

CUSTOMER FOCUS

We provide customers with quality products and excellent service.

Our Customer Commitment

Our role as the world's largest private-sector coal company is both a profound responsibility and an immense privilege. In 2015, Peabody took great pride in mining, trading and shipping 228.8 million tons of coal, serving customers in 25 countries on six continents. Our work is grounded in an ongoing customer commitment that dates back more than a century.

Committed to Coal... Committed to Customers

From the 19th century Industrial Age through today's Information Age and beyond, coal continues to power society's progress and fuel the future. Coal remains a constant energy source powering revolutionary advancements that improve quality of life for many around the world.

As an affordable and reliable fuel, thermal coal provides essential energy to our customers and, in turn, families, businesses and communities around the world. In addition, metallurgical coal is an essential ingredient in new steel production. A new global middle class is emerging as populations from South America to Asia move to cities in pursuit of improved quality of life. Such urban lifestyles are often far more energy intensive, involving apartments, appliances and automobiles that require steel to construct and electricity to operate.

Peabody is uniquely advantaged to serve our customers from around the globe with a portfolio centered upon three core regions, which include Australia and the Powder River and Illinois Basins in the United States. Peabody shipped about 20 million tons of coal last year from our Midwest mines in Illinois and Indiana to electricity generators and industrial customers throughout the region. In Wyoming, the company's Powder River Basin operations provided about 140 million tons of coal in 2015 for customers in the United States.

In Australia, across Queensland and New South Wales, Peabody's operations achieved total 2015 sales of 35.8 million tons primarily to steel producers in Japan, Europe, Taiwan, Korea, India and South America, as well as to electricity generators in Australia and Asia.

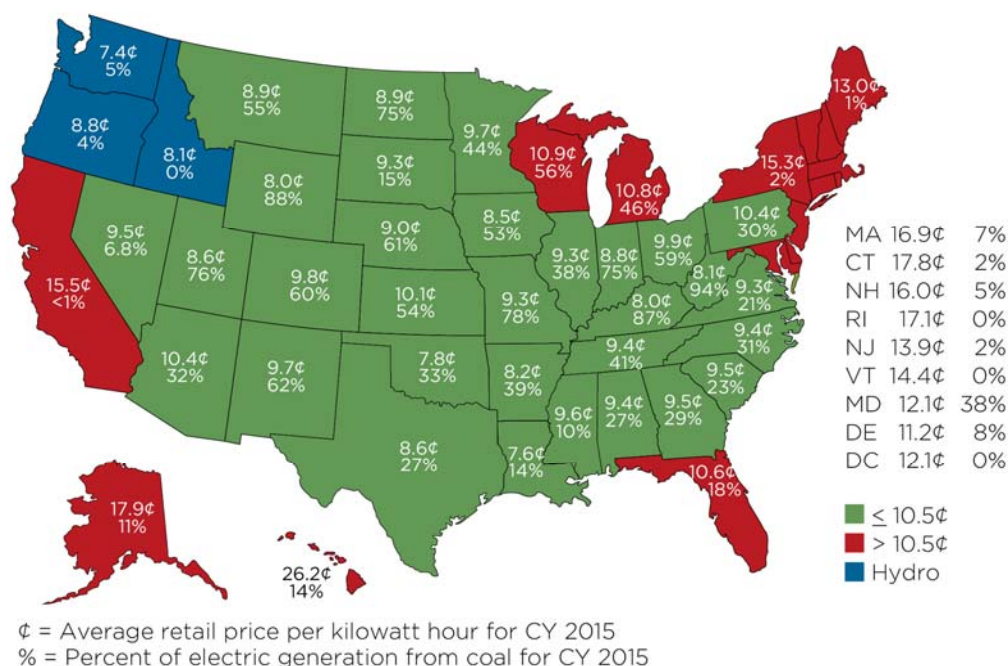
St. Louisans Breathe Clean Air Say Public Health Experts

Ameren Missouri, a key Peabody customer and major generator of the region's electricity, was the subject of a 2015 study authored by toxicology and epidemiology experts Dr. Long and Dr. Valberg titled, *A Case Study: The Public Health Consequences of Air Emissions from Coal-Fired Power Plants in the St. Louis Area*. The study concluded that air quality in the region is similar to, and often better than other cities with marked improvement in recent years.

In addition, the study demonstrated that the incremental emissions from coal-fueled power plants did not contribute to increased cardiovascular and respiratory ailments or rising asthma rates.

The four plants serving Ameren Missouri's St. Louis region use coal primarily provided by Peabody Energy mined from the company's Powder River Basin.

Low-Cost Electricity in America Correlates with States That Use More Coal



Source: U.S. Energy Information Administration, *Electric Power Monthly*, February 2016.

States that rely on coal for electricity enjoy significantly lower rates than coastal states that use minimal amounts of coal.

We pride ourselves on building and maintaining trusted and respected relationships with all of our electricity generation customers and industrial plants around the world. Our nearly five-decade-long customer partnership with Associated Electric (AECI) is a testament to our approach. In 2014, we celebrated a 10-year contract extension, which includes supplying AECI with 90 million tons of coal. We look forward to continuing this partnership for years to come. In addition, we share strong relationships with a number of our other customers, including Duke Energy, Ameren, Salt River Project and Dynegy to name a few.

Transporting Coal, Transforming Lives

We recognize that transportation is a critical factor in a customer's coal sourcing decision. We depend upon rail, barge, trucks, overland conveyor and ocean-going vessels to deliver coal around the globe. We believe we have good relationships with U.S. and Australian rail carriers and barge companies due, in part, to our modern coal-loading facilities and experienced transportation coordinators.

In the summer of 2015, construction was completed on the new train load out at the Gateway North Mine in Illinois. Under the previous system, coal was loaded into train cars and then weighed to ensure contract and railroad compliance. If an individual train car was overweight, the coal had to be manually taken out until the car's weight was compliant – a process that could last up to 12 hours.



The new load out system at Gateway North reduced the time needed to load a train by as much as 67 percent.

The new load out system uses a precision load cell batch weigh system to specify the amount of coal that can be loaded into each car within the maximum allowable weight. This faster and more accurate load out significantly reduces the time needed to load a train by as much as 67 percent, improving service to customers.

Quality Coal for Quality of Life

When Francis S. Peabody founded the company in 1883, he rode along Chicago's cobblestone streets serving his customers from two-mule wagons packed high with coal. In the intervening years, our universal understanding of what constitutes "a better quality of life" has changed considerably as technological advances in communication, travel, medicine, and more have upended our day-to-day lives in remarkable ways.

While the bygone era when energy traveled by mule to bring us warmth and light is no more, Peabody is still proud to deliver one of the world's most abundant and affordable sources of energy that is essential for powering the 21st century's most amazing marvels and economic growth. In 2015, coal was responsible for more than 33 percent of the electricity generated in the United States and over 40 percent globally.¹ Peabody fueled approximately 8.3 percent of U.S. electricity and 1.4 percent of global electricity.

States that predominantly use coal for electricity enjoy rates that are nearly 50 percent lower than coastal states that use minimal amounts of coal.² In addition, since 1970 the United States' coal-fueled electric generating fleet invested over \$110 billion³ to achieve a 92 percent reduction in emissions per kilowatt-hour of sulfur dioxide, nitrogen oxides, and particulate matter.⁴ Through advanced coal technologies, coal powers more energy, more cleanly, every day.

Through it all, the company maintains a keen focus on our customers and the affordable, reliable electricity coal provides families and businesses across the globe – which guides our work with the greatest sense of purpose. Our objective is to provide exceptional service to meet the essential energy needs of a global community that is more wired, more connected, more networked and more powered than ever.

NARM Ships 2 Billionth Ton of Coal

Peabody's North Antelope Rochelle Mine (NARM) shipped its 2 billionth ton of coal in December 2015. NARM is the world's largest and most productive coal mine producing nearly 15 percent of the coal used for coal electricity generation in the United States last year, and by itself fuels 5 percent of the electricity used in the United States – over five times more than all the solar power in the country.

More than 83 million employee hours were part of the 2 billion ton milestone, with employees loading more than 17 million train cars and more than 125,000 trains. If each train were connected end-to-end, it would form a 177,500 mile-long train stretching more than seven times around the earth.

¹ U.S. Energy Information Administration, *Electric Power Monthly*, February 2016; International Energy Agency, *World Energy Outlook 2015*.

² U.S. Energy Information Administration, *Electric Power Monthly*, February 2016.

³ Energy Ventures Analysis, *Capital Investments in Emission Control Retrofits in the U.S. Coal-Fired Generating Fleet Through the Years*, January 2016.

⁴ U.S. Environmental Protection Agency, *National Air Pollutant Emission Trends and Air Market Database*.