

Newsmaker Interview



Coal: World's Fastest Growing Fuel, Boyce

Coal News: *Peabody Energy has for decades been the largest coal company in America. In 2013, the company produced 184.7 million tons, excluding trading and brokerage operations, or 18.8% of U.S. coal production. Gregory H. Boyce, we appreciate you talking to readers of Coal News as we celebrate our 10th Anniversary. Our readers would be very interested in your background and how you came to be Chairman and CEO of Peabody Energy?*

Greg Boyce: Congratulations on the 10th anniversary of Coal News and thank you for inviting me to speak with you.

My early training was in mining engineering. I have spent my career – over three decades – in the mining and energy industry. Along the way, I received extensive training in management, operations and engineering in various positions – with multiple companies – around the world. I joined Peabody Energy in 2003 as President and Chief Operating Officer and assumed responsibility for the company as President and Chief Executive Officer in 2006. The following year I became Chairman of the Board.

Prior to joining Peabody, I served as Chief Executive Officer – Energy for Rio Tinto in London, with responsibility for a worldwide coal and uranium portfolio. Early on, I was the President and Chief Executive Officer of Kennecott Energy Company and prior to that served as President of Kennecott Minerals Company.

I would encourage any young person interested in traveling the world, working with extraordinary people and making a real difference to consider a career in mining. It is an exciting time for our industry. I've seen economies grow and contract, prices rise and fall and cutting-edge technologies bring industry developments I would never have thought possible when I began my career.

Coal News: *Peabody Energy has a long and colorful history and has occupied the position of America's number one coal producer for a long time. Tell us about that please.*

Greg Boyce: For more than 40 years, Peabody has been an industry leader and we are recognized globally for our achievements in safety, productivity and environmental excellence.

Peabody Energy is a global leader in sustainable mining, energy access and clean coal solutions. Over the years, our company has sought to share best

practices and build global partnerships that can improve safety performance and environmental monitoring, and we have driven efforts to further the deployment of advanced coal technologies and development of next generation solutions.

Peabody is the world's largest private-sector coal company, both in sales and reserves, following a decade when coal has been the world's fastest growing fuel.

Coal News: *Describe for us please the organization and facilities of Peabody today.*

Greg Boyce: Peabody participates in every global coal market. We are doing business on six continents and in more than 25 nations.

In the Americas, we are the leader in the lowest-cost U.S. regions that have the best potential for long-term growth. In Australia, we've built our platform to access the strongest Asian economies. We also have emerging Asian joint ventures and expanding trading activities. In Europe, Peabody has trading offices in both London and Essen.

Coal News: *Safety is of vital importance to us all. Please give us your views on coal mine safety?*

Greg Boyce: I have worked in copper, gold, silver, uranium and coal in the U.S., Australia, Europe, China, Mongolia, Indonesia and Africa. Common across all commodities and countries is the importance in mining of safety. We must all strive for continuous improvement.

Safety is a way of life at Peabody and central to our company's mission. Every employee commits to the safety vision, and employees at all levels are held responsible for safe behavior and practices at work and away. We conduct state-of-the-art training that exceeds federal and state mandates.

In 2013, during my tenure as Chairman of the National Mining Association, we launched the CORESafety system – a groundbreaking program designed to prevent accidents before they happen.

CORESafety will help us achieve the first ever industry wide goal of zero fatalities and a 50 percent injury rate reduction within five years.

Coal News: *These are challenging times. Describe the financial results that Peabody has been able to achieve and what do you see the core strengths of the company?*

Greg Boyce: In 2013, advanced energy from coal powered progress around the world, and Peabody Energy delivered a large number of notable accomplish-

ments while working through challenging market conditions. Peabody tied its record 2012 global safety results, increased productivity, reduced costs,



Greg Boyce

lowered capital investments, generated solid cash flow and repaid debt.

U.S. coal demand continues to rebound. While current seaborne markets remain challenged, we look for fundamentals to improve as demand continues to increase and supply growth moderates. Peabody's position in the low-cost U.S. basins and high-growth Asian markets allows us to navigate current market pressures and benefit from long-term demand trends. Looking ahead, global markets show signs of rebalancing in 2014.

Coal News: *Please explain the new Peabody Energy initiative, "Advanced Energy for Life".*

Greg Boyce: At Peabody, we believe all people deserve access to reliable, low-cost electricity. To this end, in early 2014, we launched the comprehensive, global campaign "Advanced Energy for Life". The campaign is aimed at educating and mobilizing world leaders, multi-national organizations, a wide range of institutions and stakeholders and the general public to:

- 1.Raise awareness and support to end the crisis of global energy poverty, which affects half the world's population and leads to crippling impacts to human health and standards of living and damage to the environment;
- 2.Drive policies and support actions that increase access to reliable, low-cost power – particularly today's advanced coal technologies – that extend lives, build economies and

improve both natural and indoor environments; and

3. Employ today's advanced technologies to reduce key power plant emis-

a broader global platform. This meant exploring and entering new markets to develop a strategy for long-term growth.

When I think about leaving a legacy, I see it as two-fold: First, is to ensure a culture of One Peabody among our global platforms in the U.S., Australia and global trading offices in order to maintain our position as a world-class energy company and a leader in sustainable practices. A continued focus on safety will be key to this One Peabody culture. Peabody and the coal industry at large have achieved tremendous safety improvements and, through programs like CORESafety, we will continue to strive to reach the goal of zero fatalities and a 50 percent injury rate reduction within five years.

In addition, I will continue to work to encourage world leaders to elevate energy poverty as a key priority. Energy poverty is a global crisis with 3.5 billion people lacking enough power for basic needs that are essential for human development and greater longevity. I submit it is the world's number one human and environmental crisis and fully within our power to solve.

Coal News: *My final question is what do you see as the biggest challenges and how do you see the future of coal both here and around the world?*

Greg Boyce: The world faces enormous energy needs driven by rapid industrialization and urbanization in emerging economies. Each year as many as 70 million people are expected to migrate to urban centers through 2020, lifting hundreds of millions globally to a better quality of life. Underpinning this transition is massive infrastructure development to build expressways, railways, hospitals, schools, airports and housing, all of which require large amounts of steel to make and energy to use.

Providing the energy to fuel this enormous growth while creating energy access for half the world's population are twin energy challenges. All energy sources will be needed to satisfy this growing demand. Coal fuels more than 30 percent of global energy use, has been the world's fastest-growing major fuel for more than a decade, and is projected to overtake oil as the world's largest energy source in coming years. No other energy source has coal's low-cost attributes at the scale needed to address society's many demands.

Coal News: *Well, thank you so very much for talking to us as we celebrate our 10th Anniversary. We appreciate it.*

We recognized back in 2004 that to operate from a leadership position and serve high-growth regions, we needed