	57.4	158.5	143.2	324.9
Net North Goonyella Costs	28.4	-	31.4	-
Seaborne Metallurgical Mining Operations, Excluding Net North Goonyella Costs	85.8	158.5	174.6	324.9
Powder River Basin Mining Operations	40.2	62.0	76.6	136.5
Midwestern U.S. Mining Operations	30.7	42.0	64.0	73.2
Western U.S. Mining Operations	52.4	33.9	95.0	65.9
Total U.S. Thermal Mining Operations	123.3	137.9	235.6	275.6
Middlemount [3]	10.0	17.2	13.9	31.8
Resource Management Results [4]	1.7	0.7	3.7	21.5
Selling and Administrative Expenses	(38.9)	(44.1)	(75.6)	(81.1)
Transaction Costs Related to Business Combinations and Joint Ventures	(1.6)	-	(1.6)	-
Other Operating Costs, Net [5]	1.7	(8.2)	(6.4)	(8.4)
Adjusted EBITDA [2]	$ 228.0	$ 369.6	$ 481.9	$ 733.5

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Note: Refer to definitions on slides 21-22.

Reconciliation of Non-GAAP Measures

Reconciliation of Non-GAAP Financial Measures (In Millions)	Quarter Ended Jun. 2019	Quarter Ended Jun. 2018	Six Months Ended Jun. 2019	Six Months Ended Jun. 2018
Income from Continuing Operations, Net of Income Taxes	$ 42.9	$ 120.0	$ 176.2	$ 328.3
Depreciation, Depletion and Amortization	165.4	163.9	337.9	333.5
Asset Retirement Obligation Expenses	15.3	13.2	29.1	25.5
Provision for North Goonyella Equipment Loss	-	-	24.7	-
North Goonyella Insurance Recovery - Equipment [6]	-	-	(91.1)	-
Changes in Deferred Tax Asset Valuation Allowance and Reserves and Amortization of Basis Difference Related to Equity Affiliates	0.3	(8.4)	0.3	(16.0)
Interest Expense	36.0	38.3	71.8	74.6
Loss on Early Debt Extinguishment	-	2.0	-	2.0
Interest Income	(7.2)	(7.0)	(15.5)	(14.2)
Reorganization Items, Net	-	-	-	(12.8)
Unrealized (Gains) Losses on Economic Hedges	(22.4)	48.1	(62.2)	9.5
Unrealized Losses (Gains) on Non-Coal Trading Derivative Contracts	0.3	(0.1)	0.1	1.7
Fresh Start Take-or-Pay Contract-Based Intangible Recognition	(5.6)	(7.8)	(11.2)	(16.1)
Income Tax Provision	3.0	7.4	21.8	17.5
Adjusted EBITDA [2]	$ 228.0	$ 369.6	$ 481.9	$ 733.5
Operating Costs and Expenses	$ 858.2	$ 946.5	$ 1,806.6	$ 2,003.7
Unrealized (Losses) Gains on Non-Coal Trading Derivative Contracts	(0.3)	0.1	(0.1)	(1.7)
Fresh Start Take-or-Pay Contract-Based Intangible Recognition	5.6	7.8	11.2	16.1
North Goonyella Insurance Recovery - Cost Recovery and Business Interruption [6]	-	-	(33.9)	-
Net Periodic Benefit Costs, Excluding Service Cost	4.8	4.6	9.7	9.1
Total Reporting Segment Costs [1]	$ 868.3	$ 959.0	$ 1,793.5	$ 2,027.2
Net Cash Provided By Operating Activities	$ 179.4	$ 335.7	$ 377.0	$ 915.4
Net Cash Used In Investing Activities	(25.9)	(11.6)	(64.0)	(18.0)
Add Back: Amount Attributable to Acquisition of Shoal Creek Mine	-	-	2.4	-
Free Cash Flow [7]	$ 153.5	$ 324.1	$ 315.4	$ 897.4

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Note: Refer to definitions on slides 21-22.

Reconciliation of Non-GAAP Measures

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) We account for our 50% equity interest in Middlemount Coal Pty Ltd. (Middlemount), which owns the Middlemount Mine, under the equity method. Middlemount's standalone results exclude the impact of related changes in deferred tax asset valuation allowance and reserves and amortization of basis difference recorded by the company in applying the equity method. Middlemount's standalone results include (on a 50% attributable basis):

	Quarter Ended		Six Months Ended	
	Jun. 2019	Jun. 2018	Jun. 2019	Jun. 2018
	(In Millions)			
Tons sold	0.6	0.5	1.0	1.0
Depreciation, depletion and amortization and asset retirement obligation expenses	$ 3.5	$ 4.2	$ 7.1	$ 8.1
Net interest expense	1.8	3.6	4.0	7.2
Income tax provision	4.2	6.4	5.9	11.5

Reconciliation of Non-GAAP Measures

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

(5) Includes trading and brokerage activities, costs associated with post-mining activities, certain coal royalty expenses, minimum charges on certain transportation-related contracts and the Q1 2018 gain of $7.1 million recognized on the sale of our interest in the Red Mountain Joint Venture.

(6) We recorded a $125.0 million insurance recovery during the six months ended June 30, 2019 related to losses incurred at our North Goonyella Mine. Of this amount, Adjusted EBITDA excludes an allocated amount applicable to total equipment losses recognized at the time of the insurance recovery settlement, which consisted of $24.7 million and $66.4 million recognized during the six months ended June 30, 2019 and the year ended December 31, 2018, respectively. The remaining $33.9 million, applicable to incremental costs and business interruption losses, is included in Adjusted EBITDA for the six months ended June 30, 2019.

(7) 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.