



Investor FAQs

1. What is the company announcing?

- The company has 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 in a major step to strengthen its liquidity and reduce debt amid an unprecedented industry downturn.
- 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 and are expected to continue doing so for the duration of the process.
- No Australian entities are included in the filings, and our Australian operations are continuing as usual.
- This process is intended to lay the foundation for long-term stability and success.

2. What is Chapter 11?

- Chapter 11 provides us with the opportunity to reduce our overall debt level, lower fixed charges, improve operating cash flow and position the company for long-term success, while continuing to operate in the ordinary course under the protection of the court process. We also intend to build upon the significant operational achievements we've made in recent years.
- Companies that file for Chapter 11 generally continue to operate their business with the goal of emerging from the process as viable and financially healthier enterprises.
- This process provides the company with an opportunity to strengthen its liquidity and reduce debt while continuing its aggressive focus to improve the business during an unprecedented industry downturn.

3. Can you describe the U.S. Chapter 11 process? How does it differ from Chapter 7?

- Chapter 11 of the U.S. Bankruptcy Code generally allows companies to restructure both their finances and their operations under court supervision while continuing to operate.
- Companies that file under Chapter 7 of the Bankruptcy Code liquidate their businesses.

4. Why did the company file for Chapter 11 protection?

- The factors affecting the global coal industry in recent years have been unprecedented. Industry pressures have included a dramatic drop in the prices of metallurgical coal for

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

international steel making, weakness in the Chinese economy and overproduction of U.S. domestic shale gas.

- The decrease in met coal prices alone, relative to 2011 levels, has led to billions of dollars in lower annual earnings and in excess of \$20 billion in lower enterprise value.
- Chapter 11 provides the opportunity for the company to reduce its overall debt, lower fixed charges, improve operating cash flow and position the company for long-term success, while continuing to operate in the ordinary course under the protection of the court process.

5. How long will the process take?

- The company intends to move through the process as quickly as possible and we have obtained financing for as long as 18 months, subject to court approval.
- This decision was not easy, but we believe it is the right path for Peabody.
- After years of significant demand increases and growth initiatives by Peabody, markets have sharply deteriorated in recent years. In fact, since 2012, approximately 50 U.S. coal companies have filed for bankruptcy. The broader mining and energy space is also suffering.

6. Will the company remain in business?

- Yes. All of the company's mines and offices are continuing to operate in the ordinary course under the protection of the court process. No Australian entities are included in the filings, and Australian operations are continuing as usual.
- Chapter 11 provides the opportunity for the company to reduce its overall debt, lower fixed charges, improve operating cash flow and position the company for long-term success while continuing to operate in the ordinary course under the protection of the court process.
- In the U.S., employees will continue to receive customary wages and salaries, healthcare coverage and other benefits upon court approval, which we expect to come quickly to allow us to continue to operate in the ordinary course.
- The Australian entities are not included in the filings, and Australian employees are expected to be paid as usual.
- This process is intended to lay the foundation for long-term stability and success.

7. Will the company's management remain in place?

- Yes.
- The company is led by a CEO and CFO who, while being veterans of the industry, are serving in their first full year in their new positions.
- The company's executive leadership is entirely new since 2012. The team represents an impressive blend of veteran leadership and fresh perspectives gleaned from varied experiences in mining, steel and energy.
- Peabody also has a new Chairman of the Board as of Jan. 1, 2016.

8. What will happen to your board of directors?

- The current board will remain in place.

9. What is the outlook for a recovery in coal markets?

- Coal currently fuels 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.
- Our portfolio is shaped around several core regions—the Power River and Illinois basins and Australia—with key competitive advantages:
 - The low-cost Powder River and Illinois basins are the most competitively positioned in the U.S. (relative to natural gas and other regions).
 - The company’s Australian thermal and metallurgical coal platform has excellent access to higher-demand Asia markets.
- In short, coal will remain an essential part of the energy mix and Peabody is here to stay.

10. Will you be looking to sell assets through this Chapter 11 process?

- Chapter 11 provides us with the opportunity to reduce our overall debt level, lower fixed charges, improve operating cash flow and position the company for long-term success, while continuing to operate in the ordinary course under the protection of the court process. We also intend to build upon the significant operational achievements we’ve made in recent years.
- The company will continue to evaluate opportunities to reshape its platform to best compete in key regions by targeting the sale of non-core assets.
- Our filter for evaluating divestitures includes factors such as strategic fit, value consideration, growth potential and cash flow requirements.

11. Given all the speculation around a possible filing, why wasn’t the company more forthcoming on its plans?

- We disclosed our decision to file for Chapter 11 after the decision to file was made by our Board of Directors.
- The company has engaged in extensive discussions with creditors on a variety of options, including many that would have restructured debt outside of a court process.
- These discussions were disclosed over the past few months via 8-K filings and during our quarterly earnings calls.
- Our 10-K filed on March 15, 2016 included a “going concern” opinion and risk factors outlined this possibility.

12. Does the company expect its self-bonding status to be affected?

- We have informed the states in which we self bond of our Chapter 11 filing. This does not change our commitment to our reclamation obligations. We expect to continue discussions with both the Office of Surface Mining Reclamation and Enforcement (OSM) and the states in which we self bond regarding our go-forward bonding requirements.
- We see our land restoration as an essential part of the mining process, take great pride in the work that we do and have been consistently recognized for these programs.
- Each year we restore thousands of acres into hardy and productive rangeland, wildlife habitat, hardwood forests and wetlands.
- We monitor progress to satisfy our own high standards and those of the states and federal government before lands are ultimately released for generations that follow.
- We also have contributed over \$250 million in the past five years to the Abandoned Mine Land funds to pay for the restoration of lands that other producers have mined.

13. What value will the company's common stock have in the future?

- Peabody stock is expected to be suspended by the NYSE. We recommend that you contact your professional investment advisor for further information and guidance.

14. Should employees invest in the company's OTC pink listed stock?

- We cannot give investment advice and suggest you contact your investment advisor.

15. How can I sell shares now that the company's common stock has been delisted by the NYSE?

- As required under New York Stock Exchange regulations, trading in shares of the company stock on the NYSE is expected to be suspended immediately.
- We expect that the company's common stock will resume trading in the OTC Pink Sheets in coming days. Please contact your professional investment advisor for further information.

16. Will the company continue to issue quarterly financial results? Hold quarterly conference calls?

- In addition to planned SEC filings, the company will be filing monthly operating reports with the bankruptcy court. You may find these reports on PeabodyEnergy.com as the process moves forward.

17. Can a shareholder file a claim with the court for the value paid for shares?

- Information about how to file a claim or proof of interest is available through the claims agent website at www.kccllc.net/Peabody.

18. Is there anyone available to talk with shareholders regarding their investment?

- Shareholders should consult with their own professional investment advisor to assess their personal investment situation.

19. Will there be a shareholders' committee?

- A decision to form a shareholders' committee has not yet been made; we'll communicate any changes as decisions are made.