2015 Corporate and Social Responsibility Report

Lasting Values

SAFETY | CUSTOMER FOCUS | LEADERSHIP | PEOPLE | EXCELLENCE | INTEGRITY | SUSTAINABILITY

Peabody ENERGY

SAFETY

CUSTOMER FOCUS

LEADERSHIP

PEOPLE

EXCELLENCE

INTEGRITY

SUSTAINABILITY

PEABODY ENERGY REPORTING PROCESS

Management believes that a collection of external communications vehicles, including environmental regulatory filings and public notices, SEC filings, website, publications and the Corporate and Social Responsibility Report give stakeholders a full portrayal of the company's commitments and progress.

Peabody Energy's Corporate and Social Responsibility Report provides information regarding responsibilities that, by design, are not as thoroughly discussed in other communication vehicles.

In compiling this report, Peabody reviewed Global Reporting Initiative (GRI) guidelines and focused on six specific indicators covering water and waste reporting.

This report is reviewed by the Health, Safety, Security and Environmental Committee and the Nominating and Corporate Governance Committee of the Peabody Energy board of directors. The board and the company's executive team are committed to advancing best practices in corporate and social responsibility.

All figures in this report are stated in U.S. dollars unless otherwise noted.

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2015 RESULTS

During the past year, Peabody Energy:

- Set a new company record for safety, with a 13 percent reduction in the global incidence rate versus 2014 results to 1.25 per 200,000 hours worked.
- Improved Australian costs per ton 24 percent – a record low for the platform, and improved U.S. costs per ton 5 percent even with lower volumes.
- Created more than $17 billion in direct and indirect economic benefits globally.
- Restored 4,716 acres of mined lands into rangeland, wildlife habitat, hardwood forests, prime farmland and wetlands. This includes 184 acres of forested land, 318 acres of water bodies and 24 acres of wetlands. The company also planted approximately 442,000 trees.
- Recycled and reused 10,102,700 kilograms of material including batteries, steel, used oil filters, used oil, lighting products, computers and electronics, antifreeze, small vehicle tires and paper waste. In addition, the company recycled and reused 22,112 megaliters of water.
- Marked the sixth consecutive year with a reduction in total greenhouse gas emissions across global operations. As a result of proactive energy efficiency initiatives greenhouse gas intensity declined from 10.3 to 9.9 CO_2e.
- Contributed more than $3 million in charitable donations to more than 400 organizations primarily in and near the areas where the company operates.

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May 2016

To Our Stakeholders:

Glenn Kellow
President and
Chief Executive Officer

For more than 133 years, Peabody Energy has been powering progress with energy to sustain life and grow economies. As the world's largest private-sector coal company, we are proud to deliver one of the world's most abundant, affordable and reliable sources of energy. Peabody's coal fuels electricity generation for expanding economies and is an essential ingredient in steel manufacturing required by today's rapid urbanization.

Our mission and values are foundational tenets in how we operate, and we structured this year's report to align with each core value: *Safety, Customer Focus, Leadership, People, Excellence, Integrity and Sustainability*.

We're proud to share our successes from this past year – including a record company safety rate, the creation of $17.3 billion in direct and indirect economic benefits globally in the communities where we operate, and successful land stewardship resulting in the restoration of more than 4,700 acres of mined lands.

We also need to acknowledge that the coal industry faced an unprecedented year of challenges in 2015. Industry pressures have included a dramatic drop in the prices of metallurgical coal for international steel making, weakness in the Chinese economy and significant increase in production of U.S. domestic shale gas. The punishing effects of the extended industry downturn led to sharp decline in shareholder value for us along with many other coal, energy and mining companies and therefore limited our ability to achieve returns consistent with our mission. In April 2016 we sought protection under Chapter 11 of the United States Bankruptcy code, and whilst a very difficult decision, it is our business judgment that this will serve as a means to a new beginning to strengthen our company. Throughout this process, we expect to continue to do what we do best: safely mine coal, load trains, restore lands and maintain our activities in a largely business-as-usual fashion across our operations.

Coal is still a key source of global electricity generation, fueling 40 percent of global electricity, and an essential ingredient in steel making. Although the timing of market recovery is difficult to predict, thermal coal is expected to continue to fuel thousands of existing coal generating plants as well as scores more that are under construction across the globe.

Through advanced coal technologies, coal powers more energy, more cleanly, every day. Emissions progress for coal begins with deployment of high efficiency, low emissions power stations using technology that is available today. Longer-term investments in next generation carbon capture, use and storage technologies are necessary to transition to the ultimate goal of near-zero emissions from coal-fueled power.

We are proud to be a supplier of essential energy products. Although we have challenges before us, Peabody benefits from an unmatched portfolio of assets, fresh insights from the best workforce in the industry and lasting values that unite us all. And we will continue to advance aggressive actions to improve our business.

We would like to acknowledge our more than 7,000 Peabody employees who are instrumental in delivering energy solutions around the world, and our board of directors for its support. We would also like to thank our customers, community partners, suppliers, and other key stakeholders who understand the essential nature of the fundamental product we provide to improve the quality of life for millions around the globe.

Glenn Kellow

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OUR MISSION AND VALUES

Corporate and social responsibility has always been an integral part of Peabody's best-in-class operating model. Our 2015 Corporate Social Responsibility Report builds upon this commitment and has been anchored around our core values: *Safety, Customer Focus, Leadership, People, Excellence, Integrity and Sustainability*.

Within each value, the company has defined key drivers that reflect who we are, how we work, what we believe, and why what we do matters in the world. These values are more than words, and they remind us of the importance of our work.

Our Mission

Our mission is to create superior value for shareholders as the leading global supplier of coal, which enables economic prosperity and a better quality of life.

Our Values

Safety: We commit to safety and health as a way of life.

- Safety is Peabody Energy's first value and is integrated into all areas of our business.
- Our goal is to achieve incident-free workplaces with no injuries, equipment accidents or near misses.
- Peabody has an extensive Safety and Health management system that applies to our employees, contractors, visitors and vendors at our sites, and to any location where an employee is engaged in work activities. Our Safety a Way of Life Management system aligns to the U.S. National Mining Association's CORESafety™ framework, and we conduct internal and external assurance audits against that system.
- We cooperate with government agencies around the world to advance safety technologies and best practices toward our vision of zero safety incidents of any kind.

Customer Focus: We provide customers with quality products and excellent service.

- We deliver the unmatched insights and expertise of one of the most experienced coal sales and trading, and marketing teams in the industry.
- We deliver a one-stop sales, trading and transportation network around the clock, and around the world.
- We partner with customers to meet their needs in an effective and timely manner.

Leadership: We have the courage to lead, and do so through inspiration, innovation, collaboration and execution.

- Peabody is an industry leader in building awareness and support to increase access to low-cost electricity and continuously improve emissions through advanced clean coal technologies.
- We engage with governments, academia, communities and other stakeholders to support constructive and informed dialogue.
- Peabody focuses on building the leadership pipeline by identifying and developing key talent throughout the organization.

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People: We offer an inclusive work environment and engage, recognize and develop employees.

- Peabody seeks an empowered and collaborative workplace built upon a foundation of mutual trust and respect, and commits to keeping our employees informed through open and transparent communication.
- The company's global inclusion and diversity vision is to maintain a global workforce comprised of varied backgrounds, while recognizing the power of inclusion and diversity as a competitive advantage to deliver exceptional results.
- Peabody invests in its employees through health and wellness programs, competitive compensation packages and professional development opportunities.

Excellence: We are accountable for our own success. We operate cost-competitive mines by applying continuous improvement and technology-driven solutions.

- The company is committed to a process driven analysis and initiative to reduce mining costs and increase productivity.
- We operate with an eye toward streamlining and consolidating corporate functions while increasing administrative efficiencies.
- Our Safety Innovation Awards recognize the inventiveness, creativity and achievement of the workforce, and we foster the sharing of best practices across the company and industry.

Integrity: We act in an honest and ethical manner.

- Peabody is committed to complying with all laws and regulations in our business transactions.
- Peabody will continue to carefully review its business practices, policies, safety standards and culture in order to continue staying true to our corporate values.
- The board of directors works to ensure sound business judgment and corporate governance practices are regularly implemented and followed, and strives to promote the best interests of the enterprise.

Sustainability: We take responsibility for the environment, benefit our communities and restore the land for generations that follow.

- 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 routinely recognized for these programs.
- The company strives to be highly responsible in environmental stewardship, community outreach, and sustainable development, working in partnership with the key stakeholders of the regions and countries where we mine.
- Peabody continues to explore practices and technologies to minimize energy and water usage.
- We commit to being a strong corporate citizen through philanthropic giving, employee outreach and volunteerism, and targeted community stakeholder engagement.

SAFETY

We commit to safety and health as a way of life.

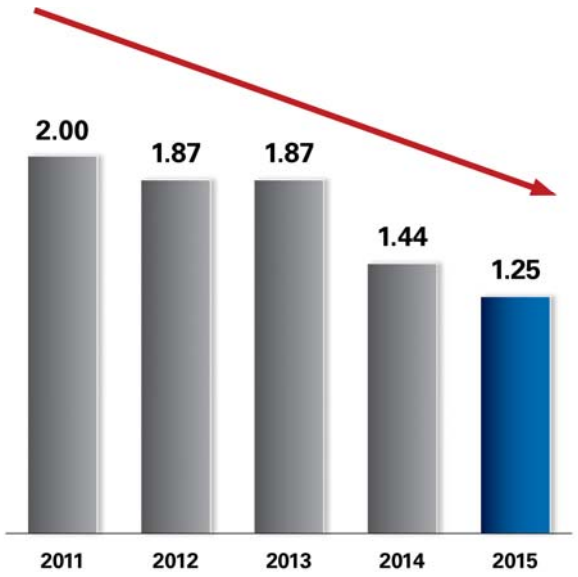
Global Safety Results

At Peabody, safety is our first value and a leading measure of operational excellence. Our vision is to operate safe and healthy workplaces that are incident free. Every employee commits to this vision and is accountable for what we call “Safety a Way of Life,” an intense culture of safety we embrace at work and away.

Peabody actively involves employees in developing approaches to prevent incidents and improve record keeping, reporting and accident investigations. In addition, the company emphasizes strong communications and continuous improvement of our safety practices. For a full list of our safety principles please see the Appendix.

In 2015, Peabody Set a Global Safety Record

Incidence Rate per 200,000 Hours Worked



Peabody’s global safety rate improved 13 percent to a new record for the company in 2015.

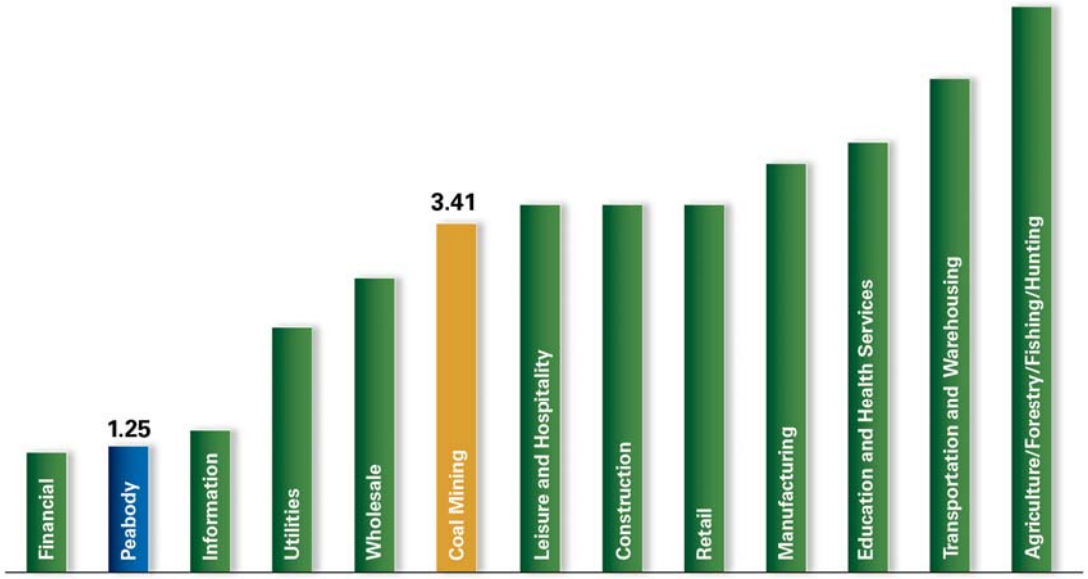
In 2015, Peabody set a new company global safety record with a 1.25 safety incidence rate per 200,000 hours worked, a 13 percent improvement from the prior year. Peabody’s Australian business unit helped drive our performance with a 26 percent improvement rate.

Worldwide, Peabody’s surface mines realized an incidence rate of 1.01, an 8 percent improvement over the 2014 rate of 1.10. The Wild Boar Mine in the United States led the company’s global safety performance with zero reportable incidents in 2015. Peabody’s underground mines achieved an incidence rate of 2.43 in 2015, comparing favorably to 2014 results of 3.02. Overall, Peabody’s safety rates compare favorably with industry averages in both the United States and Australia, and we continue to strive for best-in-class performance in the industry.

Along with safety, Peabody also works to ensure the health and well-being of our employees. To learn more about our competitive health offerings please see our People section.

2015 U.S. Incidence Rate: Peabody Compared to Other Industries

Incidence Rate per 200,000 Hours Worked



Source: Peabody 2015 safety data; U.S. Department of Labor, Occupational Safety and Health Administration, 2014 data; Mine Safety and Health Administration, 2014 data.

Working at Peabody is safer than most U.S. industries, based on incidence rates. Peabody is a safety leader, with a global incidence rate that is superior to the coal industry average and nearly every major industry sector.

Global Safety Approach

Peabody believes all of its employees must be empowered with the resources, skills and authority to perform their jobs safely. Every meeting across the company begins with a "safety contact" – a lesson learned or observation about safe behavior. Safety interactions and audits are a standard best practice at all locations, and evaluations of employee performance and compensation are aligned with safety.

Our Safety A Way of Life (SAWOL) Management System, which aligns to the National Mining Association's (NMA) CORESafety® framework, has been designed to set clear and consistent expectations for safety and health across our business through the categories of leadership and organization, safety and health risk management, and assurance. In anticipation of third-party certification in 2016, the company conducted internal site-based audits against the SAWOL Management System standard consistent with a continuous improvement approach this past year. Please refer to the Appendix for the full SAWOL chart.

Safety in the Americas

While Peabody's Americas operations achieved a notable safety incidence rate of 1.32, tragically a fatality occurred at the Gateway Mine in Southern Illinois. In June 2015, a fellow employee lost his life while performing pre-shift inspections at the mine. He was a 35-year mining veteran, and more importantly a father, son and friend to many. The loss was deeply felt by employees at Gateway and around the world. Peabody conducted a thorough investigation in cooperation with federal and state officials, which resulted in additional safety actions being implemented throughout the company. We also renewed our focus on identifying and preventing high-consequence events that can lead to fatalities.

Each Peabody Americas operation has a Mine Safety and Health Team to routinely review mine incidents and reportable injuries. These teams include both management and hourly employees who represent multiple shifts and work crews. They are tasked with evaluating near misses, helping develop preventive measures, communicating findings to the workforce and ensuring best practices are applied. Supporting these efforts is the company's centralized, cross-functional Central Safety and Health Team, which is responsible for establishing benchmarks, developing safety initiatives, and introducing a robust regimen of safety audits and observations that enforce the highest standards. The company continues to update its internal safety reporting, embracing more comprehensive standards for contractors, managed sites and offices.

The company recognizes operations that achieved distinguished safety results and honored two Americas operations this past year. Peabody's Wild Boar Mine in Indiana earned three awards for its outstanding safety achievements, including the CEO Safety Excellence Award for achieving zero reportable incidents in 2015, along with the President's Award for Best Surface Mine Safety Performance and Most Improved Safety Performance among Peabody's U.S. operations. Additionally, Peabody's Francisco Mine in Indiana earned the President's Award for Best Underground Mine Safety Performance in 2015 with a 1.45 safety incidence rate per 200,000 hours worked. The company's operations were also recognized by external organizations for outstanding safety achievements, including Peabody's Cottage Grove Mine in Illinois, which was honored by the Illinois Department of Natural Resources with the 2015 Best Injury Frequency Rate for the Illinois Large Surface Mine Division. Additionally, Peabody's Bear Run Mine in Indiana won the fourth quarter Southern Indiana Holmes Safety Association Award for lowest reportable injury rate for a large surface mine.

Safety in Australia

Peabody Energy's Australian business unit reported a 2015 incidence rate of 1.26, a 26 percent improvement from the prior year. This marks eight consecutive years of improved performance.

During 2015, the Australian Safety Leadership Team led and participated in safety improvement efforts across Australian operations. The team held safety meetings focused on sharing best practices and reviewing safety improvement strategies. The rollout of the SafeStart® program, which focuses on the reduction in human error through the use of critical error reduction techniques, continued throughout the year. A commitment was also made to install the SAFEmine™ Proximity Detection System at Millennium Mine following a successful trial at Burton Mine. The underground proximity detection initiative is awaiting underground coal mine certification in both Queensland and New South Wales and the promising technologies continue to be evaluated.

Additionally, Peabody honored its Australian operations for their commitment to safety excellence in 2015. Middlemount Mine in Queensland achieved the Australian platform's President's Award for Best Surface Mine Safety Performance, as well as the safest surface mine with a leading practice incidence rate of 0.39. The Metropolitan Mine in New South Wales delivered an incidence rate of 1.45, making it the safest underground Peabody mine in Australia for the second year in a row, earning the President's Award for Best Underground Mine Safety Performance.

Compliance and Regulation

Peabody collaborates with MSHA and other government agencies to identify and test emerging safety technologies. We also partner with other companies and certain governmental agencies to pursue new technologies that have the potential to improve our safety performance and provide better safety protection for employees. We are currently exploring, implementing or using leading technology to assist with proximity detection and fatigue monitoring.

Mine safety reporting is included in financial regulatory reports as specified by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), and Peabody complies with Securities and Exchange Commission (SEC) disclosure issues.

In the United States, the company recorded 2,589 Mine Safety and Health Administration (MSHA) inspection days across its mines, preparation plants and former active mining sites. The violation rate per day of inspection was 0.55 in 2015, compared to 0.61 the prior year, representing a 10 percent improvement.

Supplier Safety

Peabody recognizes the competitive value of a diverse supplier base and seeks to develop a strong supplier network within the industry.

We partner with our contractors to ensure a safe and productive work environment. Our Contractor Safety and Health Management system provides governing standards to ensure that services provided to Peabody comply with our policies and do not expose vendors to unacceptable risk. We also utilize contractor qualification and management tools to ensure that each contractor's safety statistics meet our required standards and that every employee utilized by a contractor on any of our sites is properly trained for the work they will be performing. Our Life Saving or Cardinal Rules – a set of safety principles first developed for Peabody's Australian platform and now being used across our entire global platform – were developed to ensure the ultimate safety of all individuals and are required to be followed by anyone working on our sites.

Emergency Preparedness

The company's Incident Management and Crisis Management Plans are regularly reviewed, updated and aligned across the global organization and Peabody's mine rescue and first response teams rank among the world's best. These men and women use their highly specialized training to assist in emergencies at operations and far beyond mine boundaries. Employees regularly train and compete in regional, national and international events designed to test first aid, search and recovery, firefighting, roof support and ventilation skills, earning top honors.

Peabody's Emergency Response Teams (ERT), which are tested in mock emergency scenarios during competitions, performed well in 2015.

- Twentymile Mine achieved two awards from the Colorado Mine Rescue Association for Best in State for Mine Rescue and Best in State for Mine Rescue and First Aid;
- Wildcat Hills Mine was honored as Best in State at the Illinois Mine Rescue Competition and Best in Company for Mine Rescue;
- Craig Hawkins from Gateway Mine earned first place in the bench contest at the Illinois Mine Safety and Rescue Skills Competition;
- Jeff Cook, James Francis, Allen Jaramillo, Teddy Gonzales, Rex Good, Salomon Molina and Charles Ortega from El Segundo Mine in New Mexico were recognized as "Life Savers" by the Joseph A. Holmes Safety Association; and
- Peabody's North Antelope Rochelle Mine in Wyoming earned first place in the International Mine Rescue Competition at the 29th Elko Safety Olympiad.

In Australia, a strong safety culture is evident through ERT participation.

- The North Goonyella Mine Rescue team took third place in the Queensland Mines Rescue Service Memorial Cup.
- The Wambo Undergound team continued its annual success in the Hunter Valley Underground Mines Rescue Competition and won the Australian National Mines Rescue competition in October 2015 – a first for Peabody's Australian platform. They will go on to represent Australia in the International Mines Rescue Competition to be held in Canada in August 2016.

2015 marked the ninth consecutive win for Peabody's Wambo ERT team at the Hunter Valley competition. The team also won the Australian Mines Rescue competition and will represent Australia in the 2016 International Mines Rescue Competition in Canada.

Safety Achievements

Continuing our focus on innovation and operational excellence, Peabody's sixth annual Safety Innovation Awards honored the company's best safety methods and inventions. In 2015, operations presented an array of solutions, with four earning awards:

1st Place & Most Transferable Award

Millennium Mine for the T282C Air Filter Access Platform, which reduces manual handling risks when changing out air filters on mobile equipment.

2nd Place & Most Original Award

Bear Run Mine for the JB1 Extraction Slide, which uses a frame that allows a sick or injured worker to be safely, smoothly and quickly lowered in a Stokes Basket.

3rd Place & Most Effective Award

Wilpinjong Mine for the Drone Placement of Tailings Dam Target, which reduces major risks associated with manually placing targets on the Tailings Dam during capping.

Special Recognition for Most Cost Effective Safety Solution

Francisco Mine for the Dozer Catwalk, which greatly improved visibility by realigning the grating on the rear catwalk.

To learn more about each innovation please see our Excellence section.

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.

St. Louisans Breathe Clean Air Say Public Health Experts

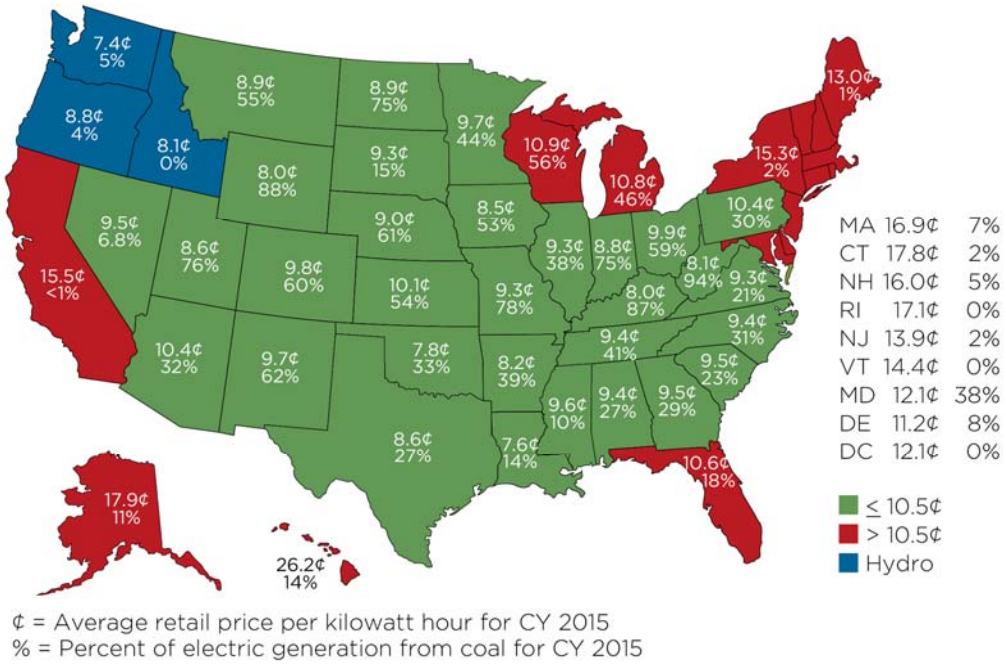
Ameren Missouri, a key Peabody customer and major generator of the region's electricity, was the subject of a 2015 study authored by toxicology and epidemiology experts Dr. Long and Dr. Valberg titled, *A Case Study: The Public Health Consequences of Air Emissions from Coal-Fired Power Plants in the 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.

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.

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.

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

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 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 billion[3] 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.*

LEADERSHIP

We have the courage to lead, and do so through inspiration, innovation, collaboration and execution.

Empowering Life

Energy is essential. It is part of our global economy and an engine of human and environmental progress. Every day, our world needs more energy delivered safely, reliably, affordably and cleanly. Yet, we live in an age where several billion people awaken each day with little or no access to energy. Many have no enduring light, no refrigerators to keep food fresh, and no clean, safe way to create warmth in their homes.

Without adequate electricity access, almost 3 billion people burn wood, residues and other wastes in open fires and rudimentary stoves to cook food and warm dwellings. Women and children disproportionately shoulder this burden, resulting in a global crisis and human tragedy that is preventable.

This energy crisis has many faces. In developed nations, it's the family struggling to make ends meet – forced with the difficult decision to pay for heat or food. In developing nations, it's the mother who goes to work well before the sun comes up and continues well after dark to provide for her family in makeshift ways because she has no power. According to the World Health organization, it's still common practice for billions to prepare meals and heat homes by burning firewood, charcoal or animal dung, which release dense soot and smoke. Tragically, over 4 million people[1] die prematurely each year as a result of this indoor pollution, and it's one of the world's leading causes of death.

Peabody believes safe, environmentally responsible, high-tech coal mining and power generation offers a widely available and cost-competitive means to meet the energy needs of both developing and industrialized nations, while supporting a transition to a low-carbon economy.

Advanced Coal Technologies Role in the Future of Energy

Today, the world uses twice as much electricity than it did 25 years ago.[2] Consider the numerous ways we depend on energy to improve our lives every day – alarm clocks, phones, computers, dishwashers, laundry machines, air conditioners… and the list goes on. All of these conveniences have become an everyday part of life and require energy to function.

Peabody has long held the belief that when we put people first, we put energy first. As energy leaders, our charge is to expand energy access for families living without power, maintain a reliable supply to satisfy existing needs and plan for long-term growth. All of this points to coal's important role in the mix of fuels given its scale, availability and low cost.

[1] *World Health Organization Fact Sheet, February 2016.*
[2] *International Energy Agency, World Energy Outlook, 2015.*

Advanced coal technologies are a ready-today solution to satisfy global energy needs and accelerate the transition to low-carbon energy systems. There are three core steps toward this goal:

1. Continue to turn coal into electricity, which can lift hundreds of millions from energy poverty and the health tragedies from cooking and heating with open fires.
2. Use today's high-efficiency, low-emissions (HELE) coal-fueled generation technologies to drive down carbon dioxide (CO_2) levels and regulated emission rates. There is a large build-out of these plants underway globally with more than 750 gigawatts of advanced coal generation on line or under construction.[3]
3. Advance policies and investments to commercialize next generation carbon capture, use and storage (CCUS) technologies, which offer a large-scale solution to capture CO_2 emitted from power generation as well as industrial processes.

Gradient Study: Evolution of Cleaner Solid Fuel Combustion

In 2015, a study published by Gradient, a firm specializing in environmental and risk sciences, compared the emissions exposure from traditional household solid fuel combustion for space heating, lighting, and cooking in developing countries with wood, charcoal and animal dung to electricity from coal-fueled power plants.

The results found measured particulate matter and carbon monoxide concentrations inside homes burning traditional solid fuels are thousands of times greater than even the high-end estimates of ground-level ambient exposure levels from U.S. coal-fueled power plant stack emissions. Overall, as compared to traditional household solid fuel combustion, which represents an inefficient, high-emission form of fuel utilization, coal-fueled power plants represent a more sophisticated, cleaner approach to getting the maximum energy out of solid fuel with significantly reduced impacts on the air that humans breathe.

In 2015, Peabody President and Chief Executive Officer Glenn Kellow chaired a National Coal Council (NCC) report that called for leveling the playing field for CCUS to achieve policy parity with other low-carbon options, such as solar and wind. The report was requested by U.S. Secretary of Energy Ernest Moniz in advance of the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change in December 2015.

Peabody commends the U.S. Department of Energy's (DOE) stewardship of a successful research and development program to spur early development of CCUS technologies and believes greater support is needed to bring CCUS to commercial scale. The report outlined what is needed to propel progress for CCUS technologies, which ultimately would lead to near-zero emissions from coal, and is recognized by global leaders as essential to our carbon goals. Key recommendations include:

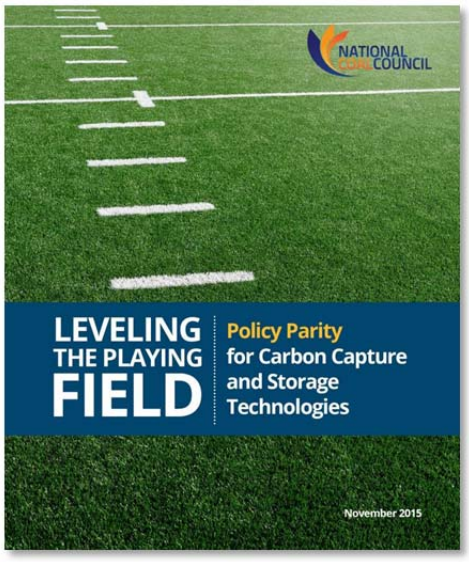
1. **Financial Incentives:** Financial incentives for CCUS must be substantially increased and broadened to include incentives available to other clean energy sources.
2. **Regulatory Improvements:** A first-of-its-kind regulatory blueprint is needed to remove barriers to construction and development of CCUS projects.
3. **Research, Development and Demonstration**: The DOE must be a catalyst for additional commercial-scale demonstration projects, and such projects must commence immediately.
4. **Communication and Collaboration:** The U.S. Department of Energy must assure U.S. and global policymakers and other stakeholders that fossil fuels will be used in coming decades to a greater extent than today, and there is a resulting need for CCUS.

[3] *Platts World Electric Power Plant Database, December 2015.*

As we look ahead, we must put in place a technology path for long-term improvement in carbon emissions that will enable the world to use more energy, while keeping electricity available and affordable.

Near-Zero Emissions and Low-Carbon Projects

Peabody is a leader in sustainable mining, energy access, and clean coal solutions, advancing low-emissions, low-carbon projects and partnerships in the United States, China and Australia.



The NCC report chaired by Peabody President and CEO Glenn Kellow outlined steps needed to advance and commercialize CCUS technologies.

China Initiatives

GreenGen

The GreenGen power plant and carbon research center in Tianjin, China, commissioned its first 250 megawatt gasification unit in 2012. In later phases of development, GreenGen is expected to increase generation to 650 megawatts and to capture CO_2 for enhanced oil recovery in the nearby Dagang oil field. At full build, GreenGen would be among the world's largest near-zero emissions coal plants. It is a global model, and Peabody is the only non-Chinese equity partner.

U.S.-China Energy Cooperation Program

Peabody is a founding member and the co-chair of the U.S.-China Energy Cooperation Program (ECP), which includes Fortune 500 companies pursuing clean coal technology development and clean energy projects in coordination with key government agencies of both countries. The DOE and Chinese National Energy Administration (NEA) are coordinating agencies. Participants are advancing a variety of projects, including coal-based power generation with CCUS, smart power grid development and clean transportation.

U.S. Initiatives

Prairie State[4]

In 2015, Peabody maintained a 5 percent equity stake in the Prairie State Energy Campus in Southern Illinois, which is among the largest high-efficiency supercritical coal plants built in the United States during the past quarter century. The plant has operated at full capacity since late 2012, and is among the cleanest coal-fueled plants in the nation, with a regulated emissions rate that is 55 percent below the U.S. power plant average. Prairie State's mine mouth design enables the plant to have one of the lowest fuel and variable operating costs of any coal plant in the United States. Fueling the campus costs just over $1 per million British thermal units, well below the price of natural gas.

Consortium for Clean Coal Utilization

Peabody is a founding member of the consortium, which is advancing coal and energy research at Washington University in St. Louis. The center is testing advanced oxy-coal combustion concepts and use of CO_2 to grow certain species of algae.

[4] *In May 2016, Peabody Energy sold its equity stake in the Prairie State Energy Campus to Wabash Valley Power Association.*

As part of the International Center for Advanced Renewable Energy and Sustainability, the consortium belongs to a partnership of universities, industry leaders and foundations advancing clean coal technologies.

Australia Initiatives

COAL21 Fund

Peabody is a founding member of Australia's A$1 billion COAL21 Fund, an industry effort to pursue a collection of low-carbon technologies. This world-first, whole-of-industry funding approach is designed to support greenhouse gas abatement and is based on a voluntary levy on coal production. To date, Peabody has committed more than A$20 million to the COAL21 Fund.

COAL21 was established in 2006 to help finance the pre-commercial demonstration work needed for key technologies, including research on CO_2 capture and storage. COAL21's flagship initiative is the Callide Oxyfuel Project in central Queensland. The Project successfully tested oxyfuel and carbon capture technology under live power station conditions for more than two years and leaves a legacy that oxyfuel combustion, linked with carbon capture and storage, has the potential to reduce CO_2 emissions from coal fueled power stations by up to 90 percent.

Policies Matter; Fuel Choices Matter

When it comes to energy we need it all. We must recognize the strengths and limitations of each fuel to satisfy escalating global demand. Coal fuels more than 40 percent[5] of the world's electricity and is one of the primary fuels with the scale, reliability, and affordability to meet demand.

Investing in Coal and Fossil Fuels

During a time of heightened discussion about the world's use of fossil fuels, Peabody has called on industry to embrace sustainable mining, energy access and clean coal solutions.

Peabody is recognized globally for its stewardship, and the company's record of leadership delivering modern energy and protecting the environment spans its history. Peabody committed to restore mined lands through "Operation Green Earth" long before regulations were enacted that required it. The company also is engaged in a number of global partnerships and projects to deploy today's clean coal technologies and advance next-generation solutions toward the ultimate goal of near-zero emissions from coal-fueled power plants.

Report Finds Divestment Would Lead To Financial Losses

A report by Prof. Daniel R. Fischel of the University of Chicago titled, *Fossil Fuel Divestment: A Costly and Ineffective Investment Strategy* used an economic model to track the performance of investment portfolios that included energy-related stocks over a 50-year period compared to those that did not.

The study found that diversification costs from divesting energy stocks would represent a 23 percent loss over a 50-year horizon. In addition, the study found no evidence of any discernible impact on the companies being targeted by the policy.

Activist calls to move away from use of coal, oil and natural gas would leave families in the dark by turning away access to modern, affordable energy that powers longer, healthier lives. A world without fossil fuels also would destroy the hope of a better future for billions who lack proper electricity right now.

[5] *International Energy Agency, World Energy Outlook, 2015.*

Calls to divest from fossil fuels are wholly symbolic, and the symbolism itself is misguided. Fossil fuels are the backbone of the world's energy supply, providing about 80 percent of global energy, and coal powers the most electricity of any fuel.[6] Each day, hundreds of millions of people around the world wake up to the benefits of coal-fueled electricity, which enables longer and better lives. Everyone, no matter where they live in the world, should have the right to energy access and the ability to enjoy the same quality of life as those in the developed world. It is at best dubious and at worst immoral to take actions that consign billions to energy poverty.

Investment Principles for Best-in-Class Coal Companies

We expect coal to be an essential source of global electricity generation and steel making for many decades to come. The world needs coal to meet growing energy demand at a time when urban populations are projected to increase by 1.4 billion over the next 20 years and people embrace lifestyles powered by modern energy.

With energy being vital to life, and future energy needs heavily reliant on coal, we submit that investors consider the following principles to assess whether their target investment companies meet the vast majority of the following standards consistent with best-in-class coal companies.

The following best-in-class principles are core to our company, and an embedded part of our culture.

Sustainable Mining

- Operate safe workplaces, commit to continuous improvement in incidence rates, and establish safety as a top priority principle.
- Maximize resource recovery.
- Seek ongoing improvement in environmental performance.
- Disclose which mines provide mountaintop-removal-free production.
- Commit to restoring mined lands for generations that follow.
- Respect human rights and indigenous people who are potentially impacted by mining activities.

Energy Access

- Drive partnerships and policy to achieve universal access to modern electricity.
- Engage with government, academia and other stakeholders to address major energy challenges.

Clean Coal Solutions

- Support greater deployment of advanced coal technologies and next-generation carbon capture, use and storage technologies.
- Support and drive policies to achieve the goal of near-zero emissions in the world's next-generation coal-based electricity generation fleet.

Advanced Coal Technologies: An Environmental Success Story

We believe coal is an essential part of the world's energy mix needed to achieve the three-part goals of energy security, economic progress and environmental solutions. Since 1970, coal used for U.S. electricity generation has doubled, while regulated power plant emissions have decreased nearly 92 percent per megawatt hour.[7]

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[6] *International Energy Agency, World Energy Outlook, 2015.*
[7] *U.S. Energy Information Administration, Monthly Energy Review, March 2016; U.S. Environmental Protection Agency (EPA), National Air Pollutant Emission Trends & Air Market Program Database.*

Advanced coal technologies continue to build on this progress, and are broadly used today in the United States and around the world making coal-fueled power plants significantly cleaner than ever before. Today's clean coal technologies enable substantial further improvements in air quality by reducing the vast majority of sulfur dioxide (SO_2), nitrogen oxides (NO_x), particulate matter, mercury and other emissions.

Over the past five years, approximately one new 500 megawatt coal-fueled power plant came on line every three days, and the majority of these plants are being developed with HELE technology. These technologies result in a smaller environmental footprint, achieving as much as a 25 percent reduction in a plant's CO_2 emission rate. Notably, when HELE plants are equipped with advanced emission controls, they achieve regulated emission rates that are 55 percent below the U.S. existing coal fleet.

Peabody Honors the World's Cleanest Coal-Fueled Plants

Peabody believes advanced HELE technologies are the right approach and a major part of a low-carbon energy future. Peabody has honored coal-fueled power plants for top environmental performance with its Advanced Energy for Life Clean Coal awards since 2014.

Peabody's Vice President Coal Emissions and Conversion Technologies Jacob Williams (left) and Group Executive of Marketing and Trading Bryan Galli (right) present awards to Dynegy for its Coffeen Plant, which had the best global emissions rate for SO_2 in 2015.

Following are 2015 global award recipients in each category:

- **Dynegy Inc.'s Coffeen Plant** for the best global emissions rate of SO_2, that is 99 percent lower than the U.S. coal plant average. The 915 megawatt power plant operates in Central Illinois and is 50 years old. Dynegy Inc. uses low-sulfur Powder River Basin coal and added a wet scrubber in 2009.
- **KOSEP's Yeongheung Plant** for lowest global emissions profile of NO_x, with an emissions rate that is 85 percent below the U.S. average. The Yeongheung Plant is a 5,080 megawatt supercritical coal-fueled plant in Yeongheung Island, South Korea.
- **Trianel's Lünen Plant** for the best global heat rate, a measure of the plant's efficiency. This 750 megawatt ultra-supercritical power plant has a level of efficiency of approximately 46 percent, which is approximately 25 percent more efficient than the average U.S. coal plant.

At a time of heightened global discussion about the benefits of advanced coal technologies, Peabody is proud to showcase clean energy solutions that achieve meaningful emissions improvement. The plants that have been honored demonstrate the best results worldwide and offer a powerful model to achieve our global environmental goals.

Peabody People, Leading People

Peabody focuses on building the leadership pipeline by identifying and developing key talent throughout the organization. The company develops leaders so that they have the skills to lead courageously based on the company's four leadership pillars – Inspiration, Innovation, Collaboration and Execution. Each leadership pillar is comprised of core competencies and behavioral descriptions that assist employees across all levels to better understand leadership expectations.

INSPIRATION	INNOVATION	COLLABORATION	EXECUTION
The ability to motivate and excite all employees	*The ability to think outside the box*	*The ability to work with others for the good of Peabody*	*The ability to get things done efficiently and effectively with good judgment*
Coaching, Mentoring & Developing	Continuous Improvement	Being Open & Transparent in Relationships	Driving Results
Motivating Others	Leading Change	Cross-Cultural Resourcefulness	Enhancing Employee Performance
Valuing Others	Strategic Agility	Working Across the Peabody Platform	Health, Safety & Environmental Mgmt.
			Problem Solving

In addition, this framework supports company efforts in identifying and developing Peabody leaders. Talent Review Meetings are held with the leadership teams across the platform where current and potential leaders are discussed including their performance and next steps needed to accelerate their development. Other programs like the Manager and the Supervisor Development Program are in place to support the leadership pipeline down through the first line supervisor. To learn more about these programs and other employee development and training initiatives, please see our People section.

PEOPLE

We offer an inclusive work environment and engage, recognize and develop employees.

Peabody People

We believe we have the best workforce in the industry and value the talented men and women who are essential to our success. Peabody invests in its employees through health and wellness programs, competitive compensation packages and professional development opportunities.

Peabody employs approximately 7,100 people in the United States, Australia, Europe and Asia. About 94 percent of Peabody's global employees work at mine operations or regional offices, while the remaining workforce is based at Peabody's global corporate headquarters in St. Louis, Missouri. The typical Peabody employee has over 9 years of experience with the company.

Peabody offers some of the highest-paid and highest-skilled positions available in the communities where we operate. In 2014, according to the National Mining Association, the average wage for a U.S. coal miner was over $83,700 a year, compared to the average U.S. worker, who earned approximately $51,000.[1] As of May 2015, those employed in the mining industry had the highest full-time adult average "ordinary time" earnings in Australia at $2,536 per week.

Global Inclusion and Diversity

We value inclusion and diversity as a competitive advantage in delivering exceptional results and aim to maintain a global workforce where employees are respected and empowered. Our company inclusion programs are formalized in policy and practice, and embedded in the Equal Employment Opportunity policy and the Code of Business Conduct and Ethics.

Peabody is committed to increasing representation of diverse employees throughout our operations. With regard to women, two currently sit on the board of directors and two reside on our executive leadership team, and 13 percent of the Vice President and above roles are held by women. Overall, 9 percent of the global workforce is represented by women and 17 percent of the U.S. workforce is racially or ethnically diverse. The company is represented on the Minerals Council of Australia Workforce Gender Diversity Reference Group and various Women in Mining organizations.

Peabody's Janette Hewson stands with the award she received at the Exceptional Woman in Resources Award ceremony in Queensland.

In 2015, the Queensland Resources Council Women in Mining Awards nominated three Peabody employees for their outstanding accomplishments in the industry: Gas Drainage Engineer Chloe Glazier; Environmental Superintendent Sarah Poynton; and Vice President of Government Relations and General Council Janette Hewson. Janette received the "Exceptional Women in Resources Award" and was a finalist in the National Awards.

[1] *Annual Coal Mining Wages Versus All Industries, 2015, National Mining Association.*

Janette also received a scholarship from the Minerals Council of Australia to complete the Institute of Company Directors Course, which is a program to encourage greater female participation in mining.

The company also continues to advance opportunities for diverse candidates. For instance, in 2015, Peabody's Americas Midwest operations continued its relationship with technical scholarship programs in East St. Louis to identify and develop operational talent for the Gateway North Mine near Coulterville, Illinois. Core positions were identified that were appropriate for disabled persons to perform based on the essential functions of the job, with or without reasonable accommodation.

Over the past several years, Peabody's Global Inclusion and Diversity Advisory Board (IDAB), led by Executive Vice President, Chief Legal Officer, Government Affairs and Corporate Secretary Verona Dorch and Executive Vice President and Chief Financial Officer Amy Schwetz, has fostered an inclusive culture that increases employee engagement and fuels a high performing workforce. Each of Peabody's business units has an IDAB group of employees who facilitate opportunities that promote the company's goal of having a diverse and inclusive company.

Peabody's Australia IDAB facilitates a number of opportunities for employees to convene and discuss current diversity topics through Lunch and Learns, employee town halls and small gatherings spearheaded by executive leadership. Women's networking opportunities are regularly communicated in weekly bulletins, including regional events. This past year the Brisbane office offered informational sessions on emotional well-being and rolled out the workshops to the operations in response to a national conversation about mental health awareness.

At corporate headquarters in St. Louis, IDAB supported sessions for employees of all levels to interact with senior management. For example, the IDAB team sponsored a presentation highlighting issues of workplace bullying and harassment to increase awareness and focus on prevention. In addition, Verona Dorch and Amy Schwetz of Peabody's executive leadership team, along with Sandra Van Trease, a member of the board of directors, participated on a Women In Leadership panel. This informative session offered an opportunity for both men and women to learn more about each of their leadership development journeys and featured a Q&A session.

From left to right: Verona Dorch, Amy Schwetz and Sandra Van Trease speak to Peabody St. Louis employees about key experiences and leadership challenges at the IDAB sponsored Women In Leadership panel.

Tribal and Indigenous Employment and Engagement

Peabody has a deep respect for cultural heritage and works with local native communities at a number of our mines in the United States and Australia. In 2015, Native Americans comprised 93 percent of our workforce and held more than 74 percent of the mine management, administration and supervisory jobs at the company's Kayenta Mine in Arizona, which operates on Navajo and Hopi lands.

Peabody continues to lead a unique cultural plant restoration program in the Southwest, restoring a portion of our reclaimed land with up to 40 plants of cultural significance to two tribes. These plants are used for making dyes for wool, religious ceremonies and medicinal purposes by local residents. Peabody strives to ensure that the plants are established and sustainable. This includes working with a native plant company to harvest seeds locally from cultural plants, which are then shipped to a greenhouse in Montana where the seeds germinate and develop into seedlings. From there, the seedlings are sent back to Arizona to be hand planted on reclaimed land. The program has been shared with many scientists and reclamation practitioners from around the world who come to the Black Mesa to learn techniques for replicating its success. Read more about best-in-class sustainable mining practices in the Sustainability section.

In Australia, Peabody works closely with local Aboriginal communities to protect and restore the lands on which we operate. Through open and candid communication, Peabody has established respectful and strong working relationships with these Traditional Owners. During 2015, we continued to develop these relationships by way of cultural heritage inspections and committee meetings, archaeological excavations, relocation and development of “keeping places” for culturally significant objects.

Peabody is also committed to identifying employment and business opportunities for Indigenous Australians, with a focus on Traditional Owners within our operational areas. Assessment centers form one component of our recruitment and selection process. These centers are used in conjunction with our technical selection criteria to short-list candidates for interviews. The assessment activities focus on behaviors such as communication and problem solving and have been designed to give full and equal consideration to the gender and cultural diversity within our candidate pool. Training and induction programs for cultural awareness and cultural heritage management are conducted throughout our company. At our Wilpinjong Mine in New South Wales, the Native Title Agreement provides employment opportunities for local Indigenous Australians.

Employee Development and Training

Peabody seeks an empowered and collaborative workplace built on a foundation of mutual trust and respect – a workplace that values safety, continuous improvement, innovation and creativity. We strive to give employees opportunities for career development through a variety of training programs, which support professional and personal growth. The *People* value highlights the importance of creating an inclusive work environment that engages, recognizes and develops employees.

Learning and Development Programs

The global leadership development program for supervisors and managers is a six-month program to enhance leadership capabilities and build skills in safety leadership and continuous improvement.

In 2015, over 160 supervisors and managers completed the program. Participants have implemented projects that engaged and empowered teams to make needed improvements in departments across our operations. Many of the program’s development activities generated ideas that increased efficiency and resulted in dramatic cost savings.

In addition to cost savings, post-program surveys identified improvements in behaviors across Peabody’s leadership competencies as graduates are more willing to take on leadership roles and were recognized for improved performance. Participants also reported that the program aided them in their development more than one year after graduation.

Retaining and developing Peabody's technically skilled talent is critical to the company's success. In Australia, development programs take place at both our operations and corporate locations. We offer a fully-structured two-year Graduate Development Program, which allows the opportunity to experience work and life at each of our mines while building life-long working relationships. Over the course of the program, graduates are rotated across different mine sites allowing greater exposure to our mining operations. In 2015, Peabody recruited seven graduates to the program and invested $2 million to ensure its long-term success. In addition, in 2015, the company invested $2 million in its four-year Australian apprenticeship program, which ensures individuals are 'job ready' when they go to work on site. The Americas targets colleges and universities that have an emphasis in mining and mining engineering for recruitment opportunities. In 2015, the company had nine Operations Associates participate in an 18-month rotation across our operations.

Finally, Peabody's Australian Vacation Program continues to support students looking for valuable work experience to complement their discipline of study. The 12-week vocational program is popular among students studying mining, process and mechanical engineering, environmental, human resources, geology and accounting during regularly scheduled seasonal breaks.

Health and Wellness

Peabody employees and retirees are supported with health care benefits that are competitive within the industry and the majority of large employers.[2] Our goal is to improve the health and wellness of employees and manage medical plan costs to ensure the company can sustain future programs.

A representative from the American Cancer Society explains how high-fat diets and lack of exercise can lead to an increased risk of certain types of cancer at the Peabody St. Louis 2015 Safety and Health Day.

Health and wellness programs across Peabody's global operations focus on prevention and physical fitness, and encourage employees to be proactive with their health. Peabody offers additional employee benefits including vacation and holidays, tuition assistance, and matching gifts and an employee volunteer program.

In the United States, the company offers a variety of health programs and initiatives including:

- 100 percent coverage of preventative benefits such as an annual physical exam, well-baby check-ups, dental cleanings and vaccinations;
- $150 incentive for both employees and their covered spouses who complete an annual physical exam;
- A tobacco cessation program offering counseling and over-the-counter nicotine replacement therapy;
- A dental program providing pregnant women and participants with certain medical conditions extra preventive dental exams and cleanings during the year;
- Worksite flu shots and health screenings; and
- Health club and Weight Watchers membership reimbursements.

[2] *Employees hired on or after Aug. 1, 2015 were not eligible to receive the company's Retiree Medical Allowance.*

Peabody also provides additional benefits as part of its comprehensive wellness package to U.S. employees including:

- Employee Assistance Program that provides counseling and comprehensive life management services;
- Short- and long-term disability coverage;
- Life insurance;
- Accidental death and dismemberment coverage;
- Business travel accident coverage;
- Adoption assistance to help offset expenses; and
- Tax-free health care and dependent care reimbursement accounts.

In Australia, employees' universal health care coverage is supplemented with Peabody's "whole approach" remuneration package, which also includes an Employee Assistance Program that benefits employees and their families from a health and wellness and social and financial aspect. Site specific initiatives include worksite flu shots, skin cancer checks, tobacco-cessation programs, dietary and exercise information and coaching, mental health promotion, and men's health programs.

EXCELLENCE

We are accountable for our own success. We operate cost-competitive mines by applying continuous improvement and technology-driven solutions.

Driving Safety, Productivity and Cost-Efficiency

Driving continuous improvement in safety, productivity and costs has long been part of Peabody's culture, and many of the best ideas come directly from the workforce. Continuous improvement is a thread that runs through all Peabody operations across the globe, and many mines have recently increased focus on the operating principle by appointing a dedicated Continuous Improvement site manager.

Cost-Effective and Cost-Competitive

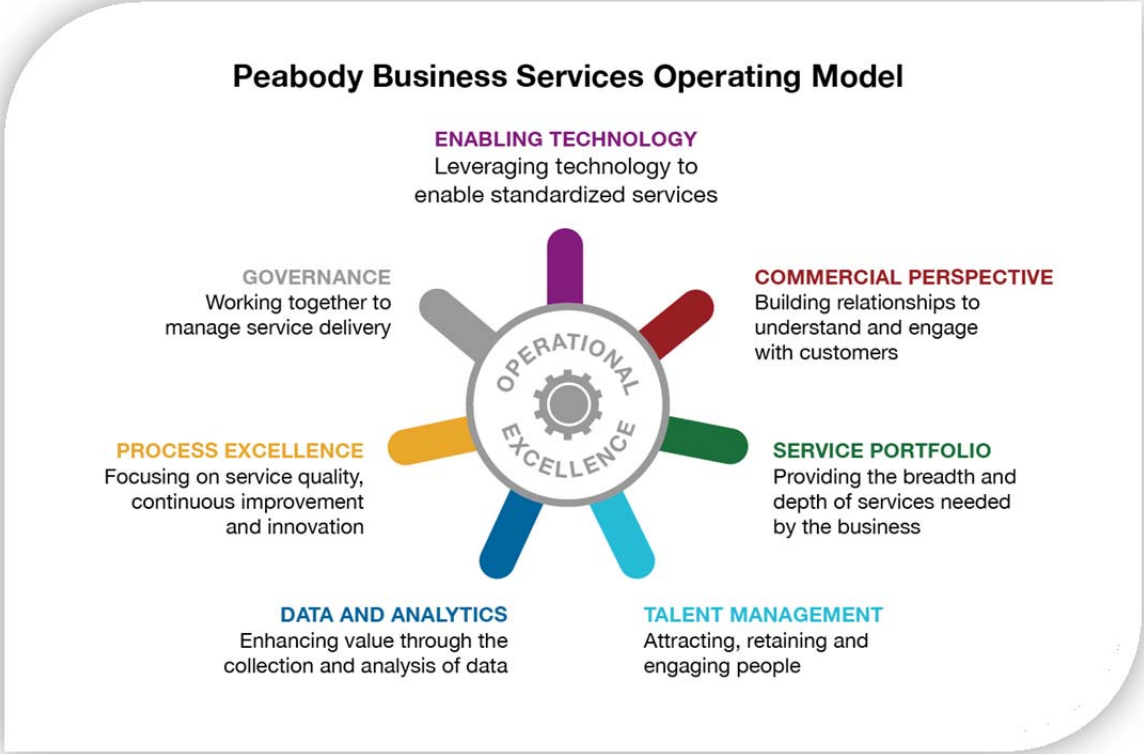
Whether in the offices or at the mines, Peabody operates cost-competitive and cost-effective operations. Against a challenging industry backdrop, Peabody's global workforce maintained an intense focus on the company's four areas of emphasis in 2015 – Operational, Organizational, Portfolio and Financial – marking significant improvement in managing costs and capital spending, creating a leaner organization and advancing multiple work streams to shape the portfolio and achieve the company's financial objectives.

North Goonyella Mine in Australia reduced costs and increased productivity by integrating the principles embodied within Peabody's Excellence value into daily operations.

Peabody Australia has launched the *Project Excellence* initiative to provide increased structure and momentum around the continuous improvement efforts already underway across multiple Australian operations. Central to the initiative is an integrated, targeted plan of cost reductions and productivity improvements across several operational areas including maintenance, labor and materials.

The program builds upon prior cost containment activities implemented throughout the Australian platform that helped save the company more than $500 million in recent years. Employees throughout the Australian business unit contributed to these efforts, which resulted in a 24 percent reduction in cost per ton in 2015 despite reduced sales volumes.

One model for the sorts of advancements that *Project Excellence* is designed to replicate across Australia can be found at North Goonyella Mine, located in the region's Bowen Basin. In 2015, facing continued market headwinds, North Goonyella implemented a modified production plan to lower costs, improve cash flow and increase productivity, while preserving high-quality hard coking coal reserves for sale once markets improve. Changing to a single production day shift and a single maintenance night shift delivered budget improvements, greater flexibility and increased efficiency resulting in more than $1 million in savings.



Shared Service Solutions

In 2015, the company launched Peabody Business Services (PBS), a shared services solution that marked a milestone in the company's shift toward a centralized, standardized operating model to drive increased efficiency and productivity.

As a trusted business partner to Peabody's corporate and global business units, PBS consolidated and streamlined several functions from Information Technology, Human Resources, Finance and Supply Chain that provide transactional and administrative services. Among the myriad of activities now within the scope of Shared Services include Global Business Systems, Information Technology Infrastructure and Operations, Accounts Payable, Procurement, Master Data Management, Payroll, Benefits Administration, Recruiting, Human Resources Operations and Systems, Accounts Receivable, and Sales and Accounting. Cost savings from PBS implementation were $5 million in 2015.

By leveraging systems, standards and processes and focusing on service delivery, PBS helps ensure end-to-end process efficiencies and continuous improvement in these critical business activities.

Peabody People – Innovators, Inventors

Chief among Peabody's 2015 accomplishments, our employees delivered the safest year in the company's history in terms of reportable incidents, which reflects Peabody's first value of Safety. Employees across the company are encouraged to apply continuous improvement principles in the ongoing goal for safer and more productive mining operations.

Over the years, many Peabody engineers and miners turned inventors have patented products stemming from the ongoing continuous improvement projects in place at our operations. Their original and ingenious designs have increased productivity, improved safety and enabled technology transfer across the industry.

Peabody's Safety Innovation Awards demonstrate the company's commitment to safety and foster the sharing of best practices across Peabody and the industry. Millennium Mine's T282C Air Filter Access Platform, pictured at left, was awarded first place as well as Most Transferable as it can be used to complete other manual handling tasks. Bear Run's JB1 Extraction Slide, pictured at right, earned second place for its original safety design to transport sick or injured workers.

Nearly sixty years ago, Chuck Finley, a miner at Peabody's former underground mine in Tovey, Illinois, used a deceptively simple chain and hook design to lift the tailgates of empty mine cars, later patenting his Charlie McCarthy invention, which was used throughout the industry.

While technology has changed considerably over the years, we continue to maintain the same determination to solve challenges with creative solutions.

Peabody's Safety Innovation Awards program formally recognizes original ideas and inventions throughout Peabody's operations and increases awareness of best practices among the workforce. Winners of the annual competition, now in its sixth year, were acknowledged in 2015 for their commitment to safety and for demonstrating inventiveness, creativeness and achievement. Emerging victorious from a field of 32 entries representing Peabody underground and surface mining operations across the globe, the T282C platform from Millennium Mine in Queensland, Australia took top honors. Designed by reliability engineer Brad Enthoven, the T282C platform was named Best Overall and Most Transferable for its custom-designed platform that reduces manual handling risks when changing out air filters on mobile equipment.

Matt Brown (left) and Paul Rohrich (right) from Wilpinjong Mine used a drone to monitor the Tailings Dam to improve safety and efficiency.

Second place Safety Innovation Award honoree, the JB1 Extraction Slide from Bear Run Mine in Indiana, was created by Peabody miner Jason Bradbury and was also named Most Original entry. The JB1 uses a frame that allows sick or injured workers to be safely, smoothly and quickly lowered in a Stokes Basket and helps improve the safety of rescue teams by reducing exposure to back strains.

Taking third place in the competition and the winning designation as Most Effective is the design of Matthew Brown and Paul Rohrich from Wilpinjong Mine in New South Wales, Australia, for their innovative drone device that monitors the Wilpinjong Mine Tailings Dam.

Serving as an eye in the sky, the drone reduces major risks associated with manually placing targets on the tailings dam and enables the team to more quickly and easily monitor the area making the work more efficient and affordable.

In addition, special recognition was reserved for the year's Most Cost Effective safety solution, the Dozer Catwalk, designed by Francisco Mine in Indiana, which greatly improved visibility by realigning the grating on the rear catwalk.

The Dozer Catwalk at Francisco Mine efficiently improves visibility behind the dozer.

While the employees, teams and operations honored with Safety Innovation Awards represent the best of a best-in-class workforce in the areas of inventiveness and creativity, Peabody emphasizes that safety is not a lofty goal that requires a patent-worthy invention or a special award to achieve. The company stresses that that the responsibilities and rewards of safety require Peabody employees to develop safe solutions to common challenges and devise original ideas to save time, and indeed, improve safety.

Embracing Tradition, Enhancing Technology

Peabody's surface and underground mines use 21st century technology and equipment to maximize safety and efficiency. For instance, Peabody's advanced Data Analytics Platform was designed to get key information to the right people in a timely manner on a user-friendly dashboard, both at the mines and corporate offices. Our Information Technology team partnered with mine operations to design a solution that enables access to real-time key performance indicators of mining equipment, resulting in increased safety and efficiency without additional capital equipment or personnel. The scalable solution was piloted at our Bear Run and North Antelope Rochelle (NARM) mines.

The Data Analytics Platform has provided our Supply Chain Management team with the ability to analyze a large amount of data, including supplier spend, price escalations, lead times and performance against warranties. The team has effectively utilized these analytics to identify over $3 million in annual cost savings.

Peabody Map Viewer is an enterprise wide intranet-based system developed to map and display spatial data, helping different parts of the organization such as Land and Geology make better business decisions faster. The system takes pertinent data from multiple sources, organizes it, displays it on a map and allows it to be queried, searched and sorted. The spatial mapping data combined with equipment tracking can pinpoint issues so preventive or corrective action can be taken. For example, the precise spot of excessive brake use was identified by mine planners at NARM and remedied by decreasing the angle of descent on the ramp.

Peabody continues to pioneer technical advances in mining. For instance, a conveyor and blending system developed at NARM is unique among large U.S. surface mines and enables the operation to blend coal with great precision and efficiency to meet exacting customer specifications.

In addition, North Goonyella's infrared thermal camera on underground mobile equipment was announced as the winner of the 2015 Innovation Awards at the Queensland Mining Industry Health and Safety Conference. The innovation, adapted from earlier use at both Metropolitan and Wambo, uses infrared cameras to detect heat signals from miners that alert the vehicle operator, helping to reduce the likelihood of person-to-equipment contact.

Also, in 2015, Peabody's North Goonyella operation began integrating SafeStart® into the site's safe mining processes through an outburst zone using remote mining technology – a first for the Bowen Basin.

Peabody engineers, maintenance and purchasing teams also partner with other companies, equipment suppliers and governmental agencies to pursue new technologies that have the potential to improve our safety, operating performance and mining capabilities. We are currently exploring, implementing or using leading technology to assist with proximity detection and fatigue monitoring.

INTEGRITY

We act in an honest and ethical manner.

Corporate Governance

Our commitment to operating with integrity is a foundational tenet as one of Peabody's core values to do what's right every time, all the time.

Peabody employees understand the importance of staying true to the company's mission, which emphasizes our focus on creating superior value for shareholders to enable economic prosperity and a better quality of life. This is the company's declaration of principles that gives our work meaning, and provides the foundation for all our activities.


Peabody ENERGY

Our mission is to create superior value for shareholders as the leading global supplier of coal, which enables economic prosperity and a better quality of life.

Our Values

- **Safety:** We commit to safety and health as a way of life.
- **Customer Focus:** We provide customers with quality products and excellent service.
- **Leadership:** We have the courage to lead, and do so through inspiration, innovation, collaboration and execution.
- **People:** We offer an inclusive work environment and engage, recognize and develop employees.
- **Excellence:** We are accountable for our own success. We operate cost-competitive mines by applying continuous improvement and technology-driven solutions.
- **Integrity:** We act in an honest and ethical manner.
- **Sustainability:** We take responsibility for the environment, benefit our communities and restore the land for generations that follow.

Peabody's mission statement was refreshed in 2014 as part of a broad engagement program to ensure alignment with company values.

Board of Directors

Peabody is governed by a board of directors consisting of 11 members as of March 31, 2016. Ten members of the board are independent, including our non-executive Chairman. The board of directors appoints and oversees the Chief Executive Officer and other officers who are charged with the conduct of the company's business. Directors have full access to officers and employees of the company and its affiliates.

Board members serve on five standing committees: Audit; Compensation; Executive; Health, Safety, Security and Environmental; and Nominating and Corporate Governance. Each standing committee has adopted a formal charter that describes in detail its purpose, organizational structure and responsibilities.

Corporate Governance Practices and Principles

Peabody's corporate governance program is robust, extensive and subject to ongoing evaluation and oversight. The board ensures sound corporate governance practices and promotes the best interests of the enterprise with the compliance function reporting to the board's audit committee.

The board of directors operates under a set of governance principles covering such issues as board and management roles and responsibilities, board composition and director qualifications, election procedures, meeting procedures, committee functions, director orientation and continuing education, management evaluation and succession, and overall corporate compliance and safety standards. A complete list of Peabody's governance practices is included in the Appendix.

Code of Business Conduct and Ethics

Directors, officers and salaried employees must adhere to a Code of Business Conduct and Ethics that is designed to foster a culture of ethical decision making, prevent corruption, avoid conflicts of interest, achieve compliance with laws and protect our company assets. This code defines ethical standards to help establish and maintain our reputation as a world-class company.

Peabody informs employees of the obligation to act in a responsible, ethical and constructive manner through workplace communications and training sessions. All salaried employees are required to complete annual training and provide written certification of compliance with the Code. Any potential issues or concerns that could violate the company's Code are investigated and reported to the board of directors.

Communications, Transparency and Training

Peabody's shareholders, customers, employees and the public can communicate directly with the board of directors by submitting written comments to the Chairman, Peabody Energy, Peabody Plaza, 701 Market St., St. Louis, MO 63101. These written communications are forwarded to board members and reviewed by the full board whenever appropriate.

The company also has established procedures for the receipt, retention and investigation of reported violations of the Code of Business Conduct and Ethics. Employees who have concerns about business practices are asked to raise their concerns directly to their management, human resources representatives, the Assistant General Counsel of Compliance, or to contact the company's *Tell Peabody* hotline. Reports to the hotline are managed by the company's Assistant General Counsel of Compliance, who determines the appropriate action, including investigation. Report summaries are routinely distributed to senior management and discussed with the Auditing and Nominating and Corporate Governance Committees.

Peabody ensures that key corporate compliance and governance information and documents are accessible to shareholders and other stakeholders on PeabodyEnergy.com.

Peabody's current compliance program incorporates many effective elements. Still, the company's executive leadership believes this is an area that requires continuous attention. Peabody continues to supplement its risk management assessment to ensure that all significant legal and compliance risks affecting its businesses have been identified, and that appropriate training programs and policies are in place.

Balanced Policymaking Essential to Achieve Energy, Environmental and Economic Goals

As part of our commitment to operating with integrity and transparency, and given our role as a leader in the coal industry, we believe it is essential for us to participate constructively and responsibly in the political process and provide recommendations to policymakers for global energy, environmental and economic policies. We are particularly focused on advancing the use of coal, as part of a balanced energy mix, to provide abundant, reliable, low-cost energy to help meet the world's growing energy demand and elevate the standard of living for millions who lack proper energy access.

Following the 2015 United Nations Climate Change Conference in Paris, commonly referred to as COP21, global leaders agreed to take steps to reduce greenhouse gas emissions. U.S. President Barack Obama signed a non-binding agreement at the conference to voluntarily commit the United States to a 26 to 28 percent reduction in CO_2 emissions by 2025 compared to 2005 levels.

The administration cannot enter into a climate treaty without Senate approval, and the Senate clearly is not in favor of proposals that impose harmful mandates or disproportionate impacts on the U.S. economy. Peabody believes greater discussion is needed about energy solutions to deliver reliable, affordable and low-carbon electricity in the United States and around the world.

When it comes to creating a sustainable energy future, fuel choices and policies matter. We must acknowledge that each fuel has inherent strengths and challenges, and that all forms of energy are needed. Coal's advantages include a track record of reliability and scalability, affordability and security of supply. The world continues to rely on a diverse mix of fuel sources with coal playing an important role.

Fossil fuels comprise more than 80 percent[1] of global energy, and fossil fuel use is expected to grow in coming years. Peabody believes we need to advance greater use of today's high-efficiency, low-emissions (HELE) technologies and commercialize next generation solutions for carbon capture use and storage (CCUS), which are important for coal, natural gas and industrial applications. Peabody supports increased investment and public-private support for technologies to reduce emissions.

India Investing In Coal

The International Energy Agency estimates that there are more than 300 million people living in India without access to electricity.[2] As the world's second most populated country and third largest energy consumer[3], India is facing enormous rising needs for energy and steel, and has been focusing its energy policies around securing adequate resources to meet the growing demands of its economy. With coal on target to remain the most important fuel source in India for decades to come, the country is continuing its investment in coal-fueled electricity.

Prime Minister Narendra Modi has echoed coal's vital contribution as an affordable and widely available fuel to develop the country and lift its citizens out of poverty. India is strategically outlining its coal build-out to allow for advanced coal technologies, including supercritical power plants.

Read more about our position on advanced coal technologies in the Leadership section.

[1] *International Energy Agency, World Energy Outlook 2015.*
[2] *International Energy Agency, World Energy Outlook 2014.*
[3] *Australian Government, Office of the Chief Economist, Coal in India.*

U.S. Environmental Protection Agency's (EPA) Power Plant Regulations

As an energy leader, our charge is to expand energy access for families living without power, maintain a reliable supply to satisfy existing needs and plan for long-term growth. We all share the goals of affordable energy, strong economies and a clean environment. Keeping electricity costs low is why coal is essential to energy mix. And yet, the U.S. administration is forcing its carbon agenda to reduce coal use at a time when coal is used to generate electricity in 47 states.[4]

A NERA Economic Consulting study concludes that the Clean Power Plan will increase energy sector expenditures $220 to $292 billion from 2022-2033. It will also increase the average U.S. retail electricity rate up to 14 percent each year over the same time period.[5] The government should not impose artificial carbon caps or renewable mandates that will hurt people and cripple economies for negligible environmental benefit.

Regarding emissions progress for coal, this begins with deployment of high efficiency, low emissions (HELE) power stations using technology that is available today. Longer-term investments in next generation carbon capture, use and storage (CCUS) technologies are necessary to transition to the ultimate goal of near-zero emissions from coal-fueled power. HELE and CCUS technologies must be part of the solution to achieve goals of substantial reductions in greenhouse gas emissions.

Peabody, New York Attorney General Resolve Longstanding Questions Regarding Climate Change Disclosures

Peabody reached a resolution with the New York Attorney General's office regarding the company's disclosures involving climate change in 2015. Following an extensive eight-year investigation initially discussed in the company's 2007 disclosures, Peabody agreed to modifications in its financial disclosures centered on two primary areas.

The first change centers on the International Energy Agency (IEA) World Energy Outlook scenarios, which Peabody has long cited. In the future, the company agreed to enhance its disclosure around all the published scenarios when referencing IEA's World Energy Outlook. The second change involves how Peabody characterizes potential impacts from hypothetical future laws to coal markets and the company. There was no other action associated with the settlement, and no admission or denial of wrongdoing and no financial penalty.

Throughout 2015, Peabody joined other industry participants and officials from 29 states and state agencies to contest the legality of the administration's regulations, which would raise U.S. power costs and damage reliability of the electricity grid with no significant global environmental benefit. In February 2016, the U.S. Supreme Court voted to temporarily halt implementation of the EPA's Clean Power Plan while the Court continues to review the rule's legality at the U.S. Court of Appeals for the District of Columbia. Peabody applauded the Supreme Court's decision to protect affordable energy for families and businesses across the United States.

Political and Lobbying Activities

Peabody's political and lobbying activities are directed by our executive leadership team with oversight from Peabody's board of directors, and conducted in accordance with applicable law, our Code of Business Conduct and Ethics, our corporate policy on political contributions and our corporate policy on lobbying activities. Links to these policies can be found on PeabodyEnergy.com. All financial contributions adhere to federal, state and local laws regarding contribution limits on amount and source criteria, and reporting requirements. No contribution will be made in anticipation of, in recognition of, or in return for an official act by the recipient of the contribution.

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[4] *U.S. Energy Information Administration, Electric Power Monthly, February 2016.*
[5] *NERA Economic Consulting, "Energy and Consumer Impacts of EPA's Clean Power Plan, November 2015.*

Peabody's political contributions, Political Action Committee (Peabody PAC) and U.S. lobbying expenditures are a matter of public record, and the most current information is available through the Federal Election Commission, state campaign finance report, and the U.S. Senate and U.S. House of Representatives.

All political spending reflects Peabody's or the Peabody PAC's overall business interests, and not those of individual officers or directors. We recognize that political candidates, office holders, industry groups and trade associations may support positions that align with some of our interests, but conflict with other interests. In these instances, we base our involvement on those areas of mutual agreement that we believe will bring about good public policy.

Oversight by the Board of Directors

As part of its oversight role, the Nominating and Corporate Governance Committee of our board of directors annually reviews Peabody's political contributions, lobbying expenditures, industry group and trade association participation and grassroots lobbying activity. The committee is provided with detailed information about the recipients and amounts of political contributions made by Peabody and the Peabody PAC (to the extent permitted by law), as well as information regarding lobbying expenditures, industry group and trade association participation and grassroots lobbying expenditures.

Peabody Participates in First U.S. Extractive Industries Transparency Initiative (USEITI) Report

The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes open and accountable management of natural resources. In 2015, the United States published its first EITI report covering the fiscal year 2013. The report provides a benchmark for good governance and a valuable way to show the importance of the extractive industries to the national, state and local community economies.

In addition, the report includes extensive data and information about the extractive industry's role and activities in the United States. Peabody believes transparency is a key element in being a good corporate citizen. The company was proud to contribute to the report, which supports our Integrity value of conducting business with honesty, truthfulness, and sincerity while remaining compliant with all laws and regulations.

Peabody Contributions to Candidates, Committees and Political Organizations

Although U.S. federal law prohibits companies from contributing to candidates for federal office, many states allow corporate contributions to state and local candidates, committees and political organizations. The company's board of directors has authorized Peabody to contribute to state and local candidates for public office, political committees and political parties, and for other political purposes, subject to any legal limitations and applicable reporting requirements. Peabody political contributions must be reviewed and approved of Peabody's Executive Vice President, Chief Legal Officer, Government Affairs and Corporate Secretary and Senior Vice President of Global Government Affairs.

In 2015, Peabody made $159,300 in U.S. corporate political contributions. An itemized list of the 2015 Peabody political contributions can be found on PeabodyEnergy.com.

Peabody Political Action Committee (Peabody PAC)

Peabody has established a separate segregated fund under U.S. federal law – the Peabody PAC, which is a nonpartisan political fund that provides financial support to candidates.

The Peabody PAC is funded entirely through voluntary contributions from eligible contributors, primarily from Peabody employees who meet certain eligibility requirements. By law, Peabody is

prohibited from favoring or disadvantaging any person by reason of the amount of his or her contribution or the decision not to contribute to the Peabody PAC; coercive Peabody PAC solicitations are strictly prohibited. Employees will not be reimbursed directly or through compensation increases for personal political contributions or expenses.

The Peabody PAC is governed by a board appointed by Peabody's Chief Executive Officer, and that board approves all Peabody PAC contributions. In 2015, the Peabody PAC made $43,500 in U.S. political contributions. An itemized list of the 2015 Peabody PAC contributions can be found on PeabodyEnergy.com.

Lobbying

Peabody tracks proposed legislation and engages with governments around the world to advocate policies that protect affordable energy and ensure coal's continued role as part of a balanced global energy mix. We actively lobby the U.S. Congress and state legislatures on a number of important public policy issues, such as access to resources, taxes, energy policy, trade, and environmental legislative and regulatory policy. From time to time, Peabody also participates in grassroots lobbying with respect to legislation affecting our business.

In accordance with the Lobbying Disclosure Act, we publicly report our U.S. federal lobbying expenses on a quarterly basis, including the issues lobbied. This reporting is accessible on the U.S. Senate's website at Senate.gov. Our reports are filed under the name of Peabody Investments Corp. Where required, Peabody files similar periodic reports with state agencies, reflecting state lobbying activities.

The quarterly lobbying disclosures available on the U.S. Senate's website disclose lobbying expenses for each calendar quarter rounded to the nearest $10,000, as required by the filing instructions. These reports reflect that Peabody's total U.S. federal lobbying expense for 2015 was approximately $1.9 million, as determined using the Lobbying Disclosure Act method for reporting such expenditures.

Peabody filed lobbying disclosure reports in Arizona, Illinois, Indiana, Kentucky, Missouri and Wyoming in 2015 based on each state's lobbying disclosure requirements. In Arizona, we had $420 in reportable lobbying expenses and in Illinois we had $686.20 in reportable lobbying expenses. Unlike other states, Indiana and Kentucky require that lobbyist compensation be publicly reported, and therefore the amount reported is much larger than other states. We reported $60,456.88 in lobbying expenses in Indiana and $72,516 in lobbying expenses in Kentucky. All other states we reported in had no lobbying expenses.

Industry Trade Groups, Trade Associations and Other Organizations

Peabody is a member of numerous industry groups and trade associations, as well as nonprofit organizations focused on public policy issues. We work with these organizations because they represent the mining industry and business community in discussions led by governments and other stakeholders, and they help the industry reach consensus on policy issues. For a complete list of organizations in which we are members and to which we paid annual dues or other payments of $10,000 or more in 2015, please see the Appendix.

Peabody has been advised that approximately $720,000 of the annual dues and other company payments to U.S. industry groups and trade associations in 2015 were used for lobbying expenditures and/or political activities. An itemized list of U.S. industry group and trade association annual dues along with other payments used for lobbying expenditures and/or political activities for those organizations whose total annual dues and other payments were $10,000 or more in 2015 can be found on PeabodyEnergy.com.

SUSTAINABILITY

We take responsibility for the environment, benefit our communities and restore the land for generations that follow.

Environmental Excellence

Respect and responsibility for the land and communities where we operate are core to Peabody's sustainability approach. Our best-in-class social responsibility practices take the shape of successful land stewardship and valued community partnerships in the areas where our employees live and work.

Peabody's environmental policies and programs are designed to ensure that coal mining and use benefit society, enhance the company's environmental leadership and assure compliance with legal and regulatory requirements.

Peabody continues to standardize environmental management and reporting best practices. An SAP-based Environmental Compliance System has been implemented globally, enhancing the collection, reporting and analysis of environmental data.

In 2015, the company restored 4,716 acres of mined lands into rangeland, wildlife habitat, hardwood forests, prime farmland and wetlands including 184 acres of forested area, 318 acres of ponds and lakes, 24 acres of marshes and wetlands and seven miles of high-quality streams. In addition, Peabody planted approximately 442,000 trees.

Robust energy efficiency and waste reduction initiatives also characterize Peabody's approach to environmental responsibility. Total greenhouse gas emissions and greenhouse gas intensity continued a six-year downward trend, falling from 10.3 to 9.9 pounds of carbon dioxide equivalent (CO_2e) per unit of production from 2014 to 2015.

Respect for the natural world is embedded in our every action, from mine and land restoration planning to the way we operate our mines and engage with local communities. Peabody launched its first land reclamation program – "Operation Green Earth" – in 1954, a full 23 years before the U.S. Office of Surface Mining, Reclamation and Enforcement was formed, and we have never ceased working to deliver on our environmental commitments through new levels of innovation, efficiency and care.

In 2015, Peabody continued implementation of environmental reporting for six indicators in accordance with the Global Reporting Initiative (GRI). The GRI framework for sustainability reporting includes the reporting guidelines, sector guidance and other resources that enable greater organizational transparency and accountability.

Peabody Position on Energy and Climate Change

Peabody Energy believes that coal is a key contributor to affordable, reliable energy, and fossil fuels will continue to play a significant role in the global energy mix. The company also recognizes that these fuels contribute to greenhouse gas emissions, and concern regarding these emissions has become part of the global political, societal and regulatory landscape in which we operate.

Energy is foundational for individuals and economies, and must be abundant, reliable and inexpensive to meet society's growing demand. Access to such energy is critical to meet basic needs, improve living standards, reduce poverty, enable urbanization and strengthen economies.

In addition, access to low-cost energy is correlated with human development indicators such as increased life expectancy, education and economic development.

Within the energy mix, fossil fuels are essential, and satisfy approximately 80 percent of the world's primary energy demand. Coal plays a fundamental role in generating electricity and is a required component in new steel production.

Our approach to using the world's coal resources is grounded in the need to achieve the three-part goals of energy security, economic progress and environmental solutions through the application of advanced technologies.

The world needs to embrace a true "all of the above" energy strategy that recognizes the benefits and limitations for each fuel. Coal's advantages include a track record of reliability and scalability, affordability and security of supply.

Regarding emissions progress for coal, this begins with deployment of high efficiency, low emissions (HELE) power stations using technology that is available today. Longer-term investments in next generation carbon capture, use and storage (CCUS) technologies are necessary to transition to the ultimate goal of near-zero emissions from coal-fueled power.

Unique Program Reduces Electricity Bill at Midwest Mines

Peabody's Francisco, Somerville and Bear Run mines signed up for a unique program that saves Peabody $480,000 annually by "shedding" electricity.

The program, called Electric Power Load Shed, gave local utility Duke Energy the right to request that the three mines reduce their electricity consumption by 20 megawatts during a specified six-hour period, up to 10 times a year. This allowed Duke Energy to better manage its electrical grid during peak usage periods from June-September by reducing the consumption of large, industrial customers. In exchange, Peabody received a $40,000 credit each month on its electricity bill regardless of the number of shed events called by Duke Energy.

When an event is called, Peabody has the option to idle or buy additional electricity on the open market and continue operating. With the exception of mine fans, some office lighting and other safety necessities, Peabody opted to curtail 90 percent of normal load. Instead of producing coal, the mines use the downtime to perform maintenance work that would have been needed anyway, or review safety-related exercises.

HELE and CCUS technologies must be part of the solution to achieve goals of substantial reductions in greenhouse gas emissions. As such, they should be eligible to receive public funding from national and international sources. In addition, CCUS must receive policy parity with all low emission sources of energy and further public investments in research and development are necessary.

Peabody Energy will continue to reduce our carbon footprint and promote the development and deployment of low-carbon technologies by:

- Conserving energy and reducing greenhouse gas intensity at our operations whenever possible through energy efficiency and other best practices;
- Funding research and key initiatives in low-emissions projects and partnerships such as those already advancing in the United States, Australia and China;
- Playing a leadership role in the development of public policies related to energy and the environment;
- Engaging with governments, academia, communities and other stakeholders to support constructive and informed dialogue; and
- Building awareness and support to eliminate energy poverty, increase access to low-cost electricity and improve emissions through advanced clean coal technologies.

Environmental Compliance and Oversight

Environmental initiatives begin with assessments, which are conducted before any mining activity starts and include comprehensive baseline studies of local ecosystems and land uses. Detailed post-mining plans are researched, designed and approved through state and federal agencies. Contemporaneous land restoration provides for the minimal amount of surface disturbance, and ongoing monitoring and dialogue with regulators allow the company to measure results and adjust to changing conditions.

Building lasting alliances in communities where the company operates also is essential. Before mining, the company engages with local stakeholders to understand and incorporate social, cultural and traditional values and community needs in mine planning. Committees and other partnerships enable the company to rapidly return mined lands to productive community use. A highly trained and experienced environmental team supports Peabody's global operations in the United States and Australia.

All active operations are inspected by various federal, state and local government agencies at least once per month in the United States and regularly in Australia. Peabody goes beyond these requirements by performing regular environmental audits at all operations. These internal audits include a review of current practices, and also provide opportunities for sharing of best practices among the various sites. In addition, these audits verify compliance with applicable laws and permits, provide recommendations to improve current compliance practices and ensure that Peabody's workforce is trained to adhere to required procedures and updates to regulatory requirements and permit stipulations.

Peabody's Continued Excellence in Land Restoration

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.

We use best practices to reclaim mined land, which include contemporaneous restoration, where lands are returned for productive use as quickly as possible. 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.

Peabody also has contributed over $550 million dollars over the past decade to restore lands of other producers through the Abandoned Mine Lands fund.

Peabody remains committed to our reclamation obligations. We are continuing 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.

2015 Environmental Achievements

The company was recognized for environmental leadership and earned the following honors in 2015:

- **Allan Reishus Conservation Award from the Rocky Mountain Elk Foundation Northwest Colorado Chapter.** This honor was presented to Peabody's Twentymile Mine for their efforts including reclamation of mining areas to diverse vegetation communities dominated by native species, specific habitat enhancement measures, water development, noxious weed control, a rotational managed grazing program and providing a unique hunting opportunity for disabled hunters.

- **Environmental Stewardship and Safety Honors from the Colorado Division of Reclamation, Mining and Safety and the Colorado Mining Association**. Peabody's Twentymile Mine also was recognized for advancing recycling, wildlife protection and energy conservation activities, along with earning multiple safety awards.

Land Restoration and Bond Release

The company conducts extensive planning well in advance of mining, and lands are restored contemporaneously as mining proceeds. In any given year, land restoration activities can vary due to production, weather conditions, and other unforeseen factors. As a result, in any one year Peabody restores varying quantities of farmland, pastureland, rangeland, forest, wetlands and wildlife habitat.

In 2015, we restored 4,716 acres, including 184 acres of forested land, 318 acres of water bodies and 24 acres of wetlands across Peabody's global operations. In addition, the company fully released 2,414 acres from bond. Bonds were released on a broad array of properties and fluctuate depending on mining and restoration needs in a given period.

Environmental Best Practices in Land Restoration

Peabody is committed to implementing environmental best practices across our global platform. The company's work at Busseron Creek in Sullivan County, Indiana, demonstrates this commitment. Like many other streams in Indiana, Busseron Creek was straightened to enhance drainage in the early 1900s. In 2015, Peabody restored 75 percent of the 14,450 linear feet of planned stream restoration, and will complete the project in 2016. The restoration included added structures to the stream to enhance habitat for fish and other aquatic organisms and offsite stabilization of stream banks. In addition, the project restored 234 acres of offsite wetlands.

In 2015, Peabody restored 75 percent of Busseron Creek in Indiana to its original contour; the project will be completed in 2016.

Environmental Outreach in the Community

Kayenta Mine in Arizona has continuously supplied the local communities with clean water since Peabody began operating on the Black Mesa. Two water well stands serve over 180 families living in or around the lease area. The water is potable and is also used to provide water for livestock.

During the Animas River Spill in Colorado, Kayenta Mine, located downstream of the release, supplied clean water to residents and local cattle ranchers whose water source was affected. Peabody collaborated with the Bureau of Indian Affairs and Navajo Nation to provide approximately 20,000 gallons of water to assist families impacted by the Gold King Mine breech.

Peabody is also working with the Indian Health Service and Navajo Nation government on the construction of a waterline for the residents in the lease area. The Manymules Waterline Project is expected to serve more than 180 homes in the surrounding community. There are five phases to the project, with Phase 1 expected to begin construction in May 2016.

Conservation of Wyoming's Wildlife

Peabody is part of a unique association in Wyoming's Powder River Basin known as the Thunder Basin Grasslands Prairie Ecosystem Association (TBGPEA). This group seeks to join local landowners, ranchers, and energy companies to fund and implement a variety of conservation efforts in the region.

Peabody was one of the original partners of TBGPEA when it started in 1999 with the goal of working to enhance black-tailed prairie dog habitat in the region and help forestall its listing as an endangered species. Even though the prairie dog wasn't listed as an endangered species, the group continued to work on habitat enhancement measures, and has expanded its focus to include a number of species that could be proposed for protection under the Endangered Species Act. One of these is the greater sage-grouse which lives on and in sagebrush, and needs habitat for leeks, or traditional breeding grounds, as well as nesting and brood-rearing activities.

Peabody's commitment to conserving the sagebrush area creates habitat for the sage-grouse as well as other wildlife species such as elk.

Peabody's mining activities have the potential to occupy lands that are home to greater sage-grouse. Because of that, one of the primary reasons for Peabody's involvement in TBGPEA is that it forms the basis of the company's strategy to manage a species that soon may be on the Endangered Species list. The TBGPEA strategy is embodied in an agreement with the U.S. Fish and Wildlife Service that recognizes this approach and its successes. Peabody works in close collaboration with TBGPEA partners to enhance sage-grouse habitat. Throughout Peabody's 15-plus years-long partnership with TBGPEA, the association has completed many habitat enhancement projects and delineated 1.2 million acres for conservation.

Greenhouse Gas Intensity and Energy Efficiency

Mining energy requires energy, a paradox that presents a challenge and an opportunity. Peabody is focused on conserving power and reducing greenhouse gas intensity whenever possible through continual improvements in mine planning and engineering, use of advanced technologies and operational best practices.

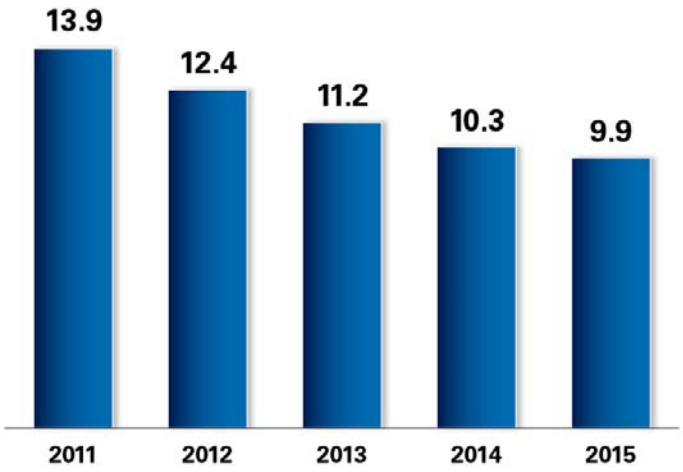
Investing in Efficiency to Limit Greenhouse Gas Intensity

Peabody's greenhouse gas management begins before mine development, continues during overburden and coal removal and is finalized during post-mine reclamation. Peabody has made marked progress toward reducing the release of greenhouse gasses at our operations, as measured by emissions in pounds of carbon dioxide equivalent or CO_2e (CO_2, CH_4 and N_2O) per units of production (raw tons of coal mined and cubic yards of overburden moved).

In 2015, Peabody reported a continued decline in emissions levels – marking six consecutive years with a reduction in total greenhouse gas emissions across global operations. In addition, greenhouse gas intensity declined from 10.3 to 9.9 CO_2e, a result of conscious energy efficiency initiatives. Measuring emissions on a per-unit basis provides a more accurate picture of the emissions profiles of mines at different stages of development.

Global Annual Greenhouse Gas Intensity Declines

Pounds of Greenhouse Gas Emitted (CO_2, CH_4 and N_2O) Per Unit



Measurement and Mitigation

For several years, Peabody's U.S. operations voluntarily reported greenhouse gas intensity in pounds of CO_2e per unit produced using U.S. Department of Energy (DOE) requirements under Section 1605(b) of the Energy Policy Act of 1992. Although the DOE program has since been suspended, the company continues to employ many of the same measurement factors.

While measuring and mitigating methane is an area of focus, the U.S. Environmental Protection Agency (EPA) in its Mandatory Reporting Rule notes that there is no universally accepted, reliable and feasible formula methodology at U.S. surface mines.

At underground mines, the company monitors and reports greenhouse gas emissions to the EPA by collecting air samples and performing data analysis. Each underground mine collects a monthly sample at each mine shaft or portal for laboratory testing of methane.

To perform a full emissions analysis, air quantity, temperature, barometric pressure and humidity are also captured. In addition, emissions from stationary equipment such as propane-based heaters are evaluated. From 2014 to 2015, the GHG emissions from ventilation and stationary sources, reported as CO_2e, had a net decrease of 13 percent for all Peabody underground mines.

Ventilation Systems at Underground Mines

Engineering managers in the United States and ventilation officers in Australia provide management with both short-and long-term direction of what is needed to control the air flow in underground mines. Beyond affecting productivity, one of the key motivations behind proper mine ventilation involves safety.

The dual mine fan at Peabody's North Goonyella Mine in Australia currently moves more than 290 cubic meters of air per second.

Air shaft and drifts from the surface reach down into the mine, allowing in clean air. Large fans, some more than 12-feet in diameter, positioned at the surface pull that surface air through the mine by creating lower pressure. Air flows in a predictable path, moving from areas of higher pressure to areas of lower pressure. Thus, with proper planning, air can be coursed through a mine in a way that removes and dilutes methane, dust and other pollutants while providing clean, breathable air for miners.

Peabody continues to implement greenhouse gas reduction activities at underground mines by sealing off old workings and maximizing the efficiency of ventilation systems to reduce methane emissions.

Global Reporting Initiative

In 2015, Peabody continued to utilize the Global Reporting Initiative (GRI) framework for six specific indicators for water and waste: water withdrawals, water discharges, water recycling, waste disposal and recycling, and identification of water bodies significantly affected by withdrawals and discharges.

Data is reported using the metric system per GRI guidance.

Water Use and Management

Peabody is focused on conserving water by pursuing sustainable coal mining practices everywhere the company operates. Coal mining is one of the least water intensive forms of resource extraction. The U.S. Geological Survey (USGS) reports that all forms of mining cumulatively withdrew 1 percent of water consumed in the United States, with coal comprising less than 1 percent of that total.[1] In contrast, agriculture irrigation withdrawals account for 38 percent of total freshwater withdrawals according to the latest USGS 2010 report (published in 2014).

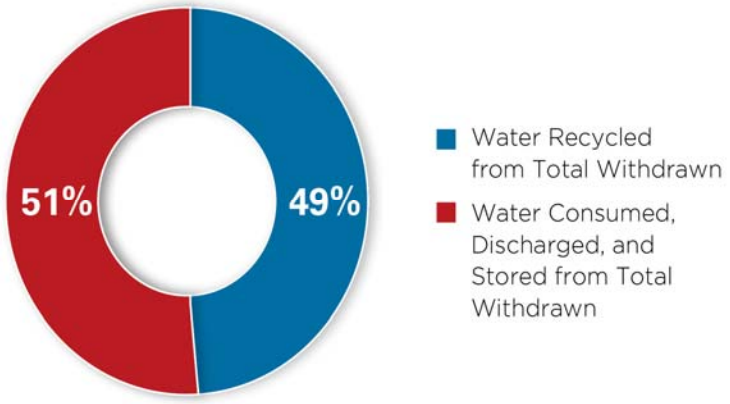
[1] *Estimated Use of Water in the United States in 2005, 2009, United States Geological Survey, Circular: 1344, Figure 1, Total Water Withdrawals by Category, Page 5.; Estimated Use of Water in the United States in 2010, 2014, United States Geological Survey, Circular: 1405, Page 56.*

Water is used for exploration, mining, processing, land restoration and drinking purposes. Water recycling and use varies by region, method of mining, equipment used and local availability. Operations in more arid environments consume less water and focus on conservation while mining operations in humid climates routinely manage surplus water from storms or groundwater and mitigate flood risk. In Australia, operations must manage excess water during wet cycles and manage for water shortages during dry cycles. The management and use of water at Peabody operations is done under extensive regulatory frameworks specific to the countries and regions where operations are located.

In 2015, water sources for Peabody mines included: surface water (precipitation and runoff, rivers and streams, external surface water storages), ground water and municipal/purchased water. The primary water uses are dust control and coal preparation plants. Minor amounts of water are used for mine location drinking water supply, sanitary purposes such as showers, and equipment maintenance.

Peabody is committed to pursuing opportunities to reduce, reuse and recycle water whenever possible and about 50 percent of total water withdrawn or 22,112 megaliters was recycled and reused in 2015. Examples of recycling and reuse at Peabody operations include the recycling of water at coal preparation plants, truck washes and coal storage areas. Peabody strives to use closed loop water circuits at coal preparation plants with the average preparation plants achieving 73 percent recycling rates.

Percent Water Recycled of Total Withdrawn Globally



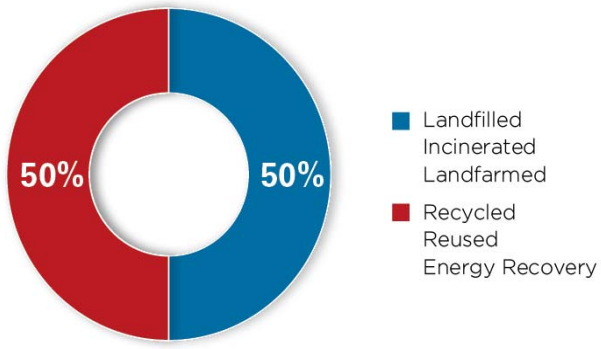
Water Withdrawal Intensity

Water withdrawal intensity compares the amount of water withdrawn per production unit mined. A production unit is a measure of the total amount of material mined at each site and is defined as Run of Mine (ROM) tons + Total Cubic Yards. Peabody's water intensity in 2015 was 39.3 liters per production unit.

Recycling and Waste Management

Peabody's waste management strategy incorporates a variety of environmentally responsible practices that address regulatory requirements and sustainability practices. Approximately 10,102,700 kilograms of material was recycled and reused, and 840,579 kilograms of material was used for energy recovery in 2015. Recycled materials included batteries, steel, used oil filters, used oil, lighting products, computers and electronics, antifreeze, small vehicle tires and paper waste. Materials used in energy recovery included used oil, washer solvents and used grease. In 2015, recycling, reuse, and energy recovery accounted for 50 percent of waste disposal activities.

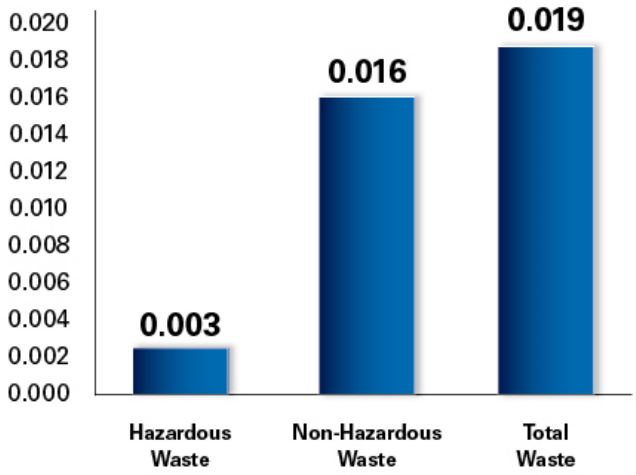
Recycled/Reused/Energy Recovery vs. Landfilled/Incinerated/Landfarmed



Waste generation intensity compares the amount of waste generated to production units. Less than 0.019 kilograms of waste is generated per production unit as shown in the graph below.

Waste Generation Intensity

Kilograms per Production Unit



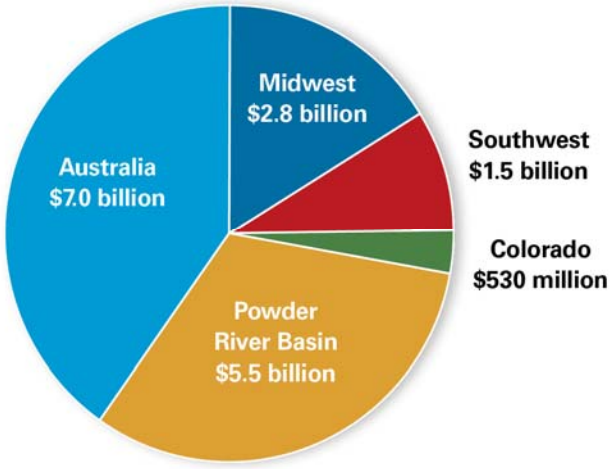
Sustainable Global Partnerships and Charitable Giving

Across our global operations, we work to sustain a social license to operate through safety and social responsibility practices that help empower communities around the world. Outreach takes the shape of employee volunteerism and fundraising, corporate philanthropic giving, sponsorships, and stakeholder engagement activities.

In 2015, Peabody injected $17.3 billion into local, state, and provincial economies around the world. This involves $4.3 billion in direct contributions that create jobs and fuel prosperity, including wages, taxes, philanthropy, capital investments and vendor contracts.

Even during a year of market pressures and cost containment initiatives, Peabody's commitment to community outreach remained strong. The company provided over $3 million in charitable funding to more than 400 organizations, primarily in and near the areas where the company has locations, and from 2010 through 2015, Peabody provided $38 million to charitable organizations around the globe.

Peabody Energy's 2015 Total Economic Benefits



Peabody's operations created more than $17 billion in total economic benefits globally in 2015.

Peabody Energy Charitable Contributions and Scholarships

Dollars in Thousands	
Arts and Culture	$263
Civic and Public Affairs	$218
Community and Economic Development	$69
Disaster Relief	$32
Education K-12	$224
Employee Matching Gift Programs	$133
Energy and Mining Education	$1,015
Environmental	$26
Health and Social Services	$510
Higher Education	$299
Other	$38
Scholarships	$223
Grand Total	**$3,050**

In the company's world headquarters city of St. Louis, Missouri, a tradition of corporate citizenship and employee engagement resulted in another successful fundraising campaign to benefit United Way of Greater St. Louis, which provides health and human services to people in 16 counties in the greater metropolitan region.

Peabody and its St. Louis area employees have donated nearly $5.4 million to the United Way since 2010, and since introducing "Jeans Day Fridays" in 2012, employees have raised nearly $130,000 more to dress casual for the cause.

In 2015, Peabody launched its inaugural Fall Fridays initiative during which employees at Peabody's global headquarters served the St. Louis community on five Fridays in the fall through volunteer projects organized by the United Way, a national nonprofit organization that supports charities across the country with fundraising and volunteering. At these events, employees assisted local organizations with tasks like outdoor landscaping, interior maintenance and helping in a food pantry. Organizations directly served included Epworth Children and Family Services, St. Patrick Center, Delta Gamma Center for Children with Visual Impairments, Foster and Adoptive Care Coalition, Grace Hill Settlement House, YWCA Head Start, Cardinal Ritter Senior Services and Kingdom House.

Peabody St. Louis employees participated in Fall Fridays to support United Way funded organizations in the region. Pictured above, employee Jayme Sobieralski helps a child solve puzzles at Grace Hill Settlement House.

Over the past few years, Peabody has invested $2.2 million in CityArchRiver2015, a nonprofit organization that is spearheading the transformation of the historic Gateway Arch grounds which celebrated its 50th year in 2015. Peabody's St. Louis headquarters building is fortunate to sit directly in the thoroughfare to the Arch.

Through partnerships with select universities, Peabody invests in research and development in advanced 21st century coal technologies. In 2015, Peabody continued its commitment to Washington University in St. Louis to be a lead sponsor of the Consortium for Clean Coal Utilization, a major center for advancing clean coal technologies. Peabody was an inaugural supporter of the consortium, which has been performing advanced coal research since 2008. Funds from Peabody also support an Advanced Coal Technology Laboratory at the University of Wyoming's Energy Innovation Center and Environmental Engineering and Physics Laboratories at the University of Missouri St. Louis.

Pictured at left Wilpinjong Mine employees Blair Jackson, Kellie Smith and Kieren Bennetts show off new aprons provided by Peabody with Lifeskills clients and staff. Wilpinjong employees volunteered their time and helped raise money for Likeskills' new facility. At right, members of Komplete Kaos Inc., pose for a team photo before a competition. Peabody sponsors the New South Wales robotics club through its Metropolitan Mine.

Community in Australia

Peabody's community outreach program also takes the shape of engagement and dialogue with communities closest to the company's operations. In Australia, targeted and frequent communication with stakeholders has led to greater coal literacy among residents as well as an enhanced coexistence of communities with the mining industry.

In 2015, the Hunter Valley Coal Festival was launched, which is a community and chamber of commerce-led festival that celebrates the value of the coal industry to the region. Peabody joined with other industry and community partners to support a wide range of events, from the school debating competition to coal shovelling. Wambo's award-winning Emergency Response Team was featured in a rescue simulation with helicopter rescue service personnel.

Wambo Mine's Emergency Response Team was featured in the Hunter Valley Coal Festival and reenacted a rescue simulation.

Peabody's contribution to Lifeskills Plus, a not-for-profit organization providing services to people with disabilities, assisted with construction of the new Community Center providing a much needed upgrade to facilities for clients and staff. The new Community Center will provide a safer and more positive environment as well as an increase in respite capacity for more effective daily programming and activities for the clients, their families and the volunteers. In addition to Peabody's financial investment, Wilpinjong employees volunteered their time, raising money for the new facility in many ways, including donating meat trays and selling raffle tickets at the local pub.

Peabody and Metropolitan mine sponsored Komplete Kaos Inc., a robotic club for kids from local schools. With members ranging from 10-13 years of age, the program helps students promote problem-solving skills while they learn the various aspects of robotics design and construction. Formed in 2012 with funding from Peabody, the club has gone onto to be a huge success. They competed at the World Festival for FIRST LEGO League held in St. Louis, Missouri, and their entry was recommended for five awards.

Pictured at left, Arclar Complex employees collected coats and food to support local families in the Illinois area as part of their holiday drive in 2015. At right, Peabody employees volunteered at the annual Heat-Up St. Louis event to help collect donations for local residents to help pay their electric bills in the winter.

Community in the Americas

Throughout Peabody's U.S. mining operations, employees stepped up to support their communities in a variety of activities.

In April 2015, employees at Peabody's Bear Run Mine took part in the annual community Arbor Day celebration. Mine employees joined a local landscaping company and worked with students from Sullivan Middle and High School providing them with shade and landscaping trees next to their tennis courts and new buildings. Employees had the opportunity to educate students on the proper way to plant a tree, and explain what Peabody does at Bear Run Mine through ongoing reclamation efforts and how the company restores the land to a condition equal or better than it was found.

The 2015 winter holiday season was made merrier for many families in Southern Illinois thanks to the generous initiative of employees at Peabody Energy's Arclar Complex. Peabody employees from Wildcat Hills and Cottage Grove mines and the preparation plant facility joined together to hold Arclar's first-ever holiday drives to serve local low-income families. Following a successful food drive that donated enough to feed 16 local families complete Thanksgiving meals, employees organized a toy and coat drive at Christmas ensuring a more joyful holiday season for hundreds of area children and families.

At Peabody's Kayenta Mine in northeast Arizona, home to both the Navajo Nation and Hopi Tribe, outreach often takes the shape of in-kind services, from delivery of water for livestock, to maintaining roads for local families, to equipment maintenance for local tribal chapters. The mine is a strong contributor to the tribes, injecting over $110 million in direct economic benefits in 2015, and more than $3.6 billion into tribal economies since operations began. In 2015, Peabody also provided $225,500 in scholarships to Navajo and Hopi youth.

Peabody Energy Australian employees showed their support for the Leukemia Foundation and participated in the World's Greatest Shave, with the Australian operations raising over $77,000. Employees bravely shaved and colored their hair to show their support.

Empowering Employees to Give Back

Peabody's employees embrace community outreach in unique ways, focusing efforts on causes dear to their hearts. Many participate in the company's charitable match and Dollars for Doers programs, which provide company philanthropic funds to qualified nonprofit agencies based on either the employee's personal charitable gift or personal time volunteered with the organization. Often times these endeavors take the shape of athletic fundraising events, where the challenge becomes an extension of Peabody's health and wellness mission, in that a healthy community benefits everyone.

From Peabody's St. Louis office, employees and their families cycled to help raise funds for cancer research in partnership with Pedal the Cause. 2015 marked Peabody's fifth year participating in the event with more than 110 cyclists representing the company during that time. The event raised more than $2 million, with 100 percent of the proceeds staying in St. Louis to fund cancer research through the Children's Discovery Institute at St. Louis Children's Hospital and the Cancer Frontier Fund, an initiative of Barnes-Jewish Hospital that benefits the Siteman Cancer Center.

The Leukemia Foundation was Peabody's "charity of choice" for the Australian platform. Peabody ran a fundraising campaign for the Leukemia Foundation's "Shave for a Cure" at each of its mine sites in Australia, raising over $77,000, and winning a "National Top 10" fundraiser award for its efforts.

APPENDIX – SAFETY

We commit to safety and health as a way of life.

Safety Principles

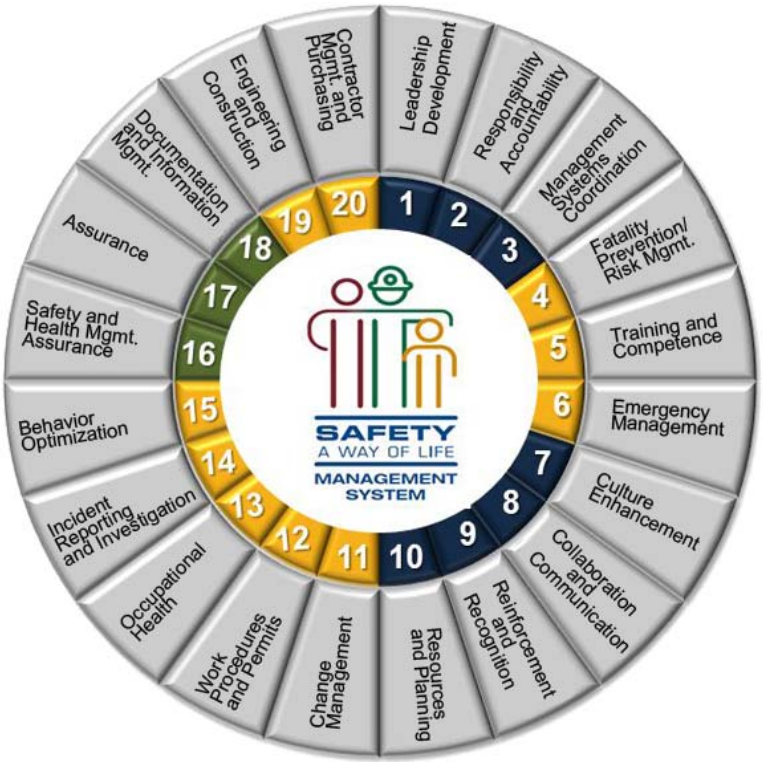
Our vision is to operate safe and healthy workplaces that are incident free. Safety is Peabody's first value that is integrated into all areas of our business. Our goal is to eliminate all workplace incidents, including injuries, occupational illnesses and property damage.

The following governing principles apply to our employees, contractors, visitors and vendors at our sites, and to any location where an employee is engaged in work activities:

- Management has the overall accountability for safety and health, the promotion of risk management, and the sharing of learnings across the organization;
- Everyone is responsible for their own safety and health, their preparation for and fitness for work, as well as caring for their co-workers;
- Everyone will be provided training and equipment to perform their jobs in a safe and healthy manner;
- Everyone has the authority to stop and challenge unsafe activities;
- Everyone must comply with established safety and health rules (including lifesaving rules), laws and regulations;
- Open, honest and effective safety and health incident investigation and communication is essential;
- Safety and health efforts must be maintained and continuously improved;
- Successes will be celebrated, and desirable behaviors recognized and reinforced.

Safety a Way of Life Management System

Our Safety A Way of Life (SAWOL) Management System, which aligns to the National Mining Association's (NMA) CORESafety® framework, has been designed to set clear and consistent expectations for safety and health across our business through the categories of leadership and organization, safety and health risk management, and assurance. These competencies are further defined in 20 modules, which include performance expectations and timelines to ensure steady progress toward the goal of achieving incident free workplaces.



Peabody's approach to managing safety and health is detailed in the SAWOL standard above.

APPENDIX – INTEGRITY

We act in an honest and ethical manner.

Corporate Governance Practices and Principles

The board of directors operates under a set of governance principles covering such issues as board and management roles and responsibilities, board composition and director qualifications, election procedures, meeting procedures, committee functions, director orientation and continuing education, management evaluation and succession, and overall corporate compliance and safety standards. Peabody's governance practices include the following:

- At least a majority of the company's directors must meet the criteria for independence established by the New York Stock Exchange (NYSE). The independence of each director is reviewed at least annually and at other times when a change in circumstances could potentially impact a director's independence.
- The company's articles of incorporation provide for the annual election of directors, and the company's bylaws provide for majority voting in uncontested director elections.
- The Audit, Compensation, Nominating and Corporate Governance, and Health, Safety, Security and Environmental Committees are comprised entirely of independent directors.
- Non-management directors meet in executive sessions without management.
- The board and its committees conduct annual performance reviews to evaluate whether they are functioning effectively and to determine what actions, if any, could improve their performance.
- Each director participates in an orientation program shortly after his or her election, and each director is required to attend, at company expense, an appropriate continuing education program at least once every three years.
- The board and each committee have the authority to hire independent legal, financial and other advisors without consulting or obtaining the advance approval of any officer.
- Three of the four members of the Audit Committee have been determined by the board to be an "audit committee financial expert" for purposes of the Securities and Exchange Commission's (SEC) rules relating to audit committees.
- The Audit Committee must pre-approve all audit and non-audit services performed by the company's independent registered public accounting firm to ensure that such services do not impair that firm's independence.
- Directors may not serve on more than four other public company boards.
- Directors are required to submit their resignation to the board for consideration following a job change, failure to satisfy our Code of Business Conduct and Ethics or a change in circumstances that adversely affects his or her capacity to serve as a director.
- Directors may not stand for election or be appointed to fill vacant or newly created board positions after reaching age 75.
- The company has adopted a "claw back" provision that allows the board, at its discretion, to require that current or former executive officers reimburse the company for all or any portion of cash or equity-based compensation under certain circumstances following an accounting restatement by the company.
- The company has adopted and disclosed stock ownership requirements for executive officers and directors.

- The company prohibits directors, officers and employees from entering into hedging transactions involving Peabody stock and also prohibits them from holding our common stock in a margin account as collateral for a margin loan or otherwise pledging our common stock as collateral for a loan.

Industry Groups, Trade Associations and Other Organizations

Peabody is a member of numerous industry groups and trade associations, as well as nonprofit organizations focused on public policy issues. We work with these organizations because they represent the mining industry and business community in discussions led by governments and other stakeholders, and they help the industry reach consensus on policy issues.

The following is a listing of organizations in which we are members and to which we paid annual dues or other payments of $10,000 or more in 2015:

United States

- American Australian Association
- American Coalition for Clean Coal Electricity
- American Legislative Exchange Council
- American Tort Reform Association
- Arizona Mining Association
- Balanced Energy for Arkansas
- Balanced Energy for Texas
- Business Council
- Business Roundtable
- Campbell County Chamber of Commerce (WY)
- Campbell County Economic Development Corporation (WY)
- Coal Industry Advisory Board
- Coal Utilization Research Council
- Colorado Mining Association
- The Conference Board
- Illinois Chamber of Commerce
- Illinois Coal Association
- Illinois Manufacturers Association
- Indiana Coal Council
- Missouri Chamber of Commerce
- National Association of Manufacturers
- National Coal Council
- National Mining Association
- New Mexico Mining Association
- Partnership for Downtown St. Louis
- St. Louis Regional Chamber
- U.S. Chamber of Commerce
- U.S.-ASEAN Business Council
- U.S.-China Business Council
- World Coal Association
- Wyoming Mining Association
- Wyoming Taxpayers Association

Australia

- Australian Coal Association Low Emission Technologies Coal 21 Fund
- Australian Coal Association Research Program
- Fitzroy Basin Association
- Minerals Council of Australia
- New South Wales Mineral Council
- Queensland Resource Council
- Singleton Chamber of Commerce

APPENDIX – SUSTAINABILITY

We take responsibility for the environment, benefit our communities and restore the land for generations that follow.

Global Reporting Initiative

Data is reported using the metric system per GRI guidance, including megaliters (ML) and kilograms (Kg).

Section G4-EN8: Total Water Withdrawal by Source: The sum of water drawn into the boundaries of the organization from all sources including surface water, groundwater, rainwater and municipal water supply for any use over the course of the reporting period.

G4-EN8 Total Water Withdrawn by Source	
Total Withdrawn Surface Water	28,394 ML
Total Withdrawn Ground Water	14,955 ML
Total Withdrawn Municipal/Purchased Water	1,868 ML
Total Water Withdrawn	45,217 ML

Section G4-EN9: Water Sources Significantly Affected by Withdrawal of Water: Withdrawals that account for an average of 5 percent or more of the annual average volume of water body; withdrawals that are known to or likely to have significant impacts as determined by recognized professionals; withdrawals from water bodies recognized to be particularly sensitive based on relative size, function, or status as rare, threatened, or endangered system; any withdrawal from a wetland listed in the Ramsar Convention or other proclaimed conservation area; water source has high biodiversity value; water source identified as having high value or importance to local communities and indigenous peoples.

For 2015, two water bodies were identified as being significantly affected by the withdrawal of water. Both streams are located in Wyoming and affected by mining operations at the North Antelope Rochelle Mine. Withdrawals are done in accordance with permit requirements. Both streams are designated as Class IIIb Warm Water Non-Game Fishery waters by the State of Wyoming and are not designated as having a high biodiversity value.

G4-EN9: Water Sources Significantly Affected by Withdrawal of Water	
Porcupine Creek (Wyoming)	25 ML
Holmes Creek (Wyoming)	6 ML
Total Withdrawn Significantly Affected	31 ML
Total Surface Water Withdrawn	28,394 ML

Section G4-EN10: Percentage and Total Volume of Water Recycled and Reused: The act of processing water and waste water through another cycle before discharge to final treatment and discharge to the environment.

G4-EN10: Percentage and Total Volume of Water Recycled and Reused	
Total Water Withdrawn	45,217 ML
Total Water Recycled/Reused	22,112 ML
Percentage Water Recycled	49%

Section G4-EN22: Total Water Discharge by Quality and Destination: Sum of water effluents discharged over the course of the reporting period to subsurface waters, surface waters, sewers that lead to rivers, oceans, lakes, wetlands, treatment facilities, and groundwater.

G4-EN22: Total Water Discharge by Quality and Destination	
Total Water Discharged to Surface Water (Rivers and Streams)	34,171 ML
Total Water Transferred to Third Party	86 ML
Total Discharged	34,257 ML

Section G4-EN26: Water Sources Significantly Affected by Discharge of Water: Discharges that account for an average of 5 percent or more of the annual average volume of water body; withdrawals that are known to or likely to have significant impacts as determined by recognized professionals; withdrawals from water bodies recognized to be particularly sensitive based on relative size, function, or status as rare, threatened, or endangered system; any discharge to a wetland listed in the Ramsar Convention or other proclaimed conservation area; water source has high biodiversity value; water source identified as having high value or importance to local communities and indigenous peoples.

For 2015, two water bodies were identified as being significantly affected by the volume of water discharged to the water body. Porcupine Creek receives discharge from the North Antelope Rochelle Mine in Wyoming and Foidel Creek receives discharge from the Foidel Creek mine in Colorado. Discharges are done in accordance with permit requirements. Neither stream was identified as having high biodiversity values.

Two streams were identified that discharge to waters that are part of protected areas. In New South Wales, Australia, the Metropolitan mine discharges to a tributary stream of the Hacking River. Downstream of the mine the Hacking River flows through the Royal National Park. The biodiversity of the Hacking River flowing through the National Park is assumed to be high as the park represents a protected area. In Indiana, United States, the Francisco mine withdraws water from and discharges to the Patoka River which is included in the Patoka River National Wildlife Refuge. All discharges were done in accordance with regulatory requirements.

G4-EN26: Water Sources Significantly Affected by Discharge of Water

Porcupine Creek (Wyoming)	1 ML
Foidal Creek (Colorado)	73 ML
Total Withdrawn Significantly Affected	74 ML

Water Data

Total Water Withdrawn	45,217 ML
Total Water Withdrawn Surface Water (EN8)	28,394 ML
Total Water Withdrawn Surface Water Significant (EN9)	31 ML
Total Water Withdrawn Ground Water (EN8)	14,955 ML
Total Water Withdrawn Municipal/Purchased Water (EN9)	1,868 ML
Total Water Discharged (EN22)	34,257 ML
Total Water Discharged Surface Water (EN22)	34,171 ML
Total Water Discharged Surface Water Significant (EN26)	74 ML
Total Water Transferred to Third Party for Reuse (EN22)	86 ML
Total Volume of Water Recycled and Reused (EN10)	22,112 ML
Percentage of Water Recycled and Reused (EN10)	49%

Biodiversity: GRI Indicators G4-EN9 and G4-EN26 contain a component to describe the biodiversity of the water bodies from which water is withdrawn (EN9) or discharged (EN26). Biodiversity can be measured using quantitative indicators, but no single unified approach exists. There are currently no requirements to measure biodiversity of water bodies from which water is withdrawn or discharged in the coal mining permit process or required environmental water monitoring requirements. Instead, water quality standards are used to ensure the water discharged from coal mines meets the designated uses of the water body receiving discharges.

In 2015, all water Peabody discharged to rivers and streams, ranging from perennial to ephemeral, was regulated and met site-specific water quality standards established for the receiving stream. Routine monitoring of discharges from 2015 shows that water quality was typically of equal or better quality than the receiving stream. Receiving streams' designated uses include drinking water supply, irrigation, livestock and aquatic habitat.

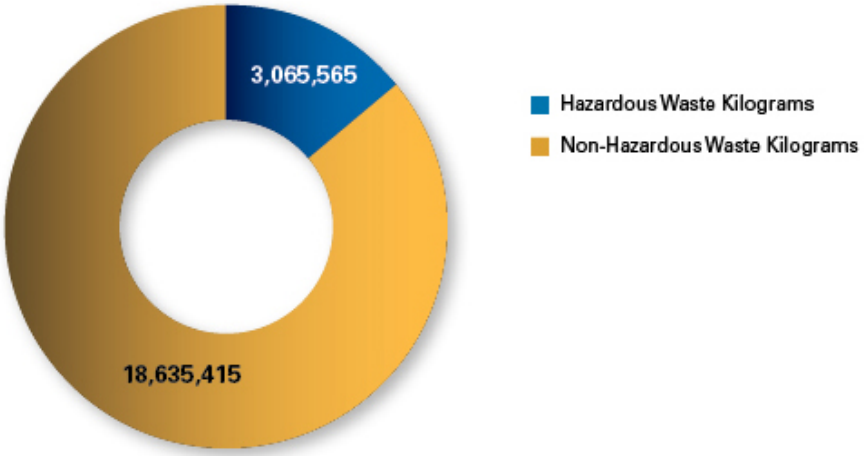
A variety of resources (federal, state, and nongovernmental organizations) were reviewed for streams receiving discharges or streams from which water was withdrawn had been identified as having criteria that would equate to high biodiversity value. For example, states water quality standards include terms such as Limited Use, Outstanding National Resource Water, Outstanding State Resource Water (or equivalent designations) with specific water bodies identified in the State Water Quality Standards. These water bodies would be afforded additional protection by state agencies. Peabody does not directly discharge or withdraw water from any water bodies identified in State Water Quality standards with these designations.

Section G4-EN23: Total Weight of Waste by Type and Disposal Method: GRI 4 defines two waste types: hazardous waste and non-hazardous waste. The waste types are defined by regulatory definitions from where the waste is generated. Definitions of hazardous and non-hazardous waste used in this reporting are consistent with the two countries and eight states in which Peabody Energy mines.

Waste reporting under GRI is done by totaling the waste types by disposal method. GRI disposal methods include reuse, recycling, composting, energy recovery, incineration, landfill, etc.

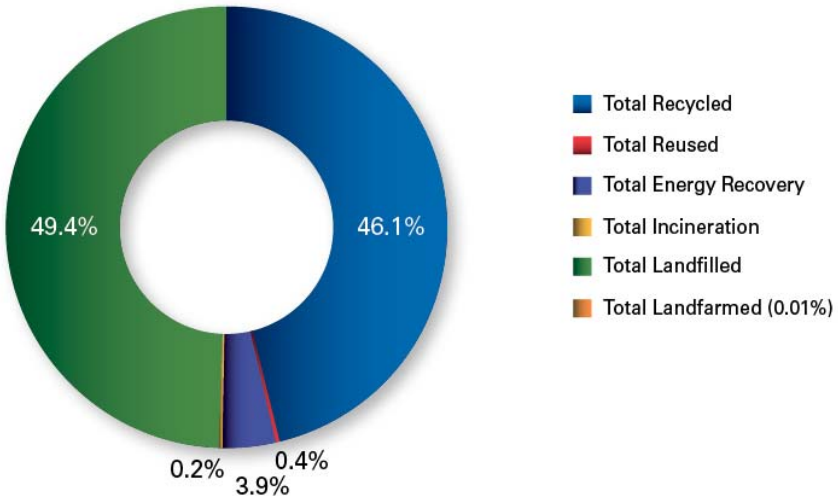
The following charts summarize disposal methods for waste in 2015.

Waste by Type*

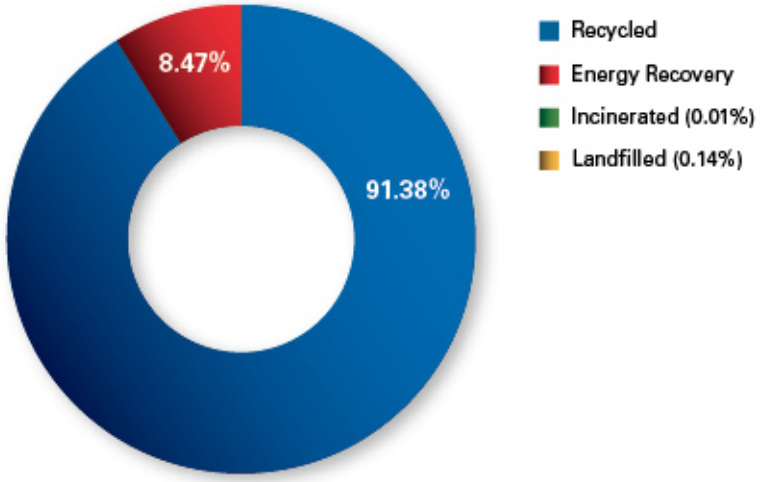


*A historic source of hazardous waste has been replaced with non-hazardous materials.

Total Waste by Disposal Method



Hazardous Waste by Disposal Method



GRI G4-EN23 Waste By Disposal Method

Total Hazardous Waste Reused	0 Kg
Total Hazardous Waste Recycled	2,801,256 Kg
Total Hazardous Waste Composted	0 Kg
Total Hazardous Waste Energy Recovered	259,792 Kg
Total Hazardous Waste Incinerated	269 Kg
Total Hazardous Waste Landfilled	4,248 Kg
Total Hazardous Waste Landfarmed	0 Kg
Total Other Hazardous Waste	0 Kg
Total Non-Hazardous Waste Reused	92,026 Kg
Total Non-Hazardous Waste Recycled	7,209,418 Kg
Total Non-Hazardous Waste Composted	0 Kg
Total Non-Hazardous Waste Energy Recovered	580,787 Kg
Total Non-Hazardous Waste Incinerated	36,097 Kg
Total Non-Hazardous Waste Landfilled	10,714,545 Kg
Total Non-Hazardous Waste Landfarmed	2,542 Kg

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