

PEABODY ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Successor		Predecessor	
	April 2 through December 31, 2017	January 1 through April 1, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
	(Dollars in millions, except per share data)			
Revenues				
Sales	\$ 3,625.8	\$ 1,081.4	\$ 4,087.9	\$ 5,138.3
Other revenues	626.8	244.8	627.4	470.9
Total revenues	4,252.6	1,326.2	4,715.3	5,609.2
Costs and expenses				
Operating costs and expenses (exclusive of items shown separately below)	3,067.9	963.7	4,107.6	5,007.7
Depreciation, depletion and amortization	521.6	119.9	465.4	572.2
Asset retirement obligation expenses	41.2	14.6	41.8	45.5
Selling and administrative expenses	105.4	37.2	153.4	176.4
Net mark-to-market adjustment on actuarially determined liabilities	(45.2)	—	—	—
Restructuring charges	7.6	—	15.5	23.5
Other operating income (loss):				
Net gain on disposals	(84.0)	(22.8)	(23.2)	(45.0)
Asset impairment	—	30.5	247.9	1,277.8
(Income) loss from equity affiliates	(49.0)	(15.0)	(16.2)	15.9
Operating profit (loss)	687.1	198.1	(276.9)	(1,464.8)
Interest expense	119.7	32.9	298.6	465.4
Loss on early debt extinguishment	20.9	—	29.5	67.8
Interest income	(5.6)	(2.7)	(5.7)	(7.7)
Reorganization items, net	—	627.2	159.0	—
Income (loss) from continuing operations before income taxes	552.1	(459.3)	(758.3)	(1,990.3)
Income tax benefit	(161.0)	(263.8)	(94.5)	(207.1)
Income (loss) from continuing operations, net of income taxes	713.1	(195.5)	(663.8)	(1,783.2)
Loss from discontinued operations, net of income taxes ..	(19.8)	(16.2)	(57.6)	(175.0)
Net income (loss)	693.3	(211.7)	(721.4)	(1,958.2)
Less: Series A Convertible Preferred Stock dividends . . .	179.5	—	—	—
Less: Net income attributable to noncontrolling interests .	15.2	4.8	7.9	7.1
Net income (loss) attributable to common stockholders	\$ 498.6	\$ (216.5)	\$ (729.3)	\$ (1,965.3)
Income (loss) from continuing operations				
Basic earnings (loss) per share	\$ 3.85	\$ (10.93)	\$ (36.72)	\$ (98.65)
Diluted earnings (loss) per share	\$ 3.81	\$ (10.93)	\$ (36.72)	\$ (98.65)
Net income (loss) attributable to common stockholders				
Basic earnings (loss) per share	\$ 3.70	\$ (11.81)	\$ (39.87)	\$ (108.29)
Diluted earnings (loss) per share	\$ 3.67	\$ (11.81)	\$ (39.87)	\$ (108.29)
Dividends declared per share	\$ —	\$ —	\$ —	\$ 0.075

See accompanying notes to consolidated financial statements

PEABODY ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Successor	Predecessor		
	April 2 through December 31, 2017	January 1 through April 1, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
	(Dollars in millions)			
Net income (loss)	\$ 693.3	\$ (211.7)	\$ (721.4)	\$ (1,958.2)
Other comprehensive income, net of income taxes:				
Net unrealized gains (losses) on cash flow hedges (net of respective tax benefit of \$0.0, \$0.0, \$85.9, and \$72.2)				
Decrease in fair value of cash flow hedges	—	—	—	(131.3)
Reclassification for realized losses included in net income (loss)	—	18.6	146.3	251.7
Net unrealized gains on cash flow hedges	—	18.6	146.3	120.4
Postretirement plans and workers' compensation obligations (net of respective tax (benefit) provision of \$0.0, \$0.0, (\$1.5), and \$36.2)				
Prior service (cost) credit for the period	—	—	(4.5)	10.4
Net actuarial (loss) gain for the period	—	—	(13.5)	18.1
Amortization of actuarial loss and prior service cost included in net income (loss)	—	4.4	15.4	31.9
Postretirement plans and workers' compensation obligations .	—	4.4	(2.6)	60.4
Foreign currency translation adjustment	1.4	5.5	(1.8)	(34.9)
Other comprehensive income, net of income taxes	1.4	28.5	141.9	145.9
Comprehensive income (loss)	694.7	(183.2)	(579.5)	(1,812.3)
Less: Series A Convertible Preferred Stock dividends	179.5	—	—	—
Less: Comprehensive income attributable to noncontrolling interests	15.2	4.8	7.9	7.1
Comprehensive income (loss) attributable to common stockholders	\$ 500.0	\$ (188.0)	\$ (587.4)	\$ (1,819.4)

See accompanying notes to consolidated financial statements

PEABODY ENERGY CORPORATION
CONSOLIDATED BALANCE SHEETS

	Successor	Predecessor
	December 31,	
	2017	2016
(Amounts in millions, except per share data)		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,012.1	\$ 872.3
Restricted cash	40.1	54.3
Accounts receivable, net of allowance for doubtful accounts of \$4.6 at December 31, 2017 and \$13.1 at December 31, 2016	552.1	473.0
Inventories	291.3	203.7
Assets from coal trading activities, net	2.6	0.7
Other current assets	291.8	486.6
Total current assets	2,190.0	2,090.6
Property, plant, equipment and mine development, net	5,111.9	8,776.7
Restricted cash collateral	323.1	529.3
Investments and other assets	470.6	381.1
Deferred income taxes	85.6	—
Total assets	\$ 8,181.2	\$ 11,777.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	\$ 42.1	\$ 20.2
Liabilities from coal trading activities, net	11.7	1.2
Accounts payable and accrued expenses	1,191.1	990.4
Total current liabilities	1,244.9	1,011.8
Long-term debt, less current portion	1,418.7	—
Deferred income taxes	5.4	173.9
Asset retirement obligations	657.0	717.8
Accrued postretirement benefit costs	730.0	756.3
Other noncurrent liabilities	469.4	496.2
Total liabilities not subject to compromise	4,525.4	3,156.0
Liabilities subject to compromise	—	8,440.2
Total liabilities	4,525.4	11,596.2
Stockholders' equity		
Predecessor Preferred Stock — \$0.01 per share par value; 10.0 shares authorized, no shares issued or outstanding as of December 31, 2016	—	—
Predecessor Perpetual Preferred Stock — 0.8 shares authorized, no shares issued or outstanding as of December 31, 2016	—	—
Predecessor Series Common Stock — \$0.01 per share par value; 40.0 shares authorized, no shares issued or outstanding as of December 31, 2016	—	—
Predecessor Common Stock — \$0.01 per share par value; 53.3 shares authorized, 19.3 shares issued and 18.5 shares outstanding as of December 31, 2016	—	0.2
Successor Series A Convertible Preferred Stock — \$0.01 per share par value; 50.0 shares authorized, 30.0 shares issued and 13.5 shares outstanding as of December 31, 2017	576.0	—
Successor Preferred Stock — \$0.01 per share par value; 50.0 shares authorized, no shares issued or outstanding as of December 31, 2017	—	—
Successor Series Common Stock — \$0.01 per share par value; 50.0 shares authorized, no shares issued or outstanding as of December 31, 2017	—	—
Successor Common Stock — \$0.01 per share par value; 450.0 shares authorized, 111.8 shares issued and 105.2 shares outstanding as of December 31, 2017	1.0	—
Additional paid-in capital	2,590.3	2,422.0
Treasury stock, at cost — 5.8 Successor common shares as of December 31, 2017 and 0.8 Predecessor common shares as of December 31, 2016	(175.9)	(371.8)
Retained earnings (accumulated deficit)	613.6	(1,399.5)
Accumulated other comprehensive income (loss)	1.4	(477.0)
Peabody Energy Corporation stockholders' equity	3,606.4	173.9
Noncontrolling interests	49.4	7.6
Total stockholders' equity	3,655.8	181.5
Total liabilities and stockholders' equity	\$ 8,181.2	\$ 11,777.7

See accompanying notes to consolidated financial statements

PEABODY ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Successor	Predecessor		
	April 2 through December 31, 2017	January 1 through April 1, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
	(Dollars in millions)			
Cash Flows From Operating Activities				
Net income (loss)	\$ 693.3	\$ (211.7)	\$ (721.4)	\$ (1,958.2)
Loss from discontinued operations, net of income taxes	19.8	16.2	57.6	175.0
Income (loss) from continuing operations, net of income taxes	713.1	(195.5)	(663.8)	(1,783.2)
Adjustments to reconcile income (loss) from continuing operations, net of income taxes to net cash provided by (used in) operating activities:				
Depreciation, depletion and amortization	521.6	119.9	465.4	572.2
Noncash coal inventory revaluation	67.3	—	—	—
Noncash interest expense including loss on early extinguishment of debt	34.0	0.5	61.3	30.6
Deferred income taxes	(99.6)	(262.3)	(97.0)	(138.3)
Noncash share-based compensation	21.8	1.9	12.8	28.2
Asset impairment	—	30.5	247.9	1,277.8
Net gain on disposals	(84.0)	(22.8)	(23.2)	(45.0)
(Income) loss from equity affiliates	(49.0)	(15.0)	(16.2)	15.9
Gain on voluntary employee beneficiary association settlement	—	—	(68.1)	—
Foreign currency option contracts	(0.8)	—	—	—
Reclassification from other comprehensive earnings for terminated hedge contracts	—	27.6	125.2	—
Settlement of hedge positions	—	—	(25.0)	(14.9)
Noncash reorganization items, net	—	569.3	90.9	—
Changes in current assets and liabilities:				
Accounts receivable	(240.1)	159.3	(101.3)	188.0
Change in receivable from accounts receivable securitization program	—	—	(168.5)	138.5
Inventories	(36.8)	(47.2)	104.0	96.2
Net assets from coal trading activities	9.1	(0.5)	8.5	(27.3)
Other current assets	(51.2)	0.1	(24.4)	14.8
Accounts payable and accrued expenses	(169.5)	(54.8)	156.5	(381.7)
Restricted cash	274.2	(94.1)	(125.7)	—
Asset retirement obligations	12.1	10.2	13.1	23.9
Workers' compensation obligations	(1.1)	(3.1)	(0.4)	(4.2)
Postretirement benefit obligations	(19.8)	0.8	6.3	18.7
Pension obligations	(55.4)	5.4	21.7	29.6
Take-or-pay obligation settlement	—	(5.5)	(15.5)	—
Other, net	(29.9)	(2.5)	(7.4)	(20.9)
Net cash provided by (used in) continuing operations	816.0	222.2	(22.9)	18.9
Net cash used in discontinued operations	(18.8)	(8.2)	(29.9)	(33.3)
Net cash provided by (used in) operating activities	797.2	214.0	(52.8)	(14.4)

See accompanying notes to consolidated financial statements

PEABODY ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)

	Successor	Predecessor		
	April 2 through December 31, 2017	January 1 through April 1, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
	(Dollars in millions)			
Cash Flows From Investing Activities				
Additions to property, plant, equipment and mine development	(166.6)	(32.8)	(126.6)	(126.8)
Changes in accrued expenses related to capital expenditures	16.2	(1.4)	(6.1)	(9.2)
Federal coal lease expenditures	—	(0.5)	(249.0)	(277.2)
Proceeds from disposal of assets	17.9	24.3	144.4	70.4
Purchases of debt and equity securities	—	—	—	(28.8)
Proceeds from sales and maturities of debt and equity securities	—	—	—	90.3
Contributions to joint ventures	(305.8)	(95.4)	(309.5)	(425.4)
Distributions from joint ventures	307.0	90.5	312.4	422.6
Advances to related parties	(3.0)	(0.4)	(40.4)	(3.7)
Repayment of loans from related parties	51.3	31.1	40.6	0.9
Other, net	(10.4)	(0.3)	(9.9)	(3.1)
Net cash (used in) provided by investing activities	(93.4)	15.1	(244.1)	(290.0)
Cash Flows From Financing Activities				
Proceeds from long-term debt	\$ —	\$ 1,000.0	\$ 1,458.4	\$ 975.7
Successor Notes issuance proceeds into escrow	—	(1,000.0)	—	—
Repayments of long-term debt	(541.8)	(2.1)	(513.7)	(671.3)
Payment of deferred financing costs	(10.8)	(45.4)	(31.0)	(28.7)
Common stock repurchases	(175.7)	—	—	—
Dividends paid	—	—	—	(1.4)
Distributions to noncontrolling interests	(16.7)	(0.1)	(1.9)	(6.3)
Other, net	(0.4)	(0.1)	(3.9)	(0.3)
Net cash (used in) provided by financing activities	(745.4)	(47.7)	907.9	267.7
Net change in cash and cash equivalents	(41.6)	181.4	611.0	(36.7)
Cash and cash equivalents at beginning of year	1,053.7	872.3	261.3	298.0
Cash and cash equivalents at end of year	\$ 1,012.1	\$ 1,053.7	\$ 872.3	\$ 261.3

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