PEABODY ENERGY CORP
Form DEF 14A
March 28, 2018
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14A-101)

Information Required in Proxy Statement

Schedule 14A Information

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Soliciting Material Pursuant to §240.14a-12

PEABODY ENERGY CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Table of Contents

Table of Contents

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.

Table of Contents

Peabody Plaza

701 Market Street

St. Louis, Missouri 63101

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 10, 2018

Peabody Energy Corporation (the company) will hold its 2018 Annual Meeting of Stockholders (the 2018 Annual Meeting) at the Sheraton Clayton Plaza Hotel, 7730 Bonhomme Ave., Clayton, MO 63105 on Thursday, May 10, 2018, at 10:00 a.m., Central time, to:

1. Elect nine directors for a one-year term;
2. Approve, on an advisory basis, our named executive officers compensation;
3. Approve, on an advisory basis, the frequency of future advisory votes to approve our named executive officers compensation;
4. Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2018; and
5. Transact any other business as may properly come before the 2018 Annual Meeting and any adjournment or postponement thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this notice. The board of directors has fixed the close of business on March 19, 2018 as the record date for determining stockholders of the company entitled to receive notice of and vote at the 2018 Annual Meeting and any adjournment or postponement thereof.

WHETHER OR NOT YOU EXPECT TO ATTEND THE 2018 ANNUAL MEETING, WE URGE YOU TO VOTE YOUR SHARES VIA THE TOLL-FREE TELEPHONE NUMBER OR OVER THE INTERNET, AS PROVIDED IN THE ENCLOSED MATERIALS. IF YOU REQUESTED A PROXY CARD BY MAIL, YOU MAY SIGN, DATE AND MAIL THE PROXY CARD IN THE ENVELOPE PROVIDED.

By Order of the Board of Directors,

A. Verona Dorch

Executive Vice President, Chief Legal Officer, Government Affairs and Corporate Secretary

March 28, 2018

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 10, 2018.

The Notice of Annual Meeting, Proxy Statement and Annual Report for the fiscal year ended

December 31, 2017 are available at www.proxyvote.com.

Table of Contents

Dear Fellow Stockholder:

It is my pleasure to invite you to attend our annual meeting of stockholders on Thursday, May 10 in St. Louis. This will be our first annual meeting following a year of significant change and accomplishment for Peabody.

We believe that stockholders in BTU benefited in multiple ways following the company s emergence from restructuring in April 2017. The share price increased 79 percent from its modified plan value, 2018 deleveraging targets were achieved a year ahead of schedule, the ongoing share buyback program continues to be implemented, and the board authorized a dividend program early this year. These benefits accompany Peabody s multiple operational and financial achievements that are outlined in our annual report and other communications.

The completed restructuring process was necessary given the unparalleled issues and extended downturn for the coal industry. At the same time, we recognize this action created difficult challenges for many of our stakeholders. We believe that the substantial accomplishments since the company emerged are tangible signs of the commitment that management and the new board have toward creating value for the long term for our stockholders.

At Peabody, we also believe that how we behave is just as important as what we do. Peabody has been frequently recognized for our environmental, social and governance practices, and we invite you to further explore our approach through our Corporate and Social Responsibility Report, our Statement on Energy and Climate Change, our performance in safety and sustainability and the other elements around what we call Coal Done Right.

As Peabody relisted in 2017, we did so with a focus on strong governance and oversight, and we believe our approach on this front has been successful. I am proud to have been asked by my fellow directors to lead the newly constituted board, which includes eight of nine directors who are independent. They are thoughtful and engaged, and come from leading companies with global reach and experience across many industries. In addition to providing oversight on good governance, strategy and risk management, our board also has designed a compensation program that is consistent with best practices and peers and aligns management with stockholders. That alignment carries through to the entire Peabody team, and all employees at all levels were offered emergence grants in 2017.

We believe there is much to like about our company in 2018 and beyond, and we begin the year with an emphasis on delivering results and generating value. Our financial approach will continue to be focused on generating cash, maintaining financial strength, investing wisely and returning cash to stockholders.

On behalf of our board of directors and management team, we thank you for your support of Peabody. Your vote is important to us, and we encourage you to submit your vote either electronically, via telephone or in person as described in these materials.

Bob Malone

Chairman of the Board

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

PROXY SUMMARY

This summary highlights certain information contained in the Proxy Statement. This summary does not contain all the information that you should consider, and you should read the entire Proxy Statement before voting. For more complete information regarding the company s 2017 performance, please review the company s Annual Report on Form 10-K for the year ended December 31, 2017.

2018 Annual Meeting Overview	
Date and Time	May 10, 2018 at 10:00 a.m., Central time
Place	Sheraton Clayton Plaza Hotel, 7730 Bonhomme Avenue, St. Louis, Missouri 63105
Record Date	March 19, 2018
Voting	Stockholders of record as of the close of business on the record date are entitled to vote. Each share of Common Stock of the company (Common Stock) is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on.
Stock Outstanding on Record Date	127,365,066 shares of Common Stock
Registrar & Transfer Agent	American Stock Transfer & Trust Company, LLC

Company s State of Incorporation Delaware

ROADMAP OF VOTING MATTERS

Stockholders are being asked to vote on the following matters at the 2018 Annual Meeting:

Proposals					
Proposal	***Board Recommendation***	***More Information***	***Broker Discretionary Voting Allowed?***	***Votes Required for Approval***	***Abstentions and Broker Non-Votes***
1. Election of Directors.	**FOR each Nominee**	**Page 7**	**No**	The affirmative vote of a majority of shares present in person or represented by proxy, and entitled to vote on the matter, is necessary for election or approval of all four proposals.	Abstentions have the same effect as votes AGAINST the relevant proposal.
2. Advisory approval of the company s named executive officer compensation.	**FOR**	**Page 57**	**No**		
3. Advisory approval of the frequency of holding future advisory votes to approve the company s named executive officer compensation.	**EVERY YEAR**	**Page 58**	**No**		Broker non-votes have no impact on the outcome of the vote for any of the proposals.
4. Ratification of the appointment of Ernst & Young LLP as the company s independent registered public accounting firm for the fiscal year ending December 31, 2018.	**FOR**	**Page 62**	**Yes**		

Table of Contents

GOVERNANCE HIGHLIGHTS

We are committed to corporate governance, which we believe promotes the long-term interests of stockholders. The Corporate Governance section beginning on page 21 describes our governance framework, which includes the following highlights:

Governance Highlights	
Board Practices	**Stockholder Matters**
Non-Executive Chairman	Active and Ongoing Stockholder Outreach
8 of 9 Directors Are Independent	Annual Say-on-Pay Advisory Vote
Independent Board Committees	Proxy Access Rights
Regular Executive Sessions of Independent Directors	Stockholder Right to Call Special Meeting
Annual Election of All Directors	**Other Best Practices**
Annual Board and Committee Evaluations	Robust Stock Ownership Guidelines

Structured Process for Board s Risk Oversight

Prohibition on Hedging and Pledging Stock

Majority Voting in Director Elections

Executive Compensation Clawback Policy

DIRECTOR NOMINEES

Snapshot of 2018 Director Nominees

Bob Malone

Chairman of the Board

Director since 2009

Executive Chairman, President, and Chief Executive Officer of First Sonora Bancshares, Inc., and Chairman, President and Chief Executive Officer of the First National Bank of Sonora, Texas

Other Public Company Boards: 3

Nicholas J. Chirekos

Director since 2017

Former Managing Director, North America Head of Mining, J.P. Morgan Securities Inc. (Retired)

Other Public Company Boards: 0

Stephen E. Gorman

Director since 2017

Former President and Chief Executive Officer of Borden Dairy Company (Retired)

Other Public Company Boards: 1

Glenn L. Kellow

Director since 2015

President and Chief Executive Officer of the Company

Other Public Company Boards: 0

Joe W. Laymon

Director since 2017

Former Vice President of Human Resources and Corporate Services for Chevron Corporation (Retired)

Other Public Company Boards: 0

Teresa S. Madden

Director since 2017

Former Executive Vice President and Chief Financial Officer of Xcel Energy, Inc. (Retired)

Other Public Company Boards: 0

Kenneth W. Moore

Director since 2017

President of KWM Advisors, Inc. and Former Managing Director of First Reserve Corporation

Other Public Company Boards: 2

Michael W. Sutherlin

Director since 2014

Former President, Chief Executive Officer and Director of Joy Global Inc. (Retired)

Other Public Company Boards: 1

Shaun A. Usmar

Director since 2017

Chief Executive Officer of Triple Flag Mining Finance Ltd. and Former Senior Executive Vice President and Chief Financial Officer of Barrick Gold

Other Public Company Boards: 0

2017 PERFORMANCE AT A GLANCE

2017 marked a year of both considerable change and significant improvement for Peabody. We substantially increased revenues, Adjusted EBITDA[1] and cash flows while reducing debt, buying back stock and executing on our stated financial approach.

Key safety, financial and operational highlights include:

- In April 2017, Peabody emerged from Chapter 11 and relisted on the New York Stock Exchange. From a modified plan value of $22.03 per share, the company observed a 79 percent increase in BTU s share price through year-end.
- 2017 revenues rose 18 percent over the prior year, led by robust seaborne coal pricing and higher U.S. demand.

[1] Adjusted EBITDA is not a recognized term under GAAP. This measure is defined and reconciled to the nearest GAAP measure in *Appendix B*.

- Adjusted EBITDA[1] reached the highest level since 2012, with Australian Adjusted EBITDA[1] results marking the platform s largest contribution since 2008.
- Peabody increased liquidity to $1.24 billion as of year-end, released approximately $220 million of restricted cash and closed on, and subsequently upsized, a $350 million revolving credit facility, which enables the company to free up additional restricted cash for other purposes over time.
- The company refinanced its term loan, lowering its interest rate by 100 basis points and modifying terms to provide the company with additional flexibility.
- As part of Peabody s commitment to deleveraging, the company repaid $500 million of debt, reaching its previously established 2018 targets a year in advance. These voluntary payments, coupled with the company s meaningful cash position, reduced net debt by nearly 50 percent since Emergence.
- Peabody continues to execute on its authorized $500 million share repurchase program, completing approximately $175 million in share repurchases in the last five months of 2017.
- At an operational level, Peabody s global safety performance continues to surpass industry averages. The Australian platform recorded record safety results, reflecting a 17 percent improvement from the prior year.
- The company s North Goonyella high-quality hard coking coal mine achieved record annual production, allowing Peabody to take advantage of strong seaborne coal pricing.
- Peabody believes land restoration is an essential part of the mining process. Both the U.S. and Australian operations exceeded goals for reclamation, restoring a total of 1.4 acres for each acre disturbed.
- In recognition of these actions, Peabody was named the best global responsible mining company for environmental, social and governance standards and performance for the second consecutive year by Capital Finance International.
- Peabody was also awarded Coal Mining Company of the Year by Corporate Livewire.

EXECUTIVE COMPENSATION HIGHLIGHTS

On April 3, 2017 (the Effective Date), the company successfully emerged from Chapter 11 reorganization (the Emergence). Prior to Emergence, our executive compensation reflected a combination of performance-based cash incentives and Emergence stock grants approved by our major creditors and the Bankruptcy Court. Soon after Emergence, the new Peabody board of directors (the Board) established the 2017 executive compensation program for our named executive officers (Named Executive Officers or NEOs).

[1] Adjusted EBITDA is not a recognized term under GAAP. This measure is defined and reconciled to the nearest GAAP measure in *Appendix B*.

Table of Contents

Executive Compensation Timeline

The two compensation programs in place during the year the 2017 executive compensation program and Chapter 11 related compensation are summarized in the following table:

Key 2017 Executive Compensation Elements			
Element	***Performance Metric(s)***	***General Description***	***Anticipated Change for 2018***
Base Salary	N/A	Fixed cash compensation; reviewed annually and subject to adjustment	Market adjustments effective April 1, 2018
STIP	Adjusted EBITDAR[2] Safety Individual objectives	Short-term incentive cash compensation earned based on performance against 2017 financial, safety and individual performance goals	Performance objectives consist of Free Cash Flow per Share,[3] Adjusted EBITDA[2] and safety goals. Individual performance goals are excluded from the 2018 STIP to place greater emphasis on measurable Company performance
LTIP	N/A	N/A	The reintroduced 2018 LTIP includes a mix of performance share units (60%) and restricted stock units (40%)

Key 2017 Chapter 11 Compensation Elements			
Element	***Performance Metric(s)***	***General Description***	***Anticipated Change for 2018***
KEIP	Consolidated Adjusted EBITDAR (excluding Australia)[4] Australian Adjusted EBITDAR[4] Consolidated Cash Flow (before Restructuring Costs)[4] Environmental Reclamation	Performance-based cash compensation payable only upon successful emergence from Chapter 11 These were one-time, Chapter 11-specific incentives approved by the Bankruptcy Court and our major creditors and will not apply going forward	Not applicable
Emergence Grant: Restricted Stock Units (RSUs)	We believe these RSUs recognize the company s performance during Chapter 11 and align our NEOs compensation interests with our stockholders investment interests in that increasing levels of value realized by NEOs is contingent on increases in the company s stock price	Awards generally vest ratably on an annual basis over three years, subject to continued employment These were one-time, Chapter 11 specific incentives approved by the Bankruptcy Court and our major creditors and will not apply going forward	Not applicable

[2] Adjusted EBITDAR and Adjusted EBITDA are not recognized terms under GAAP. These measures are defined and reconciled to the nearest GAAP measure in *Appendix B*.

[3] Free Cash Flow per Share is a non-GAAP measure defined as net cash provided by operating activities less net cash used in investing activities, divided by weighted average diluted shares outstanding. Free Cash Flow per Share is used by management as a measure of our financial performance and our ability to generate excess cash flow from our business operations on a per share basis. Free Cash Flow per Share is not intended to serve as an alternative to

U.S. GAAP measures of performance and may not be comparable to similarly-titled measures presented by other companies.

[4] Consolidated Adjusted EBITDAR (excluding Australia), Australian Adjusted EBITDAR and Consolidated Cash Flow (before Restructuring Costs) are not recognized terms under GAAP. These measures are defined and reconciled to the nearest GAAP measure in *Appendix C*.

Table of Contents

The table below highlights our current executive compensation practices, including practices we have implemented because we believe they drive performance, and the practices we have not implemented because we do not believe they would serve our stockholders long-term interests.

Executive Compensation Practices	
What We Do	***What We Don t Do***
We ***Do*** have a pay-for-performance philosophy, which ties compensation to the creation of stockholder value	We ***Don t*** allow discounting, reloading or repricing of stock options without stockholder approval
We ***Do*** use multiple performance metrics for annual and long-term incentive compensation programs	We ***Don t*** have single trigger vesting of outstanding equity-based awards based on a change in control
We ***Do*** use an independent compensation consultant	We ***Don t*** maintain compensation programs that encourage unreasonable risk taking
We ***Do*** have reasonable severance and change in control protections that require involuntary termination	We ***Don t*** have employment agreements with our NEOs
We ***Do*** have a clawback policy	We ***Don t*** have excessive perquisites

We ***Do*** have policies prohibiting hedging/pledging of the company s stock

We ***Don t*** have transferability on equity awards

We ***Do*** have robust stock ownership guidelines for our NEOs

QUESTIONS AND ANSWERS

Please see the Questions and Answers section in Appendix A beginning on page 71 for important information about the proxy statement, the 2018 Annual Meeting, the proposals and voting. Additional questions may be directed to the Corporate Secretary at Peabody Energy Corporation, Peabody Plaza, 701 Market Street, St. Louis, Missouri 63101 or by calling (314) 342-3400.

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

The Board has nominated Nicholas J. Chirekos, Stephen E. Gorman, Glenn L. Kellow, Joe W. Laymon, Teresa S. Madden, Bob Malone, Kenneth W. Moore, Michael W. Sutherlin and Shaun A. Usmar for election as directors, each to serve for a term of one year and until his or her successor is duly elected and qualified. Each nominee is currently serving as a director and has consented to serve for the new term. Should any of them become unavailable for election, your proxy authorizes us to vote for such other person, if any, as the Board may recommend.

Overview of Director Election Process

Pursuant to the Amended and Restated Bylaws (bylaws), the Board shall consist of at least three members and no more than 15, and may be fixed from time to time by a resolution adopted by the Board or by the stockholders. At present, the Board has nine members. Directors need not be stockholders but are subject to certain share ownership requirements as described below.

Each director to be elected by stockholders shall be elected by a majority vote of the stockholders, except that if the number of nominees exceeds the number of directors to be elected, the directors shall be elected by a plurality of votes. There is no cumulative voting in the election of directors. Directors may be removed, with or without cause, by a majority vote of our voting stock.

All directors will be in one class and serve for a term ending at the annual meeting following the annual meeting at which the director was elected. Our current class of directors is subject to reelection at our 2018 Annual Meeting.

The Board recommends that you vote FOR the director nominees named below.

Director Nominees

Nicholas J. Chirekos Director since 2017 Age 59 Committees: Audit Nominating & Corporate Governance	Nicholas J. Chirekos, 59, served in various investment banking roles at J.P. Morgan Securities Inc. from 1987 until his retirement in 2016. He was most recently the Managing Director, North America Head of Mining from 2002 to 2016. Prior to that, he served as the Global Head of Mining and Metals. Mr. Chirekos serves on the Rieman School of Finance Advisory Board at the University of Denver s Daniels College of Business and previously served on the board of directors of The Mineral Information Institute. He earned a Bachelor of Science from the University of Denver and a Master of Business Administration from New York University. Mr. Chirekos brings to our Board financial expertise from his extensive experience in investment banking roles, including significant experience within the mining

sector, encompassing both North American companies as well as companies with global operations. He also has significant mergers and acquisitions experience and capital markets expertise.

Table of Contents

Stephen E. Gorman Director since 2017 Age 62 Committees: Compensation Executive Health, Safety, Security & Environmental (Chair)	Stephen E. Gorman, 62, served as the President and Chief Executive Officer of Borden Dairy Company from 2014 until his retirement in July 2017. Prior to joining Borden Dairy Company, he was with Delta Air Lines, Inc. from 2007 to 2014, where he was the Chief Operating Officer. From 2003 to 2007 Mr. Gorman served as the President and Chief Executive Officer of Greyhound Lines, Inc. Mr. Gorman was also the Executive Vice President, Operations Support and President, North America for Krispy Kreme Doughnuts, Inc. from 2001 to 2003. Other directorships include ArcBest Corporation, ASP AMC Holdings, Inc., ASP MSG Holdings, Inc. and Bradley University. He earned a Bachelor of Science from Eureka College and a Master of Business Administration from Bradley University. Mr. Gorman brings to our Board extensive leadership from his roles as chief executive officer of two companies and operations experience as a senior executive of several companies, including companies with global operations. He also has mergers and acquisitions experience as well as financial expertise.
Glenn L. Kellow Director since 2015 Age 50 Committees: Executive	Glenn L. Kellow, 50, was named Peabody President and Chief Operating Officer in August 2013, President, Chief Executive Officer-elect and a director in January 2015, and President and Chief Executive Officer in May 2015. Mr. Kellow has extensive experience in the global resource industry, where he has served in multiple executive, operational and financial roles in coal, petroleum, steel and other commodities in the United States, Australia and South America. From 1985 to 2013, Mr. Kellow served in a number of roles with BHP Ltd., including senior appointments as President, Aluminum and Nickel (2012-2013), President, Stainless Steel Materials (2010-2012), President and Chief Operating Officer, New Mexico Coal (2007-2010), and Chief Financial Officer, Base Metals (2003-2007). He is Vice Chairman of the World Coal Association, a director and executive committee member of the U.S. National Mining Association, and the Vice Chairman of International Energy Agency Coal Industry Advisory Board. Mr. Kellow is a graduate of the Advanced Management Program at the University of Pennsylvania s Wharton School of Business and holds a Master of Business Administration and a Bachelor Degree in Commerce from the University of Newcastle. He holds an Honorary Doctor of Science from the South Dakota School of Mines and Technology. Mr. Kellow s strong qualifications for Board service include deep global mining, energy and steel experience, combined with executive leadership of our organization.

Table of Contents

Joe W. Laymon Director since 2017 Age 65 Committees: Compensation (Chair) Executive Health, Safety, Security & Environmental	Joe W. Laymon, 65, served as Vice President of Human Resources and Corporate Services for Chevron Corporation from 2008 until his retirement in 2017. Prior to joining Chevron Corporation, Mr. Laymon worked at Ford Motor Company from 2000 to 2008, where he was the Vice President, Human Resources and later the Group Vice President, Corporate Human Resources and Labor Affairs. He also served as the Vice President, Human Resources, U.S. and Canada Region for Eastman Kodak Company from 1996 to 2000. Other directorships include Clark Atlanta University, BoardRoomIQ.com and United Way of the Bay Area. Mr. Laymon earned a Bachelor of Science from Jackson State University and a Master of Arts in Economics from the University of Wisconsin. Mr. Laymon brings to our Board extensive leadership, human resources and international expertise from his experience as a senior human resources executive in a number of large, global companies, including steel experience, and corporate governance, legal and regulatory experience.
Teresa S. Madden Director since 2017 Age 62 Committees: Audit (Chair) Executive Health, Safety, Security & Environmental	Teresa S. Madden, 62, retired from Xcel Energy, Inc. (Xcel), a utility holding company serving both electric and natural gas customers, in May 2016, where she was employed from 2003 and served most recently as Executive Vice President and Chief Financial Officer from 2011 to 2016. Prior to joining Xcel, she was the Controller at Rogue Wave Software, Inc. From 1979 to 2000, she was the Controller and Manager at Xcel. She also served as an Executive in Residence at the University of Colorado s Global Energy Management Program during the 2016-2017 school year. Other directorships include the Public Education & Business Coalition. She earned a Bachelor of Science from Colorado State University and a Master of Business Administration from Regis University. Ms. Madden s qualifications to serve on our Board include her extensive career in senior financial management positions, most recently with a company in the energy sector, and her advanced degree in business administration. She also has experience with restructurings, mergers and acquisitions and regulatory issues.

Table of Contents

Bob Malone

Chairman of the Board of Directors

Director since 2009

Age 66

Committees:

Executive (Chair)

Bob Malone, 66, was elected Executive Chairman, President and Chief Executive Officer of First Sonora Bancshares, Inc., a financial services holding company, in October 2014. He also serves as Chairman, President and Chief Executive Officer of the First National Bank of Sonora, Texas, a position he has held since October 2009. He is a retired Executive Vice President of BP plc and the retired Chairman of the Board and President of BP America Inc., at the time the largest producer of oil and natural gas and the second largest gasoline retailer in the United States. He served in that position from 2006 to 2009. Mr. Malone previously served as Chief Executive Officer of BP Shipping Limited from 2002 to 2006, as Regional President Western United States, BP America Inc. from 2000 to 2002 and as President, Chief Executive Officer and Chief Operating Officer, Alyeska Pipeline Service Company from 1996 to 2000. Mr. Malone previously served in senior positions with Kennecott Copper Corporation. Other directorships include Halliburton Company, BP Midstream Partners and Teledyne Corporation.
Mr. Malone holds a Bachelor of Science in Metallurgical Engineering from The University of Texas at El Paso and a Master of Science in Management from Massachusetts Institute of Technology.

Mr. Malone s qualifications to serve on the Board include his extensive leadership experience, his expertise in the energy sector and in safety regulation compliance, his restructuring experience and financial expertise and his service on other public company boards.

Kenneth W. Moore

Director since 2017

Age 48

Committees:

Audit

Nominating & Corporate Governance

Kenneth W. Moore, 48, has served as President of KWM Advisors, Inc. since 2016. Before that, he was Managing Director of First Reserve Corporation, a private equity and infrastructure investment firm focused on energy from 2004 to 2015. From 2000 to 2004 he served as a Vice President at Morgan Stanley & Co. Other directorships include Cobalt International Energy, Inc., Chaparral Energy, Inc. and the SEAL Legacy Foundation. He earned a Bachelor of Arts from Tufts University and Master of Business Administration from Cornell University.

Mr. Moore brings to the Board significant capital market and executive management experience as well as expertise in the energy sector, financial expertise and mergers and acquisitions experience.

Michael W. Sutherlin

Director since 2014

Age 71

Committees:

Compensation

Executive

Nominating & Corporate Governance (Chair)

Michael W. Sutherlin, 71, served as the President, Chief Executive Officer and Director of Joy Global Inc. (Joy), a mining equipment and services provider from 2006 to 2013. From 2003 to 2006, he served as Executive Vice President of Joy and as President and Chief Operating Officer of its subsidiary, Joy Mining Machinery. Prior to joining Joy, Mr. Sutherlin served as President and Chief Operating Officer of Varco International, Inc. Mr. Sutherlin serves on the board of directors of Schnitzer Steel Industries, Inc. Mr. Sutherlin holds a Master of Business Administration from University of Texas at Austin and Bachelor of Business Administration in Industrial Management from Texas Tech University.

Mr. Sutherlin s qualifications to serve on the Board include expertise in the manufacturing and mining sectors, core international business experience and restructuring and mergers and acquisitions experience.

Table of Contents

Shaun A. Usmar Director since 2017 Age 48 Committees: Nominating & Corporate Governance Health, Safety, Security & Environmental	Shaun A. Usmar, 48, founded Triple Flag Mining Finance Ltd. (Triple Flag) in April 2016 and serves as its Chief Executive Officer. Prior to founding Triple Flag, Mr. Usmar served as Senior Executive Vice President and Chief Financial Officer of Barrick Gold Corporation, from 2014 to 2016, where he helped restructure the company. He joined Xstrata in 2002 as a founding member of the leadership team that grew the company into one of the world s largest diversified miners at the time of its acquisition by Glencore in 2013. While at Xstrata, his roles included co-head of Business Development in London, CFO of Xstrata s global Ferro-Alloys business in South Africa, and CFO of Xstrata s global Nickel business in Canada. Prior to Xstrata, Mr. Usmar worked at BHP Billiton in Corporate Finance in London, and started his career in mining in operations in the steel and aluminum industries as a production engineer. He has also served on the Ontario Advisory board of The Children s Wish Foundation, since 2010. Mr. Usmar holds a BSc in Metallurgy and Materials Engineering from the University of Witwatersrand in South Africa, and an MBA from the Kellogg Graduate School of Management at Northwestern University in Evanston, Illinois, both with distinction. Mr. Usmar brings to the Board extensive leadership experience as a senior officer at several companies, restructuring and mergers and acquisitions experience, and experience in the mining sector as well as financial and commercial expertise and international experience.

Director Selection and Evaluation Process

Selection of Directors in 2017

On April 13, 2016 (the Petition Date), the company and a majority of the company s wholly owned domestic subsidiaries and one international subsidiary in Gibraltar (collectively with the company, the Debtors), filed voluntary petitions under Chapter 11 of Title 11 of the U.S. Code (the Bankruptcy Code) in the United States Bankruptcy Court for the Eastern District of Missouri (the Bankruptcy Court). The Debtors Chapter 11 cases (collectively, the Chapter 11 Cases) were jointly administered under the caption *In re Peabody Energy Corporation, et al.,* Case No. 16-42529 (Bankr. E.D. MO.).

On December 22, 2016, the Debtors filed with the Bankruptcy Court a Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code and a related Disclosure Statement, and, on January 25, 2017, the Debtors filed with the Bankruptcy Court the First Amended Joint Plan of Reorganization and the First Amended Disclosure Statement. On January 27, 2017, the Debtors filed with the Bankruptcy Court the Second Amended Joint Plan of Reorganization (as amended, the Plan) and the Second Amended Disclosure Statement to address certain modifications after a hearing before the Bankruptcy Court on January 26, 2017. On January 27, 2017, the Bankruptcy Court entered the Order: (i) Approving Second Amended Disclosure Statement, (ii) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Second Amended Plan of Reorganization, (iii) Scheduling Hearing on Confirmation of

Second Amended Joint Plan of Reorganization and (iv) Approving Related Notice Procedures, which authorized the Debtors to solicit creditors votes on the Plan. On March 6, 2017 and March 15, 2017, the Debtors filed supplements to the Plan with the Bankruptcy Court.

On March 17, 2017, the Bankruptcy Court entered the Order Confirming Second Amended Joint Plan of Reorganization of Debtors and Debtors in Possession as Revised on March 15, 2017 (the Confirmation Order), which approved and confirmed the Plan.

Table of Contents

On the Effective Date, the Debtors satisfied the conditions to effectiveness set forth in the Plan. As a result, the Plan became effective in accordance with its terms, and the Debtors emerged from the Chapter 11 Cases.

Pursuant to the Plan, our current Board consists of our President and CEO, Glenn L. Kellow, and eight independent directors: Bob Malone (Chair), Nicholas J. Chirekos, Stephen E. Gorman, Joe W. Laymon, Teresa S. Madden, Kenneth W. Moore, Michael W. Sutherlin and Shaun A. Usmar. The directors of the company were selected pursuant to the Plan as follows: (a) the CEO; (b) the Debtors designated one independent director Bob Malone; (c) Contrarian Capital Management, L.L.C. (Contrarian), PointState Capital Management, LP (PointState), Panning Capital Management, LP (Panning), as creditors, together designated one independent director Kenneth W. Moore; (d) Elliott Management Corp. (Elliott) selected one independent director Shaun A. Usmar; and (e) a selection committee comprising the chief executive officer of the company, a representative of Elliott and one nominee acting on behalf of Contrarian, PointState, and Panning, acting as a selection committee, retained a top-tier, international search firm to identify and recommend the remaining five independent directors, which were then selected by such selection committee.

Each of the current directors of the Board was appointed effective on the Effective Date in connection with the Plan and process outlined above, and each was determined by the company s Nominating and Corporate Governance Committee and full Board to be qualified to serve on the Board. The term for all the directors expires at the upcoming 2018 Annual Meeting, and all directors will be elected annually.

On the Effective Date, the following persons ceased to serve as directors of the company: William A. Coley, William E. James, Robert B. Karn III, H. E. Lentz, William C. Rusnack, John F. Turner, Sandra A. Van Trease and Heather A. Wilson.

Overview of Director Nominating Process

The Board believes one of its primary goals is to advise management on strategy and to monitor our performance. The Board also believes the best way to accomplish this goal is by choosing directors who possess a diversity of experience, knowledge and skills that are particularly relevant and helpful to us. As such, current Board members and director nominees possess a wide array of skills and experience in the coal industry, related energy industries and other important areas, including engineering, finance and accounting, operations, environmental affairs, international affairs, governmental affairs and administration, public policy, corporate governance, board service and executive management. When evaluating potential members, the Board seeks to enlist the services of candidates who possess high ethical standards and a combination of skills and experience which the Board determines are the most appropriate to meet its objectives. The Board believes all candidates should be committed to creating value over the long term and to serving our best interests and the best interests of our stockholders.

The Nominating and Corporate Governance Committee is responsible for identifying, evaluating and recommending qualified candidates for election to the Board. The Nominating and Corporate Governance Committee will consider director candidates submitted by stockholders. Any stockholder wishing to submit a candidate for consideration should send the following information to the Corporate Secretary, Peabody Energy Corporation, Peabody Plaza, 701 Market Street, St. Louis, Missouri 63101:

- Stockholder s name, number of shares owned, length of period held and proof of ownership;

Candidate s name, age and address;

A detailed resume describing, among other things, the candidate s educational background, occupation, employment history and material outside commitments (e.g., memberships on other boards and committees, charitable foundations, etc.);

A supporting statement which describes the candidate s reasons for seeking election to the Board, and documents the candidate s ability to satisfy the director qualifications criteria described above;

A description of any arrangements or understandings between the stockholder and the candidate; and

A signed statement from the candidate confirming his/her willingness to serve on the Board, if elected.

The Corporate Secretary will promptly forward such materials to the Committee Chair and the Chairman of the Board. The Corporate Secretary also will keep copies of such materials for future reference by the Nominating and Corporate Governance Committee when filling Board positions.

Stockholders may submit potential director candidates at any time in accordance with these procedures. The Nominating and Corporate Governance Committee will consider such candidates if a vacancy arises or if the Board decides to expand its membership, and at such other times as the Nominating and Corporate Governance Committee deems necessary or appropriate. We recently modified our bylaws to implement proxy access, a means for stockholders to include stockholder-nominated director candidates in our proxy materials for annual meetings of stockholders. Separate procedures apply if a stockholder wishes to nominate a director candidate at the 2018 Annual Meeting. Those procedures are described below under the heading Process for Stockholder Proposals and Director Nominations.

Under its charter, the Nominating and Corporate Governance Committee must review with the Board, at least annually, the requisite qualifications, independence, skills and characteristics of Board candidates, members and the Board as a whole. When assessing potential new directors, the Committee considers individuals from various and diverse backgrounds. While the selection of qualified directors is a complex and subjective process that requires consideration of many intangible factors, the Nominating and Corporate Governance Committee believes candidates should generally meet the criteria listed below under the heading Director Qualifications.

The Nominating and Corporate Governance Committee will consider candidates submitted by a variety of sources (including, without limit, incumbent directors, stockholders, management and third-party search firms) when filling vacancies and/or expanding the Board. If a vacancy arises or the Board decides to expand its membership, the Nominating and Corporate Governance Committee generally asks each director to submit a list of potential candidates for consideration. The Nominating and Corporate Governance Committee then evaluates each potential candidate s educational background, employment history, outside commitments and other relevant factors to determine whether he/she is potentially qualified to serve on the Board. At that time, the Nominating and Corporate Governance Committee also will consider potential candidates submitted by stockholders in accordance with the procedures described above. The Committee seeks to identify and recruit the best available candidates, and it intends to evaluate qualified stockholder nominees on the same basis as those submitted by Board members or other sources.

After completing this process, the Nominating and Corporate Governance Committee will determine whether one or more candidates are sufficiently qualified to warrant further investigation. If the process yields one or more desirable candidates, the Nominating and Corporate Governance Committee will rank them by order of preference, depending on their respective qualifications and our needs. The Committee Chair, or another director designated by the Committee Chair, will then contact the preferred candidate(s) to evaluate their potential interest and to set up interviews with members of the Nominating and Corporate Governance Committee. All such interviews are held in person, and include only the candidate and the independent Nominating and Corporate Governance Committee members. Based upon interview results and appropriate background checks, the Nominating and Corporate Governance Committee then decides whether it will recommend the candidate s nomination to the full Board.

The Nominating and Corporate Governance Committee believes this process will consistently produce highly qualified, independent Board members. However, the Committee may choose, from time to time, to use additional resources (including independent third-party search firms) after determining that such resources could enhance a particular director search.

Table of Contents

Director Qualifications

Under its charter, the Nominating and Corporate Governance Committee reviews with the Board, at least annually, the requisite qualifications, independence, skills and characteristics of Board candidates, members and the Board. While the selection of qualified directors is a complex and subjective process that requires consideration of many intangible factors, the Nominating and Corporate Governance Committee believes that candidates should generally meet the following criteria:

- Broad training, experience and a successful track record at senior policymaking levels in business, government, education, technology, accounting, law, consulting and/or administration;
- The highest personal and professional ethics, integrity and values;
- Commitment to representing our long-term interests and those of all our stockholders;
- An inquisitive and objective perspective, strength of character and the mature judgment essential to effective decision-making;
- Expertise that is useful to us and complementary to the background and experience of other Board members; and
- Sufficient time to devote to Board and committee activities and to enhance their knowledge of our business, operations and industry.

The Board believes that all our directors meet these criteria. In addition, as outlined below, each director brings a strong and unique background and set of skills to the Board, giving the Board competence and experience in a wide variety of areas, including mining and related industries, end-user segments (energy/steel), M&A, finance and accounting, human capital and organizational health, restructuring, global operations, health, safety and environmental affairs, international, governmental affairs and administration, public policy, corporate governance, legal and regulatory, board service and executive management.

We believe the Board as a whole and each of our directors individually possess the necessary qualifications and skills to effectively advise management on strategy, monitor our performance and serve our best interests and the best interests of our stockholders.

The following chart highlights each director nominee s specific skills, knowledge and experience that the Nominating and Corporate Governance Committee and Board relied upon when determining whether to nominate the individual for election. A particular nominee may possess other valuable skills, knowledge, or experience even though they are not indicated below.

Competencies	**Chirekos**	**Gorman**	**Kellow**	**Laymon**	**Madden**	**Malone**	**Moore**	**Sutherlin**	**Usmar**
CEO Experience									
Restructuring Industry/Company									
Health, Safety, Environment									
Global Operations, Supply Chain									
Financial Depth, Expertise									
M&A Experience									

Human Capital,
Organization Health

Government, Public
Policy

Corporate Governance,
Legal, Regulatory

Mining or Related

End User Segments
(Energy/Steel)

International
(Australia, AsiaPac)

Diversity

Peabody is an equal opportunity employer and, in addition, one of our core values is to offer an inclusive workplace. Our policies and practices support diversity of thought, perspective, sexual orientation, gender identity and expression, race, ethnicity, culture and professional experience, among others. While the Board does not have a formal policy of considering diversity when evaluating director candidates, the Board does believe that its members should reflect diversity in professional experience, cultural experience, gender and ethnic background. These factors, together with the director qualifications criteria noted above, are considered by the Nominating and Corporate Governance Committee in assessing potential new directors.

Board Evaluations

The Board conducts an annual self-evaluation to determine whether it and its committees are functioning effectively. Pursuant to its charter, the Nominating and Corporate Governance Committee is responsible for developing and administering an annual review process to evaluate the performance of the Board. This annual review process includes the annual solicitation of comments from all directors, after which the Nominating and Corporate Governance Committee reports to the Board with an assessment of the Board s performance, which is discussed by the full Board.

The Board has confirmed that each committee and the Board as a whole is functioning effectively.

Board Training and Development

From time to time, the Board members attend ongoing training and development sessions. For instance, in early 2018, the Board members attended training on various topics facilitated by the National Association of Corporate Directors.

Table of Contents

ADDITIONAL INFORMATION CONCERNING THE BOARD OF DIRECTORS

Committee Overview

Committee Role and Responsibilities

The specific roles and responsibilities of the Board s Audit, Compensation, Nominating and Corporate Governance, Executive and Health, Safety, Security and Environmental Committees are delineated in written charters adopted by the Board for each committee. Each member of the Audit, Compensation and Nominating and Corporate Governance Committees is independent in accordance with our Corporate Governance Guidelines, which applies the independence standards (the Independence Standards) included in the New York Stock Exchange (NYSE) Listed Company Manual and the Exchange Act (as defined herein). Our Corporate Governance Guidelines and the charters of each of the Board s committees are available on the Corporate Governance page under the Investors section of our website at: www.peabodyenergy.com. As provided in their charters, each committee is authorized to engage or consult from time to time, as appropriate, at our expense, with outside independent legal counsel or other experts or advisors it deems necessary, appropriate or advisable to discharge its duties.

Audit Committee	
Committee Members Nicholas J. Chirekos Teresa S. Madden (Chair) Kenneth W. Moore ------------------------------------- 9 meetings in fiscal year 2017: 6 meetings post-Emergence 3 meetings pre-Emergence	Reviews and discusses with management and the independent registered public accounting firm the audited financial statements and accounting principles; Assists the Board in fulfilling its oversight responsibility with respect to: (a) the quality and integrity of our financial statements and financial reporting processes; (b) our systems of internal accounting and financial controls and disclosure controls; (c) the independent registered public accounting firm s qualifications and independence; (d) the performance of our internal audit function and independent registered public accounting firm; and (e) compliance with legal and regulatory requirements, and codes of conduct and ethics programs established by management and the Board; Appoints our independent registered public accounting firm, which reports directly to the Audit Committee; Pre-approves all audit engagement fees and terms, and all permissible non-audit engagements with our independent registered public accounting firm; Ensures that we maintain an internal audit function and reviews the appointment of the senior internal audit team; Meets on a regular basis with our management, internal auditors and independent registered public accounting firm to review matters relating to our

internal accounting controls, internal audit program, accounting practices and procedures, the scope and procedures of the external audit, the independence of the independent registered public accounting firm and other matters relating to our financial condition;

Oversees our financial reporting process and review in advance of filing or issuance of our Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K, annual reports to stockholders and earnings press releases;

Reviews our guidelines and policies with respect to risk assessment and risk management, and our major financial risk exposures and steps management has taken to monitor and control such exposures; and

Table of Contents

Makes regular reports on its activities to the Board.

See the Audit Committee Report on page 59. All the members of the Audit Committee are independent under regulations adopted by the Securities and Exchange Commission (SEC), NYSE listing standards and the Independence Standards. The Board has determined that each member of the Audit Committee is financially literate under NYSE guidelines and each is an audit committee financial expert pursuant to the criteria prescribed by the SEC.

Compensation Committee

Committee Members

Stephen E. Gorman

Joe W. Laymon (Chair)

Michael W. Sutherlin

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7 meetings in fiscal year 2017:

4 meetings post-Emergence

3 meetings pre-Emergence

Reviews and recommends to the Board the company s executive compensation philosophy for the compensation of the executive officers of the company and its subsidiaries;

Annually reviews and recommends to the Special Committee (as defined below) the corporate goals and objectives relevant to compensation of our CEO, initiates the evaluation by the Board of the CEO s performance in light of those goals and objectives, and, together with the Special Committee, determines and approves the CEO s compensation levels based on this evaluation;

Annually reviews with the CEO the performance of our other executive officers and makes recommendations to the Board with respect to the compensation plans for such officers;

Annually reviews and approves for the NEOs (other than the CEO) and recommends for our CEO base salary, annual incentive opportunity and long-term incentive opportunity, stock ownership requirements and, as appropriate, severance arrangements, retirement and other post-employment benefits, change-in-control provisions and any special supplemental benefits;

Approves annual incentive awards for executive officers other than the CEO;

Oversees our annual and long-term incentive plans and programs;

Periodically assesses our director compensation program and stock ownership requirements and, when appropriate, recommends modifications for Board consideration; and

Makes regular reports on its activities to the Board.

The Special Committee is comprised of the independent members of the Board. It is responsible for decisions regarding the compensation of the CEO.

See the Compensation Discussion and Analysis beginning on page 26 for more information. The Compensation Committee has the sole discretion to retain or obtain the advice of any compensation consultant, legal counsel or other advisor to assist in the Compensation Committee s evaluation of executive compensation, including the sole authority to approve fees for any such advisor. The Compensation Committee is also responsible for assessing the independence of any such advisor. All the members of the Compensation Committee are independent under NYSE listing standards and the Independence Standards.

Table of Contents

Health, Safety, Security and Environmental Committee

Committee Members	
Stephen E. Gorman (Chair)	Responsible for reviewing with management our significant risks or exposures in the health, safety, security and environmental areas, and steps taken by management to address such risks;
Joe W. Laymon	Reviews our health, safety, security and environmental objectives, policies and performance, including processes to ensure compliance with applicable laws and regulations;
Teresa S. Madden	Reviews our efforts to advance our progress on sustainable development;
Shaun A. Usmar	Reviews and discusses with management any material noncompliance with health, safety, security and environmental laws, and management s response to such noncompliance;
8 meetings in fiscal year 2017:	Reviews and recommends approval of the environmental and mine safety disclosures required to be included in our periodic reports on Forms 10-K and 10-Q;
6 meetings post-Emergence	Considers and advises the Board on health, safety, security and environmental matters and sustainable development;
2 meetings pre-Emergence	Considers and advises the Compensation Committee on our performance with respect to incentive compensation metrics relating to health, safety, security or environmental matters;
	Reviews and discusses significant legislative, regulatory, political and social issues and trends that may affect our health, safety, security and environmental management process and system, and management s response to such matters; and
	Makes regular reports on its activities to the Board.

All the members of the Health, Safety, Security and Environmental Committee are independent under NYSE listing standards and the Independence Standards.

Nominating and Corporate Governance Committee

Committee Members Nicholas J. Chirekos Kenneth W. Moore Michael W. Sutherlin (Chair) Shaun A. Usmar ------------------------------------ 8 meetings in fiscal year 2017: 5 meetings post-Emergence 3 meetings pre-Emergence	Responsible for corporate governance matters; Initiates nominations for election as a director of the company; Evaluates the performance of the Board; Identifies, evaluates and recommends qualified candidates, including stockholder nominees, for election to the Board; Advises the Board on corporate governance policies and procedures; Assists the Board in developing and administering an annual review process to evaluate performance of the Board; Recommends the structure, composition and responsibilities of other Board committees; Advises the Board on matters related to corporate social responsibility (e.g., equal employment, corporate contributions and lobbying); Ensures we maintain an effective orientation program for new directors and a continuing education and development program to supplement the skills and needs of the Board; Provides review and oversight of potential conflicts of interest situations, including transactions in which any related person had or will have a direct or indirect material interest;

Table of Contents

Reviews our policies and procedures with respect to related person transactions at least annually and recommends any changes for Board approval;

Monitors compliance with, and advises the Board regarding any significant issues arising under, our corporate compliance program and Code of Business Conduct and Ethics;

Reviews and makes recommendations to the Board in conjunction with the Chairman and CEO, as appropriate, with respect to executive officer succession planning and management development; and

Makes regular reports on its activities to the Board.

All the members of the Nominating and Corporate Governance Committee are independent under NYSE listing standards and the Independence Standards.

Executive Committee

Committee Members

Glenn L. Kellow

Stephen E. Gorman

Joe W. Laymon

Teresa S. Madden

Bob Malone (Chair)

Michael W. Sutherlin

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1 meeting in fiscal year

2017 pre-Emergence

Responsible for assuming Board responsibilities when the Board is not in session.

When the Board is not in session, the Executive Committee has the power and authority as delegated by the Board, except with respect to matters that may require Board or stockholder approval under applicable law, including:

Amending our certificate of incorporation and bylaws;

Adopting an agreement of merger or consolidation;

Recommending to stockholders the sale, lease or exchange of all or substantially all our property and assets;

Recommending to stockholders dissolution of the Company or revocation of any dissolution;

Declaring a dividend;

Issuing stock;

Filling vacancies on the Board;

Appointing members of Board committees; and

Changing major lines of business.

Director Attendance

The Board met 15 times in fiscal 2017. Seven of such meetings were held post-Emergence and eight were held pre-Emergence. During fiscal 2017, each incumbent director attended 75% or more of the aggregate number of meetings of the Board and the committees on which he or she served, and their average attendance was 96%.

In accordance with our Corporate Governance Guidelines, the non-management directors meet in executive session at least quarterly. During fiscal 2017, our non-management directors met in executive session five times. Our Chairman, Mr. Malone, chaired these executive sessions.

Under Board policy, each director is expected to attend our annual meetings of stockholders in person, subject to occasional excused absences due to illness or unavoidable conflicts. Although the company did not hold an annual meeting of stockholders in 2017, all our director nominees are expected to attend the 2018 Annual Meeting.

Board s Role in Risk Oversight

The Board oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to enhance long-term organizational performance and

Table of Contents

stockholder value. A fundamental part of risk management is not only understanding the risks we face, how those risks may evolve over time, and what steps management is taking to manage and mitigate those risks, but also understanding what level of risk tolerance is appropriate for us. Management is responsible for the day-to-day management of the risks we face, while the Board, as a whole and through its committees, is responsible for the oversight of risk management.

In its risk oversight role, the Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. The Board regularly reviews information regarding marketing, operations, safety performance, trading, finance and business development as well as the risks associated with each. In addition, the Board holds strategic planning sessions with management to discuss our strategies, key challenges, and risks and opportunities. The full Board receives reports on our enterprise risk management initiatives on at least an annual basis.

While the Board is ultimately responsible for risk oversight, Board committees also have been allocated responsibility for specific aspects of risk oversight. The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls, risk assessment and risk management. The Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to the risks arising from our compensation policies and programs. The Health, Safety, Security and Environmental Committee assists the Board in fulfilling its oversight responsibilities with respect to the risks associated with our health, safety, security and environmental objectives, policies and performance. The Nominating and Corporate Governance Committee assists the Board in fulfilling its oversight responsibilities with respect to the risks associated with board organization, membership and structure, ethics and compliance, political contributions and lobbying expenditures, succession planning for our directors and executive officers, and corporate governance.

Board Independence

In accordance with our Corporate Governance Guidelines, a majority of our Board must be independent as defined by the NYSE listing standards and the Exchange Act. As required by the NYSE listing standards, the Board evaluates the independence of its members at least annually, and at other appropriate times when a change in circumstances could potentially impact the independence or effectiveness of one or more directors (such as in connection with a change in employment status or other significant status changes). This process is administered by the Nominating and Corporate Governance Committee, which consists entirely of directors who are independent under applicable NYSE rules. After carefully considering all relevant relationships, the Nominating and Corporate Governance Committee submits its recommendations regarding independence to the full Board, which then makes a determination with respect to each director.

On January 18, 2018, the Board determined that all the current members except for Mr. Kellow are independent. In making independence determinations, the Nominating and Corporate Governance Committee and the Board consider all relevant facts and circumstances, including (1) the nature of any relationships with us, (2) the significance of the relationship to us, the other organization and the individual director, (3) whether or not the relationship is solely a business relationship in the ordinary course of our and the other organization s businesses and does not afford the director any special benefits, and (4) any commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships. For purposes of this determination, the Board generally deems any relationships that have expired for more than three years to be immaterial. The Board also considered the relationships described below in Review of Related Person Transactions. The Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are each comprised of independent directors.

Board Leadership Structure

Our bylaws and Corporate Governance Guidelines permit the roles of Chairman and CEO to be filled by different individuals. Effective May 1, 2017, the Board elected Mr. Malone to the role of non-executive Chairman of the Board.

Table of Contents

Our Board leadership structure provides for strong oversight by independent directors. The Board is currently comprised of Mr. Kellow and eight independent directors. All Board committees are chaired by and composed entirely of independent directors, except for the Executive Committee, of which Mr. Kellow is a member.

Effective May 1, 2017, Mr. Malone became the non-executive Chairman of the Board. As Chairman, Mr. Malone s duties are to:

- Manage the affairs of the Board;
- Preside at meetings of the Board, at executive sessions of the independent directors and at meetings of our stockholders;
- Call meetings of the Board and the independent directors of the Board;
- Organize the work of the Board, with assistance from the company s CEO and Corporate Secretary, including to establish annual Board schedules and meeting agendas, to ensure the Board is provided with accurate and timely information and to consult with other directors concerning such matters;
- By standing invitation, attend meetings of those committees of the Board of which the Chairman is not a listed member (in each case as a non-voting member);
- Facilitate effective communication among directors;
- Review and approve minutes of the meetings of the Board and stockholders;
- In conjunction with the Nominating and Corporate Governance Committee, ensure that processes governing the Board s work are effective to enable the Board to exercise oversight and due diligence;
- Promote Board effectiveness by working with the Nominating and Corporate Governance Committee to: (1) plan Board and committee composition, Board recruitment, new director orientation, director education and Board succession planning, (2) coordinate the Board evaluation process and obtain director feedback, (3) review changes in the circumstances of existing directors, determine if directors other commitments conflict with their Board duties, and review requests from the CEO to sit on the boards of other organizations, and (4) formulate governance policies and procedures that best serve the interests of the company and its stockholders;
- Coordinate periodic Board review of, and input regarding, management s strategic plan for the company;
- With the assistance of the Compensation Committee, lead the annual Board performance evaluation of the CEO and communicate the results to the CEO;
- Lead the Board s review of the succession plan for the CEO and other key executives;
- Facilitate communication between the directors and the CEO;
- Provide advice and counsel to the CEO, serve as an advisor to the CEO concerning the interests of the Board and the Board s relationship with management, and brief the CEO on issues and concerns arising from Board executive sessions;
- Facilitate the role of the Board in crisis management, where appropriate;
- If requested by the CEO or the Board, attend meetings or communicate with outside stakeholders; and
- In consultation with the CEO, share the company s views on policies or corporate matters with other boards and organizations when required.

Corporate Governance

Good corporate governance is a priority at Peabody. Our key governance practices are outlined in our Corporate Governance Guidelines, committee charters, and Code of Business Conduct and Ethics. These documents can be found on our website (www.peabodyenergy.com) by clicking on Investor Info and then Corporate Governance. Information on our website is not considered part of this Proxy Statement.

The Nominating and Corporate Governance Committee is responsible for reviewing the Corporate Governance Guidelines from time to time and reporting and making recommendations to the Board concerning corporate governance matters. Each year, the Nominating and Corporate Governance Committee, with the assistance of outside experts, reviews our corporate governance practices, not only to ensure that they comply with applicable laws and NYSE listing requirements, but also to ensure that they continue to reflect what the Nominating and Corporate Governance Committee believes are best practices and promote our best interests and the best interests of our stockholders.

Director Service on Other Public Company Boards

As stated above, when reviewing qualifications, independence, skills and characteristics of Board candidates and nominees, the Nominating and Corporate Governance Committee examines whether such candidates or nominees have any material outside commitments (e.g., memberships on other boards and committees, charitable foundations, etc.) which might adversely affect their performance as a director on the Board. Current directors are required to advise the Chairman of the Board and the Chair of the Nominating and Corporate Governance Committee prior to accepting an invitation to serve on another public company board.

It is the current view of the Board that no director should serve on more than four other public company boards in addition to the Board. Except in extraordinary circumstances, and only after the Board has determined that such simultaneous service would not impair the ability of the director to serve effectively on the company s Audit Committee, no member of the company s Audit Committee shall serve simultaneously on the audit committee of more than two other public companies. For purposes of this guideline and as provided under NYSE rules, (i) service on the boards of multiple funds within a single fund complex shall be deemed as service on one public company board, and (ii) service on multiple audit committees within a single fund complex shall be deemed as service on one public company audit committee.

Majority Voting and Mandatory Director Resignation Policy

Our bylaws provide for majority voting in the election of directors. In the case of uncontested elections, in order to be elected, the number of shares voted in favor of a nominee must exceed 50% of the number of votes cast with respect to that nominee s election at any meeting of stockholders for the election of directors at which a quorum is present. Votes cast include votes against or votes to withhold authority with respect to that nominee s election, but exclude abstentions and broker non-votes.

If a nominee is an incumbent director and does not receive a majority of the votes cast with respect to the nominee s election, such director is expected to promptly tender his or her resignation to the Chairman of the Board following certification of the stockholder vote. The Nominating and Corporate Governance Committee will promptly consider the resignation submitted by such director and will recommend to the Board whether to accept or reject the tendered resignation. In considering whether to accept or reject the tendered resignation, the Nominating and Corporate Governance Committee will consider all factors deemed relevant by its members. The Board will act on the Nominating and Corporate Governance Committee s recommendation no later than 90 days following the date of the stockholders meeting where the election occurred. In considering the Nominating and Corporate Governance Committee s recommendation, the Board will consider the factors considered by the Nominating and Corporate Governance Committee and such additional information and factors the Board deems to be relevant. Any director who tenders his or her resignation under our Corporate Governance Guidelines will not participate in the Nominating and Corporate Governance Committee recommendation or Board consideration regarding whether to accept the tendered resignation.

In the case of contested elections, directors will be elected by a plurality of the votes of the shares present in person or by proxy and voting for nominees in the election of directors at any meeting of stockholders for the election of directors at which a quorum is present. For these purposes, a contested election is any election of directors in which the number of candidates for election as directors exceeds the number of directors to be elected.

Code of Business Conduct and Ethics

We have adopted a code of ethics, the Code of Business Conduct and Ethics which can be found on our website (www.peabodyenergy.com) by clicking on Investor Info and then Corporate Governance. The Code of Business Conduct and Ethics applies to all our directors, officers and salaried employees.

Succession Planning

Pursuant to the Corporate Governance Guidelines, our CEO provides the Nominating and Corporate Governance Committee with an annual report on succession planning and related development recommendations. The report includes a short-term succession plan which delineates temporary delegation of authority in the event that the CEO or any other executive officer is unable to perform his or her duties. The Nominating and Corporate Governance Committee, working with the CEO, then presents its recommendations with respect to succession planning to the full Board (except for any employee directors who could potentially be impacted by such succession planning processes).

Director Compensation

Compensation of non-employee directors for 2017 consisted of cash compensation (specifically, annual Board and committee retainers) and equity compensation. Each of these components is described in more detail below. Any director who is also our employee receives no additional compensation for serving as a director.

The Board consists of nine directors, including our CEO and eight independent directors. Our Board adopted the following compensation structure for our non-employee directors who were members of our post-Emergence Board:

Annual cash retainer	$110,000
Annual equity award value	$130,000 (see below for more information)
Additional Audit Committee Chair cash retainer	$ 20,000
Additional Compensation Committee Chair cash retainer	$ 15,000
Additional Health, Safety, Security and Environmental Committee Chair cash retainer	$ 15,000
Additional Nominating and Corporate Governance Committee Chair cash retainer	$ 15,000
Additional Non-Executive Chairman cash retainer	$150,000

The initial post-Emergence equity award for our non-employee directors was comprised of deferred stock units (DSUs), and was granted effective May 2, 2017. The number of DSUs granted to each non-employee director was determined by dividing $130,000 by the closing price per share of the company s Common Stock on the grant date (and rounding down to the nearest whole DSU). DSUs generally vest monthly over 12 months. However, the underlying shares are generally not distributed until the earlier of (1) three years after the grant date and (2) the director s separation from service.

Other Elements of Board Compensation

In addition to the compensation described above, we pay travel and accommodation expenses of our non-employee directors to attend meetings and other integral corporate functions. Non-employee directors do not receive meeting attendance fees. Non-employee directors may be accompanied by a spouse/partner when traveling on company business on our aircraft or charter aircraft. Non-employee directors also have the opportunity to participate in our charitable contribution matching gifts program at the same level and based on the same guidelines applicable to our full-time employees.

Table of Contents

Primary Elements of Compensation of Pre-Emergence Board

Our Board, with the approval of the Bankruptcy Court, adopted the following compensation structure for our non-employee directors who were members of the Board prior to our emergence from the Chapter 11 Cases:

Annual cash retainer	$175,000
Additional Audit Committee Chair cash retainer	$ 15,000
Additional Compensation Committee Chair cash retainer	$ 15,000
Additional Health, Safety, Security and Environmental Committee Chair cash retainer	$ 10,000
Additional Nominating and Corporate Governance Committee Chair cash retainer	$ 10,000
Additional Non-Executive Chairman cash retainer	$150,000

Upon our Emergence, any then-existing prior equity-based holdings of our directors were canceled, including DSUs.

The following table sets forth compensation for each director (other than Mr. Kellow) who served on the Board in 2017:

Director	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2)	All Other Compensation ($) (3)	Total ($)
Board members who served only to the Effective Date:				
William A. Coley (4)	87,500		2,500	90,000
William E. James (4)	87,500		2,500	90,000
Robert B. Karn III (4)	87,500		2,500	90,000
Henry E. Lentz (4)	92,500		2,500	95,000
William C. Rusnack (4)	95,000			95,000
John F. Turner (4)	92,500		200	92,700
Sandra Van Trease (4)	95,000		1,000	96,000
Heather A. Wilson (4)	87,500			87,500

Board members appointed on the Effective Date (including continuing Board members):

Nicholas J. Chirekos	82,500	129,994	7,500	219,994
Stephen E. Gorman *	93,750	129,994	2,000	225,744
Joe W. Laymon *	93,750	129,994	5,000	228,744
Teresa S. Madden *	97,500	129,994	7,500	234,994
Bob Malone ^	292,500	129,994	6,000	428,494
Kenneth W. Moore	82,500	129,994	7,500	219,994
Michael W. Sutherlin *	150,000	129,994		279,994
Shaun A. Usmar	82,500	129,994		212,494

* Committee Chair
^ Non-Executive Chairman
(1) Fees earned include the annual retainer and any committee chair or non-executive chair fees or retainers.
(2) On May 2, 2017, each non-employee director was granted 4,994 DSUs at a grant date fair value of $26.03 per share, as indicated in this column. As of December 31, 2017, these were the only stock awards outstanding for the non-employee directors. No options were held by directors as of the end of 2017.
(3) All Other Compensation for Mr. Chirekos, Mr. Coley, Mr. Gorman, Mr. James, Mr. Karn, Mr. Laymon, Mr. Lentz, Ms. Madden, Mr. Malone, Mr. Moore, Mr. Turner and Ms. Van Trease consists of charitable contributions in accordance with our matching gifts programs.
(4) In accordance with the Plan, on the Effective Date, Mr. Coley, Mr. James, Mr. Karn, Mr. Lentz, Mr. Rusnack, Mr. Turner, Ms. Van Trease, and Ms. Wilson ceased to be members of the Board.

Non-Employee Director Share Ownership Requirements

Under our share ownership requirements for directors, each non-employee director is required to acquire and retain Common Stock having a value equal to at least five times his or her annual cash retainer.

If at any time a non-employee director does not meet his or her ownership requirement, the director must retain (1) any Common Stock owned by the director (whether owned directly or indirectly) and (2) any net shares received as the result of the exercise, vesting or payment of any equity award until the ownership requirement is met, in each case unless otherwise approved in writing by the Compensation Committee. For this purpose, net shares means the shares of Common Stock that remain after shares are sold or withheld, as the case may be, to (1) pay the exercise price for a stock option award or (2) satisfy any tax obligations, including withholding taxes, arising in connection with the exercise, vesting or payment of an equity award.

Compliance with these requirements is evaluated as of December 31 of each year. The value of an individual s share ownership as of such date is determined by multiplying the number of shares of our Common Stock or other eligible equity interests held by the individual by the closing price of our stock as of the business day immediately preceding the date of determination.

For purposes of determining stock ownership levels, only the following forms of equity interests are included:

- Stock owned directly (including stock or stock units held in any defined contribution plan or employee stock purchase plan and shares of restricted stock);
- Stock held by immediate family members residing in the same household or through trusts for the benefit of the person or his or her immediate family members residing in the same household;
- Unvested restricted stock or RSUs (provided that vesting is based solely on the passage of time and/or continued service with Peabody); and
- Vested and undistributed DSUs.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Overview

On April 3, 2017, the company successfully emerged from Chapter 11 reorganization. Prior to Emergence, our executive compensation reflected a combination of performance-based cash incentives and stock grants approved by our major creditors and the Bankruptcy Court. Soon after Emergence, the Board established the 2017 executive compensation program for our Named Executive Officers (NEOs).

Named Executive Officers

This Compensation Discussion and Analysis (the CD&A) explains the key elements of the compensation of the company s NEOs and describes the objectives and principles underlying the company s executive compensation program and decisions made in 2017. For the 2017 fiscal year, our NEOs were:

Name	Title as of December 31, 2017
Glenn L. Kellow	President and Chief Executive Officer
Amy B. Schwetz	Executive Vice President and Chief Financial Officer
Charles F. Meintjes	Executive Vice President Corporate Services and Chief Commercial Officer
Kemal Williamson	President Americas
A. Verona Dorch	Executive Vice President, Chief Legal Officer, Government Affairs and Corporate Secretary

Business Highlights for 2017

As discussed in the proxy summary, in April 2016, we and certain of our subsidiaries filed voluntary petitions for reorganization under Chapter 11 of Title 11 of the United States Bankruptcy Code. On April 3, 2017, the Plan became effective and we successfully emerged from Chapter 11. During 2017, our financial and operating performance was strong.

Key safety, financial and operational highlights include:

In April 2017, Peabody emerged from Chapter 11 and relisted on the New York Stock Exchange. From a modified plan value of $22.03 per share, the company observed a 79 percent increase in BTU s share price through year-end.

2017 revenues rose 18 percent over the prior year, led by robust seaborne coal pricing and higher U.S. demand.

Adjusted EBITDA[5] reached the highest level since 2012, with Australian Adjusted EBITDA[5] results marking the platform s largest contribution since 2008.

Peabody increased liquidity to $1.24 billion as of year-end, released approximately $220 million of restricted cash and closed on, and subsequently upsized, a $350 million revolving credit facility, which enables the company to free up additional restricted cash for other purposes over time.

The company refinanced its term loan, lowering its interest rate by 100 basis points and modifying terms to provide the company with additional flexibility.

As part of Peabody s commitment to deleveraging, the company repaid $500 million of debt, reaching its previously established 2018 targets a year in advance. These voluntary payments, coupled with the company s meaningful cash position, reduced net debt by nearly 50 percent since Emergence.

[5] Adjusted EBITDA is not a recognized term under GAAP. This measure is defined and reconciled to the nearest GAAP measure in *Appendix B*.

Table of Contents

Peabody continues to execute on its authorized $500 million share repurchase program, completing approximately $175 million in share repurchases in the last five months of 2017.

At an operational level, Peabody s global safety performance continues to surpass industry averages. The Australian platform recorded record safety results, reflecting a 17 percent improvement from the prior year.

The company s North Goonyella high-quality hard coking coal mine achieved record annual production allowing Peabody to take advantage of strong seaborne coal pricing.

Peabody believes land restoration is an essential part of the mining process. Both the U.S. and Australian operations exceeded goals for reclamation, restoring a total of 1.4 acres for each acre disturbed.

In recognition of these actions, Peabody was named the best global responsible mining company for environmental, social and governance standards and performance for the second consecutive year by Capital Finance International.

Peabody was also awarded Coal Mining Company of the Year by Corporate Livewire.

Executive Compensation Highlights for 2017

Overall, our 2017 executive compensation reflects a combination of salary, cash incentives and equity awards. While in Chapter 11, compensation was part of comprehensive plans approved by our major creditors. The program was in line with compensation programs of comparable companies that undertook financial restructuring under the Bankruptcy Code. The Plan received 93% approval overall and unanimous acceptance by all 20 voting classes. Following Emergence, our new Compensation Committee approved certain changes as described under Post-Emergence Compensation.

Executive Compensation Timeline

Compensation Decisions During Chapter 11

While in Chapter 11, all incentives for our NEOs were negotiated with the various stakeholders in the Chapter 11 Cases, including the Creditors Committee and the U.S. Trustee for the Eastern District of Missouri, and were approved by the Bankruptcy Court. This included the following:

STIP (no payment was made under the Bankruptcy Court approved plan for 2017)

KEIP, which was a performance-based cash incentive

Emergence RSU Award (Emergence RSU Award)

On our emergence from the Chapter 11 Cases, all the outstanding equity awards and equity held by our NEOs were canceled without payment prior to the Emergence RSU Award.

Table of Contents

Compensation Decisions After Emergence

In May 2017, after Emergence, the new Compensation Committee, and as it relates to our CEO, the Special Committee (the Committees), approved the following for the NEOs:

Base Salary. Base salaries were adjusted by 1.5% for all NEOs and Ms. Schwetz also received a market adjustment.

STIP. The Committees approved three changes to the Bankruptcy Court established 2017 Executive Leadership Team STIP to create the new 2017 STIP. The Adjusted EBITDAR[6] targets were increased to reflect post-emergence expectations, individual objectives were added as a metric and the maximum award potential was increased to 200% of target to be consistent with competitive practice and incent exceptional performance. Based on our company and individual performance, the Committees approved award payouts for the NEOs in a range of 156% to 167% of target.

KEIP. The Committees approved the awards earned under the KEIP, which covered the period we were in Chapter 11. Based on our exceptional performance from April 2016 to April 2017, the Committees approved award payouts at 150% of target.

Addition of CEO to Severance Plan. In connection with the company s emergence from the Chapter 11 Cases, the Committees approved Mr. Kellow s participation in our executive severance plan.

Executive Compensation Programs

The following discussion provides details of our executive compensation program for each of our NEOs during the Chapter 11 process and following Emergence.

Chapter 11 Compensation

Base Salaries

Base salaries for the NEOs, indicated as follows, were unchanged from 2016 levels as the company began 2017: Mr. Kellow, $1,007,475; Ms. Schwetz, $500,000; Mr. Meintjes, $555,500; Mr. Williamson, $505,000 and Ms. Dorch, $460,000.

2017 Executive Leadership Team STIP (2017 ELT-STIP)

The 2017 ELT-STIP was intended to motivate our NEOs to meet and exceed certain operational goals critical for the Debtors Chapter 11 restructuring and key to enhancing the value of the enterprise. The maximum payout under the 2017 ELT-STIP was set at 150% of target as a result of negotiations with the various stakeholders in the Chapter 11 Cases, including the Creditors Committee and the U.S. Trustee for the Eastern District of Missouri. The target opportunity, expressed as a percentage of base salary, for each of the NEOs was as follows: Mr. Kellow, 110%; Ms. Schwetz, 80%; Mr. Meintjes, 80%; Mr. Williamson, 80%; and Ms. Dorch, 80%. The Committees established these opportunities through an analysis of compensation for comparable positions in companies of similar size and complexity, and the opportunities were intended to provide a competitive level of compensation if performance objectives were achieved.

[6] Adjusted EBITDAR is not a recognized term under GAAP. This measure is defined and reconciled to the nearest GAAP measure in *Appendix B*.

Table of Contents

The table below shows the initial underlying performance metrics established under the 2017 ELT-STIP:

		Performance Range		
Metric	**% of Total Award**	**Threshold**	**Target**	**Maximum**
2017 ELT-STIP Adjusted EBITDAR[7] ($ in millions)	75.0%	$359	$479	$671
Total Recordable Incidence Frequency Rate (TRIFR)	12.5%	1.43	1.10	0.77
Safety, A Way of Life (SAWOL) Management System (MS) Conformance	12.5%	80%	95%	100%

Payouts with respect to each metric would have been at 40% of target if threshold performance was achieved, 100% of target if target performance was achieved and 150% of target if maximum performance or greater was achieved. **Ultimately, no payments were made under the Bankruptcy Court approved 2017 ELT-STIP as a new STIP was approved upon Emergence.**

Key Employee Incentive Plan

Due to our Chapter 11 Cases, we were not permitted to vest or settle equity awards granted prior to the Petition Date. A KEIP was developed during the pendency of the Chapter 11 Cases and approved by the Bankruptcy Court in August 2016. The KEIP was a performance-based cash incentive program intended to incent our NEOs to drive value for stakeholders and expedite the emergence from Chapter 11. The KEIP was comprised of one performance period running from the Petition Date through Emergence.

Shown below are the performance metrics, weights and payout opportunities under the KEIP:

		Payout Range		
Metric	**Weight**	**Threshold**	**Target**	**Maximum**
Consolidated Adjusted EBITDAR (excluding Australia)[8]	30%	33%	100%	150%
Australian Adjusted EBITDAR[8]	10%	50%	100%	150%
Consolidated Cash Flow (before Restructuring Costs)[8]	40%	50%	100%	150%
Environmental Reclamation	20%	25%	100%	150%

[7] 2017 ELT-STIP Adjusted EBITDAR is a non-GAAP financial metric and is defined as Adjusted EBITDA (as defined and reconciled in *Appendix B*) further adjusted to exclude the impact of certain employee compensation programs related to the Chapter 11 Cases, restructuring charges, the UMWA VEBA Settlement and corporate hedging. 2017 ELT-STIP Adjusted EBITDAR and Adjusted EBITDA are not recognized terms under GAAP and are not, and do not purport to be an alternative to operating income or net income as determined in accordance with GAAP as a measure of profitability. Because these measures are not calculated identically by all companies, our calculation may not be comparable to similarly titled measures of other companies.

[8] Consolidated Adjusted EBITDAR (excluding Australia), Australian Adjusted EBITDAR and Consolidated Cash Flow (before Restructuring Costs) are not recognized terms under GAAP. These measures are defined and reconciled to the nearest GAAP measure in *Appendix C*.

Table of Contents

The table below provides a definition and the purpose of the performance metrics:

Metric	Definition	Purpose
Consolidated Adjusted EBITDAR (excluding Australia)	Consolidated Adjusted EBITDAR (excluding Australia) is a non-GAAP financial metric and is defined as Adjusted EBITDA[9] of our consolidated enterprise, except for our Australian subsidiaries, further adjusted to exclude the impact of certain employee compensation programs related to the Chapter 11 Cases, restructuring charges, the UMWA VEBA Settlement and corporate hedging. This measure is reconciled to the nearest GAAP measure in *Appendix C*.	Designed to incentivize the NEOs to maximize the value of the Debtors non-Australian assets.
Australian Adjusted EBITDAR	Australian Adjusted EBITDAR is a non-GAAP financial metric and is defined as Adjusted EBITDA[9] of our Australian subsidiaries further adjusted to exclude the impact of certain employee compensation programs related to the Chapter 11 Cases, restructuring charges, the UMWA VEBA Settlement and corporate hedging. This measure is reconciled to the nearest GAAP measure in *Appendix C*.	Designed to incentivize the NEOs to focus on improving the profitability of the Debtors Australian affiliates.
Consolidated Cash Flow (before Restructuring Costs)	Consolidated Cash Flow (before Restructuring Costs) is a non-GAAP financial metric and is defined as net change in cash and cash equivalents, before deducting cash used for reorganization costs, restructuring, certain employee compensation programs related to the Chapter 11 Cases, adequate protection payments and any proceeds, repayments, fees, interest or other charges related to the DIP Financing. This measure is reconciled to the nearest GAAP measure in *Appendix C*.	Designed to incentivize the NEOs to focus on and increase cash flow from projections set forth in the business plan prepared by the Debtors in August 2016.
Environmental Reclamation	Environmental Reclamation is tied to land reclamation and is defined as the ratio of reclaimed or graded land to disturbed land. Reclaimed or graded land means returning the land to the final contour grading prior to soil replacement. The term	Designed to incentivize the NEOs to achieve the financial metrics while honoring the Debtors commitment to reclaim mined land in an environmentally

	disturbed land means new acres impacted for mining purposes.	responsible manner and in accordance with existing laws.

The target incentive opportunity was established through an analysis of target total direct compensation in analogous companies that undertook a financial restructuring under the Bankruptcy Code. The opportunities were intended to provide an appropriate level of compensation when performance objectives are achieved. In the event performance fell below the minimum threshold amount for a metric, the NEOs were not eligible for an incentive award related to that metric.

[9] Adjusted EBITDA is not a recognized term under GAAP. This measure is defined and reconciled to the nearest GAAP measure in *Appendix C*.

Table of Contents

The threshold, target and maximum goals for the KEIP metrics were designed to fluctuate based upon the quarter in which Emergence occurred. Because Emergence occurred on April 3, 2017, the goals for Q1 2017 were ultimately applicable. Based on our performance over the applicable period, our NEOs earned KEIP payouts of 150% of target, as shown in the table below.

Performance Metric		Period Ending Q1 2017	Actual	Award Achievemen
Consolidated Adjusted EBITDAR (excluding Australia)[10] ($ in millions)	Threshold Target Maximum	$414 $517 $620	$683	150%
Australian Adjusted EBITDAR [10] ($ in millions)	Threshold Target Maximum	$(179) $(47) $85	$394	150%
Consolidated Cash Flow (before Restructuring Costs) [10] ($ in millions)	Threshold Target Maximum	$323 $646 $969	$1,281	150%
Environmental Reclamation	Threshold Target Maximum	1 to 1 1.1 to 1 1.3 to 1	1.54 to 1	150%

The following table shows the KEIP awards earned by each NEO while the company was in Chapter 11:

Name	Target Opportunity as a % of Base Salary	KEIP Award Earned as a % of Target	KEIP Award Achieved

			($)
Glenn L. Kellow	175%	150%	2,644,622
Amy B. Schwetz	150%	150%	1,125,000
Charles F. Meintjes	125%	150%	1,041,563
Kemal Williamson	125%	150%	946,875
A. Verona Dorch	125%	150%	862,500

10 Consolidated Adjusted EBITDAR (excluding Australia), Australian Adjusted EBITDAR and Consolidated Cash Flow (before Restructuring Costs) are not recognized terms under GAAP. These measures are defined and reconciled to the nearest GAAP measure in *Appendix C*.

Table of Contents

Emergence Compensation

Cancellation of Equity Awards

Upon emergence from Chapter 11, all the equity awards held by our NEOs were canceled without payment. The table below summarizes the aggregate grant date fair values of these canceled equity awards. Our NEOs received no value for any of these awards:

Named Executive Officer	Stock Options ($)	Restricted Shares ($)	Performance Units ($)	Total Awards Cancelled ($)
Glenn L. Kellow	2,749,665	749,890	4,524,530	8,024,085
Amy B. Schwetz		180,071	227,331	407,042
Charles F. Meintjes	372,315	458,247	952,790	1,783,352
Kemal Williamson	4,495,194	249,963	866,168	5,611,325
A. Verona Dorch		225,000	227,331	452,331

Emergence RSU Awards

Under the Peabody Energy Corporation 2017 Incentive Plan (2017 Incentive Plan), **we granted Emergence RSU Awards to all active employees**, including the NEOs. For the NEOs, these Emergence RSU Awards generally vest ratably on each of the first three anniversaries of the grant date, subject to continued employment. The Emergence RSU program, including the total value, allocation to our NEOs, and award terms were part of a comprehensive plan approved by our major creditors in advance of successfully emerging from Chapter 11.

The amounts of the Emergence RSU Awards were determined based primarily on the following factors:

Competitive market practice in restructuring events;

Consideration of the additional value created by our leadership during the Chapter 11 Cases;

Desire to retain our high-performing executive team;

Consideration of improvements that were realized because of instituted cost-cutting measures; and

The fact that the ultimate value received will depend on sustainability of results.

The actual Emergence RSU Awards for the NEOs were as follows:

Name	Number of RSUs Granted	Target Value
Glenn L. Kellow	680,890	$15,000,000
Amy B. Schwetz	236,042	$5,200,000
Charles F. Meintjes	226,963	$5,000,000
Kemal Williamson	226,963	$5,000,000
A. Verona Dorch	158,874	$3,500,000

To receive the Emergence RSU Awards, the NEOs were required to execute restrictive covenant agreements that generally require the recipient to (1) maintain confidentiality of our information; (2) refrain from competing for a period of 12 months following term of employment; and (3) refrain from soliciting employees or customers for a period of 12 months following term of employment.

Post-Emergence Compensation

As outlined above, in April 2017, the company emerged from Chapter 11 with a newly established board of directors determined to lead Peabody to a successful future. A new Compensation Committee and, as it relates to the CEO, the Special Committee (as defined above), were formed. The Committees modified the annual compensation program of the company s executives to reflect priorities and align with shareholders interests. Decisions regarding executive compensation made by the Committees during 2017 reflect our industry fundamentals, operating environment and results.

Base Salaries

The Committees approved a 1.5% base salary increase for each NEO effective April 1, 2017. This increase was consistent with a 1.5% increase provided to all salaried employees. The Compensation Committee also approved a 13.3% market adjustment for Ms. Schwetz, to bring her base salary closer to the market median. The following chart summarizes the base salary changes for our NEOs.

Named Executive Officer	Base Salary as of January 1, 2017	Base Salary as of April 1, 2017	% Change in April 2017
Glenn L. Kellow	$1,007,475	$1,022,587	1.5%
Amy B. Schwetz	$ 500,000	$ 575,000	15.0%
Charles F. Meintjes	$ 555,500	$ 563,833	1.5%
Kemal Williamson	$ 505,000	$ 512,575	1.5%
A. Verona Dorch	$ 460,000	$ 466,900	1.5%

STIP

The STIP is designed to incent our NEOs to maximize current year profitability while encouraging management to continue to improve upon our excellent safety record. In May 2017, following our emergence from Chapter 11, the

Committees approved three changes to the program:

- Increased the Adjusted EBITDAR[11] targets to better reflect the post-Emergence expectations;
- Added individual objectives as a metric; and
- Increased the maximum award potential to 200% of target to be consistent with competitive practice and incent exceptional performance.

[11] Adjusted EBITDAR is not a recognized term under GAAP. This measure is defined and reconciled to the nearest GAAP measure in *Appendix B*.

Table of Contents

The table below provides a definition and the purpose of the performance metrics:

Metric	Definition	Purpose
Adjusted EBITDAR	This metric is based on Adjusted EBITDAR[12] (as defined in *Appendix B*) of our consolidated enterprise, after excluding 50% of the impact of realized pricing versus budget and 75% of the impact of Australian Dollar Foreign Exchange movements versus budget, both capped at $100 million. In 2017, these adjustments impacted Adjusted EBITDAR[12] by reducing it by $93 million related to the pricing collar offset by an increase of $19 million related to the foreign exchange collar.	Measures the impact of cost savings programs and operational earnings across the global platform. The price and foreign exchange collars address the impact of extraordinary price and foreign exchange volatility, both positive and negative.
Global TRIFR	Global TRIFR is the number of injuries that result in medical treatment, restricted work or lost time, divided by the number of hours worked (includes employees, contractors and visitors), multiplied by 200,000 hours. The rate includes the injuries and hours associated with office workers, as well as travel-related injuries when employees are traveling for work purposes.	Safety is a value that is integrated into our business. For 2017, our quantitative safety target was set at a 10% improvement over 2016 s actual results.
SAWOL MS Conformance	SAWOL MS sets the expectations relating to safety and health for the organization. SAWOL MS aligns with CORESafety™ (a National Mining Association framework) and is centered on three key areas of leadership and organization, risk management and assurance. Embedded in this framework is a requirement to audit conformance.	For 2017, our qualitative safety target was set as 90% of global mine sites complete SAWOL MS audit and 95% conformance with SAWOL MS elements and approved standards.
Individual Objectives		

	The individual objectives are personalized goals and initiatives set for each NEO.	Align NEOs goals with key strategic areas of importance to the company.

Summarized in the table below are the weights for each performance metric; threshold, target and maximum performance expectations; actual results; and the achievement percent for each performance objective.

Metric	**Weight**	**Threshold**	**Target**	**Maximum**	**Actual Results**	**Achievement**
Adjusted EBITDAR[12] ($ in millions)	50.0%	$927	$1,158	$1,389	$1,363	189%
TRIFR	12.5%	1.43	1.10	0.77	1.38	58%
SAWOL MS	12.5%	80%	95%	100%	99%	177%
Individual Objectives	25.0%		(described below)		Various	Various

[12] Adjusted EBITDAR is not a recognized term under GAAP. This measure is defined and reconciled to the nearest GAAP measure in *Appendix B*.

Table of Contents

The following table summarizes the individual objectives achievement level earned by each NEO and their key accomplishments.

Name	Individual Objectives Achievement	Key Accomplishments
Glenn L. Kellow	175%	Achieved strong safety performance, with the company s global safety performance continuing to surpass industry averages, and the Australian platform recording record safety results, reflecting a 17 percent improvement from the prior year Successfully led emergence from Chapter 11, refinanced and publicly relisted the company Developed a strategic plan approved by the board of directors that included an assessment of strategic options and a capital allocation framework Rolled out the Peabody employee value proposition and advanced the development of managerial talent In support of the Chairman, onboarded the new Peabody board of directors and Committees Led the company to achieve its highest total Adjusted EBITDA[13] since 2012, with Australian Adjusted EBITDA[13] results marking the platform s largest contribution since 2008 Led both the U.S. and Australia operations to exceed goals for reclamation, restoring a total of 1.4 acres for each acre disturbed

Amy B. Schwetz	175%	Led the negotiations for the plan of reorganization Led the $1.5 billion of equity raising for the business, $1.95 billion of market-based debt and a $250 million accounts receivable securitization. Refinanced the term loan within six months. Relisted the company on the NYSE. $500 million of debt reduction and $175 million shares repurchased Re-established banking relationships, secured a $350 million revolver and progressed a surety bonding program in Australia Secured $800 million surety capacity to replace self-bonding in the U.S.
Charles F. Meintjes	140%	Successfully led the Australian business through Emergence Transitioned to the EVP Corporate Services and CCO from President Australia Advanced the enhancement of the portfolio with the sale of Burton and Millennium prep plant and progression of other strategic options in Australia and the U.S.

[13] Adjusted EBITDA is not a recognized term under GAAP. This measure is defined and reconciled to the nearest GAAP measure in *Appendix B*.

Table of Contents

Name	Individual Objectives Achievement	Key Accomplishments
Kemal Williamson	130%	Achieved strong cost and volume performance compared to target Exceeded the goal ratio of reclaimed acres to disturbed acres, negotiated with the DOI and with state governments to provide support that eventually allowed the ability to exit the bankruptcy with the third-party bonding solution Led the efforts to ensure NGS and the Kayenta mine operate through 2019
A. Verona Dorch	150%	Supported negotiations for the plan of reorganization Led the litigation and legal strategy of the Chapter 11 process with Emergence in less than 12 months and 93% voting approval Spearheaded advocacy efforts around coal mining, energy policies, taxation reform and other activities Led negotiations and settlement of $600M+ Multi-Employer Plan litigation Resolved legacy liability issues relating to Gold Fields

The Committees reviewed and approved the achievement and payouts for the NEOs as summarized in the table below:

Name	Target Opportunity as a % of Base Salary	2017 STIP Earned as a % of Target	2017 STIP Achieved ($)
Glenn L. Kellow	110%	167%	1,883,470
Amy B. Schwetz	80%	167%	770,236
Charles F. Meintjes	80%	159%	715,808
Kemal Williamson	80%	156%	640,483
A. Verona Dorch	80%	161%	602,086

Table of Contents

2018 Compensation

As outlined on the prior pages, 2017 was an unusual year for our business and compensation programs, which impacts the values reported in the 2017 Summary Compensation Table on page 48. To provide an understanding of the Committees direction for our ongoing programs, summarized below is information on our 2018 incentive programs and target compensation opportunities for the NEOs.

STIP

Our STIP was modified to better align with the strategic priorities of the company. Under the STIP for our NEOs in 2018, payouts are based on the following measures:

Metric	Weighting
Free Cash Flow per Share[14]	40%
Adjusted EBITDA[15] with a price collar to manage outsized volatility	40%
Safety	20%

Individual performance is not considered under the 2018 STIP to emphasize measurable company performance.

LTIP

Awards for 2018 consist of a mix of performance share units (PSUs) (60%) and RSUs (40%). The performance measures applicable to PSUs are return on invested capital (80%) and environmental reclamation (20%), with a relative total shareholder return (RTSR) modifier (+/- 25%).

The table below shows the 2018 target total direct compensation for each of our NEOs:

Executive	Base Salary ($)	STIP Target (%)	LTIP Target ($)	

				Target Total Direct Compensation ($)
Glenn L. Kellow	$1,100,000	125%	$4,900,000	$7,375,000
Amy B. Schwetz	$600,000	100%	$1,350,000	$2,550,000
Charles F. Meintjes	$575,000	85%	$1,150,000	$2,213,750
Kemal Williamson	$523,000	85%	$1,046,000	$2,013,550
A. Verona Dorch	$476,238	80%	$952,476	$1,809,704

[14] Free Cash Flow per Share is a non-GAAP measure defined as net cash provided by operating activities less net cash used in investing activities, divided by weighted average diluted shares outstanding. Free Cash Flow per Share is used by management as a measure of our financial performance and our ability to generate excess cash flow from our business operations on a per share basis. Free Cash Flow per Share is not intended to serve as an alternative to U.S. GAAP measures of performance and may not be comparable to similarly-titled measures presented by other companies.

[15] Adjusted EBITDA is not a recognized term under GAAP. This measure is defined and reconciled to the nearest GAAP measure in *Appendix B*.

Table of Contents

The graphs below display the 2018 target total direct compensation mix for our CEO and our other NEOs, as well as the portion that is performance-based compensation.

Determination of NEO Compensation

Our executive compensation philosophy is comprised of the following core principles:

- Pay-for-performance
- Annual incentives tied to the successful achievement of pre-established objectives that support our business strategy
- Long-term incentives that provide opportunities for executives to earn equity compensation if certain pre-established long-term objectives are successfully achieved

Summarized below are roles and responsibilities of the parties that participate in development of the company s executive compensation program:

Bankruptcy Court and Creditors

During the pendency of our Chapter 11 Cases, we were required to seek Bankruptcy Court approval to provide our NEOs compensation beyond their base salaries. The Court and creditors approved the KEIP and Emergence RSU Awards.

Committees

A new Compensation Committee and, as it relates to the CEO, the Special Committee, have responsibility for overseeing our executive compensation framework. The Committees, working with external advisors and senior management, seek to align pay with performance and create incentives that reward operational excellence, safety and financial management and that ultimately are designed to create stockholder value.

While in bankruptcy, the Committees approved base salaries for our NEOs. After Emergence, the Committees retained normal responsibilities including:

- Developing our executive compensation philosophy
- Approving base salaries, STIP and LTIP programs and opportunities

Assessing performance and approving earned incentives

Approving long-term incentive grants including performance goals and award terms

Approving severance programs and executive participation

Table of Contents

Management

The role of the CEO is to review the performance of the other NEOs and make recommendations on base salary, STIP and LTIP opportunities for the other NEOs. The compensation group in our Human Resources Department supports the Committees efforts.

Independent Compensation Consultants

The Compensation Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other advisor and is directly responsible for the appointment, compensation arrangements and oversight of the work of any such person.

The Compensation Committee may select a compensation consultant, legal counsel or other advisor to the Compensation Committee only after taking into consideration all factors relevant to that person s independence from management. Under this authority, the Compensation Committee has engaged an independent compensation consultant, F.W. Cook, after assessing its independence. F.W. Cook does not provide any other services to us and its work in support of the Compensation Committees did not raise any conflicts of interest or independence concerns. F.W. Cook provides the Committees with competitive market data, assistance on evaluation of the peer group composition, input to incentive program design, and information on trends.

While we were in Chapter 11, the Committees also retained Mercer to provide market data specific to compensation practices for companies in bankruptcy.

Shareholder Outreach / Say-on-Pay Results

The last time we conducted an advisory vote to approve the compensation of our NEOs (which we refer to as Say-on-Pay) was at our 2015 Annual Meeting of Stockholders. Because of our Chapter 11 filing, the results of the 2015 Say-on-Pay vote did not have a material impact on the key compensation programs that were in place for our NEOs for 2016 and in 2017, as the compensation programs put in place after our Chapter 11 filing were negotiated with the various stakeholders in the Chapter 11 Cases, including the Creditors Committee and the U.S. Trustee for the Eastern District of Missouri, and were approved by the Bankruptcy Court.

The input of our shareholders is important to the Committees and our company. We regularly reach out to our major shareholders to get their feedback and will continue this practice going forward.

In making compensation decisions, the Committees consider many factors including:

- The breadth, scope, complexity and criticality of the NEO s role;
- Competitive market information;
- Internal relationships or roles of similar responsibilities, experience and organizational impact;

Current compensation levels; and

Individual performance.

The Committees do not use a predetermined formula to make overall decisions but consider all the above factors.

Competitive Market Information

Talent for senior-level management positions and key roles in the organization can be acquired across a broad spectrum of companies. As such, we utilize competitive compensation information from both compensation surveys and a group of companies of similar size and/or complexity as us (the Compensation Peer Group):

As an input in developing base salary ranges, annual incentive targets and long-term equity award ranges;

To evaluate share utilization by reviewing overhang levels and annual run rates;

To evaluate the form and mix of equity awarded to NEOs;

To evaluate share ownership guidelines;

To assess the competitiveness of total direct compensation awarded to NEOs;

To validate whether our executive compensation program is aligned with our performance; and